

STATE OF MINNESOTA

EIGHTY-FIRST SESSION — 1999

 THIRTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 6, 1999

The House of Representatives convened at 2:30 p.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by Pastor David Watkins, North Town Baptist Church, Blaine, Minnesota.

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

The roll was called and the following members were present:

Abeler	Dorn	Holsten	Lieder	Ozment	Stanek
Abrams	Entenza	Howes	Lindner	Paulsen	Stang
Anderson, B.	Erhardt	Huntley	Luther	Pawlenty	Storm
Anderson, I.	Erickson	Jaros	Mahoney	Paymar	Swenson
Bakk	Finseth	Jennings	Mares	Pelowski	Sykora
Bishop	Folliard	Johnson	Mariani	Peterson	Tingelstad
Boudreau	Fuller	Juhnke	Marko	Pugh	Tomassoni
Bradley	Gerlach	Kahn	McCollum	Rest	Trimble
Broecker	Gleason	Kalis	McElroy	Reuter	Tuma
Buesgens	Gray	Kelliher	McGuire	Rhodes	Tunheim
Carlson	Greenfield	Kielkucki	Molnau	Rifenberg	Vandever
Carruthers	Greiling	Knoblach	Mulder	Rostberg	Wagenius
Cassell	Gunther	Koskinen	Mullery	Rukavina	Wejzman
Chaudhary	Haake	Krinkie	Murphy	Schumacher	Wenzel
Clark, J.	Haas	Kubly	Ness	Seagren	Westerberg
Clark, K.	Hackbarth	Kuisle	Nornes	Seifert, J.	Westrom
Daggett	Harder	Larsen, P.	Olson	Seifert, M.	Wilkin
Davids	Hasskamp	Larson, D.	Opatz	Skoe	Winter
Dehler	Hausman	Leighton	Osskopp	Skoglund	Wolf
Dempsey	Hilty	Lenczewski	Osthoff	Smith	Workman
Dorman	Holberg	Leppik	Otremba	Solberg	Spk. Sviggum

A quorum was present.

Biernat, Dawkins, Goodno, Milbert, Orfield, Van Dellen and Westfall were excused.

Munger was excused until 3:30 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Buesgens moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

S. F. No. 973 and H. F. No. 1153, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Paymar moved that S. F. No. 973 be substituted for H. F. No. 1153 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 176, A bill for an act relating to retirement; public employees retirement association; creating a local government correctional service retirement plan; modifying actuarial cost provision; amending Minnesota Statutes 1998, sections 3.85, subdivisions 11 and 12; 356.19, by adding a subdivision; 356.20, subdivision 2; 356.30, subdivision 3; 356.302, subdivision 7; and 356.303, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 353E.

Reported the same back with the following amendments:

Page 5, after line 10, insert:

"Sec. 3. Minnesota Statutes 1998, section 275.70, subdivision 5, is amended to read:

Subd. 5. [SPECIAL LEVIES.] "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota state armory building commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) for unreimbursed expenses related to flooding that occurred during the first half of calendar year 1997, as allowed by the commissioner of revenue under section 275.74, paragraph (b);

(6) for local units of government located in an area designated by the Federal Emergency Management Agency pursuant to a major disaster declaration issued for Minnesota by President Clinton after April 1, 1997, and before June 11, 1997, for the amount of tax dollars lost due to abatements authorized under section 273.123, subdivision 7, and Laws 1997, chapter 231, article 2, section 64, to the extent that they are related to the major disaster and to the extent that neither the state or federal government reimburses the local government for the amount lost;

(7) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(8) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 1997, or (ii) it is a new matching requirement that didn't exist prior to 1998;

(9) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the emergency services division of the state department of public safety, as allowed by the commissioner of revenue under section 275.74, paragraph (b);

(10) for the amount of tax revenue lost due to abatements authorized under section 273.123, subdivision 7, for damage related to the tornadoes of March 29, 1998, to the extent that neither the state or federal government provides reimbursement for the amount lost;

(11) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year; ~~and~~

(12) to pay an abatement under section 469.1815; and

(13) to pay the employer contribution to the local government correctional service retirement plan under section 353E.03, subdivision 2.

Sec. 4. Minnesota Statutes 1998, section 353.27, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTION.] ~~(a) Except as provided in paragraph (b),~~ The employee contribution ~~shall be~~ is an amount (1) for a "basic member" equal to 8.75 percent of total salary; and (2) for a "coordinated member" equal to 4.75 percent of total salary.

~~(b) For local government correctional service employees, as defined in section 353.33, subdivision 3a, the employee contribution is an amount equal to 4.96 percent of total salary.~~

~~(c)~~ These contributions must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, such member's employee contribution must be based on the total salary received from all sources.

Sec. 5. Minnesota Statutes 1998, section 353.27, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTION.] ~~(a) Except as provided in paragraph (b),~~ The employer contribution ~~shall be~~ is an amount equal to the employee contribution under subdivision 2.

~~(b) On behalf of local government correctional service employees, as defined in section 353.33, subdivision 3a, the employer contribution is an amount equal to 5.06 percent of total salary.~~

(c) This contribution ~~shall~~ must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28."

Page 6, line 4, delete "7a," and after "11," insert "and" and delete ", and 13"

Page 6, delete lines 30 and 31

Page 6, line 32, delete "(2)" and insert "(1)"

Page 6, line 35, delete "(3)" and insert "(2)" and delete "75" and insert "95"

Page 7, line 3, delete "(4)" and insert "(3)"

Page 7, line 9, delete "..." and insert "5.83"

Page 7, line 12, delete "..." and insert "8.75"

Page 7, line 16, delete "separation from" and insert "termination of"

Page 9, line 8, delete "and" and insert a comma

Page 9, line 9, after "duty" insert ", and"

Page 9, line 16, delete "5" and insert "5a"

Page 17, after line 24, insert:

"Sec. 19. [REPEALER.]

Minnesota Statutes 1998, section 353.33, subdivision 3a, is repealed."

Page 17, line 26, delete "4 and 6 to 15" and insert "7 and 9 to 18"

Page 17, line 27, delete "5" and insert "8"

Re-number the sections in sequence and correct internal references

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "providing a special property tax levy for certain county retirement contributions;"

Page 1, line 6, after the semicolon, insert "275.70, subdivision 5; 353.27, subdivisions 2 and 3;"

Page 1, line 10, after "353E" insert "; repealing Minnesota Statutes 1998, section 353.33, subdivision 3a"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Lindner from the Committee on Jobs and Economic Development Policy to which was referred:

H. F. No. 238, A bill for an act relating to workers' compensation; providing that posttraumatic stress syndrome for a peace officer is an occupational disease; amending Minnesota Statutes 1998, section 176.011, subdivision 16.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [299A.411] [POSTTRAUMATIC STRESS SYNDROME BENEFIT.]

Any peace officer as defined in section 626.84, subdivision 1, paragraph (c), who suffers a debilitating psychological reaction to a traumatic event and is diagnosed by a licensed psychologist or psychiatrist as suffering from posttraumatic stress syndrome, whether or not there is also an accompanying physical injury or physical cause of the condition, is entitled to:

(1) payment by the employer for a loss of wages up to but not beyond one year while the officer is so disabled; and

(2) unless otherwise provided, payment by the employer for medical treatment, including psychiatric and/or psychological counseling to cure and relieve the effects of the posttraumatic stress syndrome up to but not beyond one year while the officer is so disabled.

For the purposes of this section, "traumatic event" means an event involving the employee lawfully taking the life or causing great bodily harm of another by force or violence. For the purposes of this section, "great bodily harm" has the meaning given it in section 609.02, subdivision 8."

Delete the title and insert:

"A bill for an act relating to public safety; requiring payments for lost wages and medical treatment to peace officers suffering from posttraumatic stress syndrome; proposing coding for new law in Minnesota Statutes, chapter 299A."

With the recommendation that when so amended the bill pass.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 483, A bill for an act relating to education; modifying special education provisions; providing for rulemaking; amending Minnesota Statutes 1998, sections 121A.41, subdivision 10; 121A.43; 125A.023; 125A.027; 125A.03; 125A.07; 125A.08; 125A.09, subdivisions 1 and 6; 125A.10; 125A.18; 125A.21, subdivision 2; 125A.24; 125A.30; 125A.33; 125A.44; 125A.52, subdivision 1; and 125A.75, subdivision 8; repealing Laws 1998, chapter 398, article 2, section 53; Minnesota Rules, part 3525.2470.

Reported the same back with the following amendments:

Page 28, after line 11, insert:

"The rules that must be repealed under this section remain in effect until repealed through the rulemaking process."

Page 29, after line 8, insert:

"The rules that must be repealed under this section remain in effect until repealed through the rulemaking process."

With the recommendation that when so amended the bill pass.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 489, A bill for an act relating to civil commitment; clarifying standards and procedures; modifying procedures governing persons committed as mentally ill and dangerous to the public; amending Minnesota Statutes 1998, sections 253B.065, subdivision 5; 253B.17, subdivision 1; 253B.18, subdivisions 1, 2, and 4c; 253B.23, subdivision 7; and 256G.08, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, 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). 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.

Sec. 2. Minnesota Statutes 1998, section 253B.17, subdivision 1, is amended to read:

Subdivision 1. [PETITION.] Any patient, except one committed as mentally ill and dangerous to the public or as a sexually dangerous person or person with a sexual psychopathic personality as provided in section 253B.18, subdivision 3, or any interested person may petition the committing court or the court to which venue has been transferred for an order that the patient is not in need of continued care and treatment or for an order that an individual is no longer mentally ill, mentally retarded, or chemically dependent, or for any other relief. A patient committed as mentally ill or mentally ill and dangerous may petition the committing court or the court to which venue has been transferred for a hearing concerning the administration of neuroleptic medication.

Sec. 3. Minnesota Statutes 1998, section 253B.18, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE.] (a) Upon the filing of a petition alleging that a proposed patient is mentally ill and dangerous to the public, the court shall hear the petition as provided in sections 253B.07 and 253B.08. If the court finds by clear and convincing evidence that the proposed patient is mentally ill and dangerous to the public, it shall commit the person to a secure treatment facility or to a treatment facility willing to accept the patient under commitment. The court shall commit the patient to a secure treatment facility unless the patient establishes by clear and convincing evidence that a less restrictive treatment program is available that is consistent with the patient's treatment needs and the requirements of public safety. In any case where the petition was filed immediately following the acquittal of the proposed patient for a crime against the person pursuant to a verdict of not guilty by reason of mental illness, the verdict constitutes evidence that the proposed patient is mentally ill and dangerous within the meaning of this section. The proposed patient has the burden of going forward in the presentation of evidence. The standard of proof remains as required by this chapter. Upon commitment, admission procedures shall be carried out pursuant to section 253B.10.

(b) Once a patient is admitted to a treatment facility pursuant to a commitment under this subdivision, treatment must begin regardless of whether a review hearing will be held under subdivision 2.

Sec. 4. Minnesota Statutes 1998, section 253B.18, subdivision 2, is amended to read:

Subd. 2. [REVIEW; HEARING.] (a) A written treatment report shall be filed by the treatment facility with the committing court within 60 days after commitment. If the person is in the custody of the commissioner of corrections when the initial commitment is ordered under subdivision 1, the written treatment report must be filed within 60 days after the person is admitted to a secure treatment facility. The court shall hold a hearing to make a final determination as to whether the person should remain committed as mentally ill and dangerous to the public. The hearing shall be held within the earlier of 14 days of the court's receipt of the written treatment report, or within 90 days of the date of initial commitment or admission, unless otherwise agreed by the parties.

(b) The court may, with agreement of the county attorney and attorney for the patient:

(1) waive the review hearing under this subdivision and immediately order an indeterminate commitment under subdivision 3; or

(2) continue the review hearing for up to one year.

(c) If the court finds that the patient should be committed as mentally ill, but not as mentally ill and dangerous to the public, the court may commit the person as a mentally ill person and the person shall be deemed not to have been found to be dangerous to the public for the purposes of subdivisions ~~4~~ 4a to 15. Failure of the treatment facility to provide the required report at the end of the 60-day period shall not result in automatic discharge of the patient.

Sec. 5. Minnesota Statutes 1998, section 253B.18, subdivision 4c, is amended to read:

Subd. 4c. [SPECIAL REVIEW BOARD.] (a) The commissioner shall establish one or more panels of a special review board for persons committed as mentally ill and dangerous to the public. The board shall consist of three members experienced in the field of mental illness. One member of each special review board panel shall be a

psychiatrist and one member shall be an attorney. No member shall be affiliated with the department of human services. The special review board shall meet at least every six months and at the call of the commissioner. It shall hear and consider all petitions for transfer from a secure treatment facility; all petitions ~~relative to~~ for discharge, provisional discharge, and revocation of provisional discharge; and make recommendations to the commissioner concerning them. Patients may be transferred by the commissioner between secure treatment facilities without a special review board hearing.

(b) Members of the special review board shall receive compensation and reimbursement for expenses as established by the commissioner.

Sec. 6. Minnesota Statutes 1998, section 253B.185, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Except as otherwise provided in this section, the provisions of this chapter pertaining to persons mentally ill and dangerous to the public apply with like force and effect to persons who are alleged or found to be sexually dangerous persons or persons with a sexual psychopathic personality. Before commitment proceedings are instituted, the facts shall first be submitted to the county attorney, who, if satisfied that good cause exists, will prepare the petition. The county attorney may request a prepetition screening report. The petition is to be executed by a person having knowledge of the facts and filed with the committing court of the county in which the patient has a settlement or is present. If the patient is in the custody of the commissioner of corrections, the petition may be filed in the county where the conviction for which the person is incarcerated was entered. Upon the filing of a petition alleging that a proposed patient is a sexually dangerous person or is a person with a sexual psychopathic personality, the court shall hear the petition as provided in section 253B.18. In commitments under this section, the court shall commit the patient to a secure treatment facility unless the patient establishes by clear and convincing evidence that a less restrictive treatment program is available that is consistent with the patient's treatment needs and the requirements of public safety.

Sec. 7. Minnesota Statutes 1998, section 256G.08, subdivision 1, is amended to read:

Subdivision 1. [COMMITMENT PROCEEDINGS.] In cases of voluntary admission or commitment to state or other institutions, the committing county shall initially pay for all costs. This includes the expenses of the taking into custody, confinement, emergency holds under sections 253B.05, subdivisions 1 and 2, and 253B.07, examination, commitment, conveyance to the place of detention, rehearing, and hearings under section ~~253B.03; subdivision 6~~ 253B.092, including hearings held under that section which are venued outside the county of commitment."

Amend the title as follows:

Page 1, line 7, delete "253B.23, subdivision 7" and insert "253B.185, subdivision 1"

With the recommendation that when so amended the bill pass.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 578, A bill for an act relating to government; providing for protection of public officials and employees; prohibiting the filing of fraudulent liens; providing criminal penalties and civil remedies; proposing coding for new law in Minnesota Statutes, chapters 514; and 609.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [514.99] [NONCONSENSUAL COMMON LAW LIENS.]

Subdivision 1. [DEFINITIONS.] (a) "Public official or employee" means:

(1) an elected or appointed official or an employee of a state, a department, agency or public instrumentality of a state, or a political subdivision of a state; or

(2) an employee of the federal government or a federal agency as defined for purposes of the Federal Tort Claims Act, United States Code, title 28, section 2671.

(b) "Lien" means an encumbrance on property as security for the payment of debt. "Lien" does not include a nonconsensual common law lien.

(c) "Nonconsensual common law lien" means a purported lien that:

(1) is not provided for by a specific state or federal statute;

(2) is not consented to by the owner of the property affected; and

(3) is not a court-imposed equitable or constructive lien. For purposes of this clause, "court" means a federal district court, Minnesota district court, or the Minnesota tax court.

Subd. 2. [NO DUTY TO ACCEPT NONCONSENSUAL COMMON LAW LIENS; NOTICE OF INVALID LIEN.] (a) No person has a duty to accept for filing or recording a claim of nonconsensual common law lien unless:

(1) the claim is accompanied by a specific order from a court of competent jurisdiction authorizing the filing of the lien;

(2) the lien statement is accompanied by an affidavit of personal service or service by certified mail of notice of the proposed lien on the subject of the lien; and

(3) the lien statement includes the mailing address of the lien claimant.

(b) No recording officer, recording office, or governmental entity is liable for the acceptance or rejection for filing or recording of a claim of nonconsensual common law lien or a notice invalid lien.

Subd. 3. [PETITION FOR RELEASE OF NONCONSENSUAL COMMON LAW LIEN.] (a) A person having an interest in real or personal property subject to a recorded claim of a nonconsensual common law lien, who believes the claim of lien is invalid, may petition the district court of the county in which the claim of lien has been recorded for an order, which may be granted ex parte, directing the lien claimant to appear before the court at a time no earlier than six nor later than 21 days following the date of service of the petition and order on the lien claimant, and show cause, if any, why the claim of lien should not be held invalid. The petition must state the grounds upon which relief is requested, and must be supported by the affidavit of the petitioner or petitioner's attorney setting forth a concise statement of the facts upon which the petition is based. The clerk of the court shall assign a case number on the miscellaneous docket to the petition. No filing fee is required. The proceeding must be expedited, and the Rules of Civil Procedure need not apply.

(b) The order to show cause must be served upon the lien claimant by personal service or by mailing copies of the petition and order to the lien claimant at the claimant's last known address or any other address determined by the court to be likely to give actual notice, or as the court may determine is appropriate, including by publication. If service is by mail, service is deemed complete three days after mailing. The envelopes must bear the return address

of the sender. If service is allowed by publication, it must be made at least once a week for not less than two consecutive weeks in a newspaper of general circulation in the county in which the claim of lien has been recorded as designated by the court, with a copy of the last notice mailed first class, postage prepaid to the lien claimant.

(c) The order to show cause must clearly state that if the lien claimant fails to appear at the time and place noted, the claimed lien shall be stricken and released and that the lien claimant may be ordered to pay actual damages and the costs incurred by the petitioner, including reasonable attorney fees.

(d) If, following a hearing on the matter, the court determines that the claimed lien is invalid, the court shall issue an order striking and releasing the claim of lien and shall award actual damages, costs, and reasonable attorney fees to the petitioner to be paid by the lien claimant. If the court determines that the claim of lien is valid, the court shall issue an order so stating and may award costs and reasonable attorney fees to the lien claimant to be paid by the petitioner.

Subd. 4. [LIENS AGAINST PUBLIC OFFICIALS AND EMPLOYEES.] A claim of lien against a public official or employee based on the performance or nonperformance of that official's or employee's duties is invalid unless accompanied by a specific order from a court of competent jurisdiction authorizing the filing of the lien or unless a specific statute authorizes the filing of the lien.

Subd. 5. [PENALTIES.] A person who submits or is responsible for submitting for recording or filing any document purporting to create a nonconsensual common law lien against real property, knowing or having reason to know that the document is forged or groundless, contains a material misstatement or false claim, or is otherwise invalid, is liable to the owner of the real property for not less than \$5,000 or for actual damages caused thereby, whichever is greater, together with costs and reasonable attorney fees. Additional punitive damages may be assessed by the court. A grantee or other person purportedly benefited by a recorded document that creates a nonconsensual common law lien against real property and is forged or groundless, contains a material misstatement or false claim, or is otherwise invalid, who willfully refuses to release the document or record upon request of the owner of the real property affected, is liable to the owner for the damages and attorney fees provided in this section.

Subd. 6. [SUNSET.] This section expires on August 1, 2002."

Delete the title and insert:

"A bill for an act relating to government; providing for protection of public officials and employees; prohibiting the filing of fraudulent liens; providing civil remedies; proposing coding for new law in Minnesota Statutes, chapter 514."

With the recommendation that when so amended the bill pass.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 598, A bill for an act relating to health occupations; granting immunity to physician assistants and supervising physicians who render care in disasters; permitting physician assistants to render care in disasters without physician and physician assistant agreements; amending Minnesota Statutes 1998, section 147A.15, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 147A.

Reported the same back with the following amendments:

Pages 1 and 2, delete section 1

Page 2, line 8, delete "Sec. 2." and insert "Section 1."

Page 2, after line 23, insert:

"(c) The supervising physician who otherwise provides supervision to a physician assistant under a physician and physician assistant agreement described in section 147A.20 shall not be held medically responsible for the care rendered by a physician assistant pursuant to paragraph (a). Services provided by a physician assistant under paragraph (a) shall be considered outside the scope of the relationship between the supervising physician and the physician assistant."

Amend the title as follows:

Page 1, line 2, delete "granting immunity to"

Page 1, delete line 3

Page 1, line 4, delete "render care in disasters;"

Page 1, line 6, delete "amending"

Page 1, delete line 7

Page 1, line 8, delete "subdivision;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Lindner from the Committee on Jobs and Economic Development Policy to which was referred:

H. F. No. 629, A resolution memorializing the United States government to urge the Ethiopian government to respect the human rights of Eritreans in Ethiopia.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Dauids from the Committee on Commerce to which was referred:

H. F. No. 700, A bill for an act relating to commerce; requiring certain fire protection notifications in contracts for the sale of certain newly constructed residential dwellings; proposing coding for new law in Minnesota Statutes, chapter 325F.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [325F.243] [CONSTRUCTION OF RESIDENTIAL DWELLINGS; FIRE PROTECTION NOTIFICATION.]

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

(1) "dwelling" means a new building to be constructed for one family;

(2) "vendee" means a purchaser of a dwelling;

(3) "vendor" means a person, partnership, corporation, or other legal entity that constructs dwellings for the purpose of sale, including the construction of dwellings on land owned by vendees.

Subd. 2. [FIRE PROTECTION SYSTEM NOTIFICATION.] If a purchase agreement, earnest money agreement, construction contract, or similar contract for the construction or sale of a dwelling is executed before construction of the dwelling begins, then before the agreement or contract is executed, the vendor shall either (1) give the vendee an informational fire protection system brochure provided by the Minnesota state fire chiefs association; or (2) inform the vendee that automatic fire protection sprinklers may be installed in the dwelling. Failure to provide the notification required by this section shall not give rise to liability on the part of the vendor.

Subd. 3. [ACKNOWLEDGMENT OF NOTIFICATION.] The vendee shall acknowledge in the contract or on a separate form provided by the vendor that the vendee has received the notification required by subdivision 2.

Subd. 4. [EXPIRATION.] This section expires on December 31, 2003."

With the recommendation that when so amended the bill pass.

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 718, A bill for an act relating to professions; regulating advanced practice registered nursing; amending Minnesota Statutes 1998, sections 62A.15, subdivision 3a; 148.171; 148.191, subdivision 2; 148.235, subdivision 3, and by adding subdivisions; 148.261, subdivisions 1 and 5; 148.262, subdivision 1; 148.263, subdivisions 3 and 4; 148.271; 148.281, subdivision 1; 148.283; 245.462, subdivision 18; 245.4871, subdivision 27; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1998, section 148.235, subdivisions 1, 2, 4, 5, and 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 62A.15, subdivision 3a, is amended to read:

Subd. 3a. [NURSING SERVICES.] All benefits provided by a policy or contract referred to in subdivision 1, relating to expenses incurred for medical treatment or services of a duly licensed physician must include services provided by a registered nurse who is licensed pursuant to section 148.171 and who is certified by the profession to engage in as an advanced nursing practice registered nurse. "Advanced nursing practice registered nurse" means the performance of health services by professional nurses who have gained additional knowledge and skills through an organized program of study and clinical experience preparing nurses for advanced practice roles as nurse anesthetists, nurse midwives, nurse practitioners, or clinical specialists in psychiatric or mental health nursing. The program of study must be beyond the education required for registered nurse licensure and must meet criteria established by the professional nursing organization having authority to certify the registered nurse in advanced nursing practice. For the purposes of this subdivision, the board of nursing shall, by rule, adopt a list of professional nursing organizations which have the authority to certify nurses in advanced nursing practice has the meaning given in section 148.171, subdivision 2, paragraph (4). The advanced practice registered nurse must meet the requirements of sections 148.171 to 148.285.

This subdivision is intended to provide payment of benefits for treatment and services by a licensed registered nurse certified in advanced nursing practice an advanced practice registered nurse as defined in this subdivision and is not intended to add to the benefits provided for in these policies or contracts.

Sec. 2. Minnesota Statutes 1998, section 148.171, is amended to read:

148.171 [DEFINITIONS; TITLE.]

Subdivision 1. [TITLE.] Sections 148.171 to 148.285 shall be referred to as the Minnesota Nurse Practice Act.

Subd. 2. [SCOPE.] As used in sections 148.171 to 148.285, the definitions in this section have the meanings given.

(1) "Board" means the Minnesota board of nursing.

(2) "Registered nurse," abbreviated R.N., means an individual licensed by the board to practice professional nursing.

(3) The "practice of professional nursing" means the performance for compensation or personal profit of the professional interpersonal service of: (a) providing a nursing assessment of the actual or potential health needs of individuals, families, or communities; (b) providing nursing care supportive to or restorative of life by functions such as skilled ministrations of nursing care, supervising and teaching nursing personnel, health teaching and counseling, case finding, and referral to other health resources; and (c) evaluating these actions. The practice of professional nursing includes both independent nursing functions and delegated medical functions which may be performed in collaboration with other health team members, or may be delegated by the professional nurse to other nursing personnel. Independent nursing function may also be performed autonomously. The practice of professional nursing requires that level of special education, knowledge, and skill ordinarily expected of an individual who has completed an approved professional nursing education program as described in section 148.211, subdivision 1.

(4) "Advanced practice registered nurse," abbreviated APRN, means an individual licensed as a registered nurse by the board and certified by a national nurse certification organization acceptable to the board to practice as a clinical nurse specialist, nurse anesthetist, nurse-midwife, or nurse practitioner.

(5) The "practice of advanced practice registered nursing" means the performance of clinical nurse specialist practice, nurse-midwife practice, nurse practitioner practice, or registered nurse anesthetist practice as defined in paragraphs (6), (9), (10), and (12). The practice includes functioning as a direct care provider, case manager, consultant, educator, and researcher. The advanced practice registered nurse must practice within a health care system that provides for consultation, collaborative management, and referral as indicated by the health status of the patient.

(6) "Clinical nurse specialist practice" means the provision of patient care in a particular specialty or subspecialty of advanced practice registered nursing within the context of collaborative management, and includes: (i) diagnosing illness and disease; (ii) providing nonpharmacologic treatment, including psychotherapy; (iii) promoting wellness; and (iv) preventing illness and disease. The certified clinical nurse specialist is certified for advanced practice registered nursing in a specific field of clinical nurse specialist practice.

(7) "Collaborative management" is a mutually agreed upon plan between an advanced practice registered nurse and one or more physicians or surgeons licensed under chapter 147 that designates the scope of collaboration necessary to jointly manage the care of patients. The advanced practice registered nurse and the one or more physicians must have experience in providing care to patients with the same or similar medical problems, except that certified registered nurse anesthetists may continue to provide anesthesia in collaboration with physicians, including surgeons, podiatrists licensed under chapter 153, and dentists licensed under chapter 150A. Certified registered nurse anesthetists must provide anesthesia services at the same hospital, clinic, or health care setting as the physician, surgeon, podiatrist, or dentist.

(8) "Consultation" means the process in which an advanced practice registered nurse who maintains primary management responsibility for a patient's care seeks advice or opinion of a physician or another member of the health care team.

(9) "Nurse-midwife practice" means the management of women's primary health care, focusing on pregnancy, childbirth, the postpartum period, care of the newborn, and the family planning and gynecological needs of women and includes diagnosing and providing nonpharmacologic treatment within the context of collaborative management.

(10) "Nurse practitioner practice" means, within the context of collaborative management: (i) diagnosing, directly managing, and preventing acute and chronic illness and disease; and (ii) promoting wellness, including providing nonpharmacologic treatment. The certified nurse practitioner is certified for advanced registered nurse practice in a specific field of nurse practitioner practice.

(11) "Referral" means the process in which an advanced practice registered nurse directs a patient to a physician or another health care professional for management of a particular problem or aspect of the patient's care.

(12) "Registered nurse anesthetist practice" means the provision of anesthesia care and related services within the context of collaborative management, including selecting, obtaining, and administering drugs and therapeutic devices to facilitate diagnostic, therapeutic, and surgical procedures upon request, assignment, or referral by a patient's physician, dentist, or podiatrist.

(13) "Registered nurse, certified," abbreviated RN,C, means a registered nurse who has received certification from a national nursing organization or national nurse certification organization for practice according to paragraph (3) in a specialized field of professional nursing. A registered nurse, certified, shall not practice advanced practice registered nursing as described in paragraph (5), (6), (9), (10), or (12).

~~(4)~~ (14) "Licensed practical nurse," abbreviated L.P.N., means an individual licensed by the board to practice practical nursing.

~~(5)~~ (15) The "practice of practical nursing" means the performance for compensation or personal profit of any of those services in observing and caring for the ill, injured, or infirm, in applying counsel and procedure to safeguard life and health, in administering medication and treatment prescribed by a licensed health professional, which are commonly performed by licensed practical nurses and which require specialized knowledge and skill such as are taught or acquired in an approved school of practical nursing, but which do not require the specialized education, knowledge, and skill of a registered nurse.

~~(6)~~ (16) "Nurse" means registered nurse, advanced practice registered nurse, and licensed practical nurse unless the context clearly refers to only one category.

~~(7)~~ (17) "Nursing assistant" means an individual providing nursing or nursing-related services that do not require the specialized knowledge and skill of a nurse, at the direction of a nurse, but does not include a licensed health professional or an individual who volunteers to provide such services without monetary compensation.

~~(8)~~ (18) "Public health nurse" means a registered nurse who meets the voluntary registration requirements established by the board by rule.

(19) "Prescribing" means the act of generating a prescription for the preparation of, use of, or manner of using a drug or therapeutic device in accordance with the provisions of section 148.235. Prescribing does not include recommending the use of a drug or therapeutic device which is not required by the federal Food and Drug Administration to meet the labeling requirements for prescription drugs and devices. Prescribing also does not include recommending or administering a drug or therapeutic device perioperatively by a certified registered nurse anesthetist.

(20) "Prescription" means a written direction or an oral direction reduced to writing provided to or for an individual patient for the preparation or use of a drug or therapeutic device.

Sec. 3. Minnesota Statutes 1998, section 148.191, subdivision 2, is amended to read:

Subd. 2. [POWERS.] (a) The board is authorized to adopt and, from time to time, revise rules not inconsistent with the law, as may be necessary to enable it to carry into effect the provisions of sections 148.171 to 148.285. The board shall prescribe by rule curricula and standards for schools and courses preparing persons for licensure under sections 148.171 to 148.285. It shall conduct or provide for surveys of such schools and courses at such times as it may deem necessary. It shall approve such schools and courses as meet the requirements of sections 148.171 to 148.285 and board rules. It shall examine, license, and renew the license of duly qualified applicants. It shall hold examinations at least once in each year at such time and place as it may determine. It shall by rule adopt, evaluate, and periodically revise, as necessary, requirements for licensure and for registration and renewal of registration as defined in section 148.231. It shall maintain a record of all persons licensed by the board to practice professional or practical nursing and all registered nurses who hold Minnesota licensure and registration and are certified as advanced practice registered nurses. It shall cause the prosecution of all persons violating sections 148.171 to 148.285 and have power to incur such necessary expense therefor. It shall register public health nurses who meet educational and other requirements established by the board by rule, including payment of a fee. Prior to the adoption of rules, the board shall use the same procedures used by the department of health to certify public health nurses. It shall have power to issue subpoenas, and to compel the attendance of witnesses and the production of all necessary documents and other evidentiary material. Any board member may administer oaths to witnesses, or take their affirmation. It shall keep a record of all its proceedings.

(b) The board shall have access to hospital, nursing home, and other medical records of a patient cared for by a nurse under review. If the board does not have a written consent from a patient permitting access to the patient's records, the nurse or facility shall delete any data in the record that identifies the patient before providing it to the board. The board shall have access to such other records as reasonably requested by the board to assist the board in its investigation. Nothing herein may be construed to allow access to any records protected by section 145.64. The board shall maintain any records obtained pursuant to this paragraph as investigative data under chapter 13.

Sec. 4. [148.233] [IDENTIFICATION OF CERTIFIED REGISTERED NURSES.]

Subdivision 1. [REGISTERED NURSE.] A registered nurse certified in a specialized field of professional nursing as described in section 148.171, subdivision 2, paragraph (13), shall use the designation RN,C for personal identification and in documentation of services provided. Identification of educational degrees and specialty fields may be added.

Subd. 2. [ADVANCED PRACTICE REGISTERED NURSE.] An advanced practice registered nurse certified as a certified clinical nurse specialist, certified nurse-midwife, certified nurse practitioner, or certified registered nurse anesthetist shall use the appropriate designation: RN,CNS; RN,CNM; RN,CNP; or RN,CRNA for personal identification and in documentation of services provided. Identification of educational degrees and specialty fields may be added.

Sec. 5. Minnesota Statutes 1998, section 148.235, is amended to read:

148.235 [PRESCRIBING DRUGS AND THERAPEUTIC DEVICES.]

Subdivision 1. [CERTIFIED NURSE-MIDWIVES.] A registered nurse who has graduated from a program of study designed to prepare registered nurses for advanced practice as nurse-midwives and who is certified through the national professional nursing organization for nurse-midwives certified nurse-midwife may prescribe and administer drugs and therapeutic devices within practice as a certified nurse-midwife.

Subd. 2. [CERTIFIED NURSE PRACTITIONERS.] A registered certified nurse practitioner who ~~(1)~~ has graduated from a program of study designed to prepare registered nurses for advanced practice as nurse practitioners, ~~(2)~~ is certified through a national professional nursing organization which certifies nurse practitioners and is included in the list of professional nursing organizations adopted by the board under section 62A.15, subdivision 3a, and ~~(3)~~ has a written agreement with a physician based on standards established by the Minnesota Nurses

Association and the Minnesota Medical Association that defines the delegated responsibilities related to the prescription of drugs and therapeutic devices, may prescribe and administer drugs and therapeutic devices within the scope of the written agreement and within practice as a certified nurse practitioner. The written agreement required under this subdivision shall be based on standards established by the Minnesota Nurses Association and the Minnesota Medical Association as of January 1, 1996, unless both associations agree to revisions. ~~The written agreement shall be maintained at the certified nurse practitioner's place of employment and does not need to be filed with the board of nursing.~~

Subd. 2a. [CERTIFIED REGISTERED NURSE ANESTHETISTS.] A certified registered nurse anesthetist who has a written agreement with a physician based on standards established by the Minnesota Nurses Association and the Minnesota Medical Association that defines the delegated responsibilities related to the prescription of drugs and therapeutic devices, may prescribe and administer drugs and therapeutic devices within the scope of the written agreement and within practice as a certified registered nurse anesthetist.

~~Subd. 3. [DISPENSING AUTHORITY.] An advanced practice nurse who is authorized under this section to prescribe drugs is authorized to dispense drugs subject to the same requirements established for the prescribing of drugs. This authority to dispense extends only to those drugs described in the written agreement entered into under this section. The authority to dispense includes, but is not limited to, the authority to receive and dispense sample drugs.~~

Subd. 4. [CERTIFIED CLINICAL NURSE SPECIALISTS IN PSYCHIATRIC AND MENTAL HEALTH NURSING.] A registered nurse certified clinical nurse specialist who (1) has a masters degree, (2) is certified through a national professional nursing organization which certifies clinical specialists in psychiatric and mental health nursing and is included in the list of professional nursing organizations adopted by the board under section 62A.15, subdivision 3a, (3) has successfully completed no less than 30 hours of formal study in the prescribing of psychotropic medications and medications to treat their side effects which included instruction in health assessment, psychotropic classifications, psychopharmacology, indications, dosages, contraindications, side effects, and evidence of application; and (4) (2) has a written agreement with a psychiatrist or other physician based on standards established by the Minnesota Nurses Association and the Minnesota Psychiatric Association that specifies and defines the delegated responsibilities related to the prescription of drugs in relationship to the diagnosis, may prescribe and administer drugs used to treat psychiatric and behavioral disorders and the side effects of those drugs within the scope of the written agreement and within practice as a certified clinical nurse specialist in psychiatric and mental health nursing. The written agreement required under this subdivision shall be based on standards established by the Minnesota Nurses Association and the Minnesota Psychiatric Association as of January 1, 1996, unless both associations agree to revisions. ~~The written agreement shall be maintained at the certified clinical nurse specialist's place of employment and does not need to be filed with the board of nursing.~~

Nothing in this subdivision removes or limits the legal professional liability of the treating psychiatrist, certified clinical nurse specialist, mental health clinic or hospital for the prescription and administration of drugs by a certified clinical nurse specialist in accordance with this subdivision.

Subd. 4a. [OTHER CERTIFIED CLINICAL NURSE SPECIALISTS.] A certified clinical nurse specialist who: (1) has successfully completed no less than 30 hours of formal study from a college, university, or university health care institution, which included the following: instruction in health assessment, medication classifications, indications, dosages, contraindications, and side effects; supervised practice; and competence evaluation, including evidence of the application of knowledge pertaining to prescribing for and therapeutic management of the clinical type of patients in the certified clinical nurse specialist's practice; and (2) has a written agreement with a physician based on standards established by the Minnesota Nurses Association and the Minnesota Medical Association that defines the delegated responsibilities related to the prescription of drugs and therapeutic devices, may prescribe and administer drugs and therapeutic devices within the scope of the written agreement and within practice as a certified clinical nurse specialist.

Subd. 4b. [DISPENSING AUTHORITY.] An advanced practice registered nurse who is authorized under this section to prescribe drugs is authorized to dispense drugs subject to the same requirements established for the prescribing of drugs. This authority to dispense extends only to those drugs described in the written agreement entered into under this section. The authority to dispense includes, but is not limited to, the authority to receive and dispense sample drugs.

~~Subd. 5. [RULES.] (a) The board shall promulgate rules to provide for the following:~~

- ~~(1) a system of identifying advanced practice nurses eligible to prescribe drugs as authorized under this section;~~
- ~~(2) a system of transmitting to pharmacists the identity of advanced practice nurses eligible to prescribe drugs;~~
- ~~and~~
- ~~(3) a fee to nurse practitioners and certified clinical specialists in psychiatric and mental health nursing who seek prescribing authority.~~

~~(b) The repeal of subdivision 2, paragraph (b), does not automatically repeal rules adopted under that paragraph.~~

Subd. 6. [STANDARDS FOR WRITTEN AGREEMENTS; REVIEW AND FILING.] Written agreements required by subdivisions 2 and 4 under this section shall be maintained at the primary practice site of the nurse practitioner, clinical specialist in psychiatric and mental health nursing, advanced practice registered nurse and of the collaborating physician. The written agreement does not need to be filed with the board of nursing, provided that the information required to be filed with the board, either on initial application for prescribing privileges or on renewal of privileges, has been submitted or the board of medical practice.

Subd. 7. [FEDERAL REGISTRATION.] Any advanced practice registered nurse who applies to the federal Drug Enforcement Administration for a registration number shall submit to the board:

- (1) proof that requirements of this section are met; and
- (2) a processing fee of \$50.

Sec. 6. Minnesota Statutes 1998, section 148.261, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS LISTED.] The board may deny, revoke, suspend, limit, or condition the license and registration of any person to practice professional, advanced practice registered, or practical nursing under sections 148.171 to 148.285, or to otherwise discipline a licensee or applicant as described in section 148.262. The following are grounds for disciplinary action:

(1) Failure to demonstrate the qualifications or satisfy the requirements for a license contained in sections 148.171 to 148.285 or rules of the board. In the case of a person applying for a license, the burden of proof is upon the applicant to demonstrate the qualifications or satisfaction of the requirements.

(2) Employing fraud or deceit in procuring or attempting to procure a permit, license, or registration certificate to practice professional or practical nursing or attempting to subvert the licensing examination process. Conduct that subverts or attempts to subvert the licensing examination process includes, but is not limited to:

(i) conduct that violates the security of the examination materials, such as removing examination materials from the examination room or having unauthorized possession of any portion of a future, current, or previously administered licensing examination;

(ii) conduct that violates the standard of test administration, such as communicating with another examinee during administration of the examination, copying another examinee's answers, permitting another examinee to copy one's answers, or possessing unauthorized materials; or

(iii) impersonating an examinee or permitting an impersonator to take the examination on one's own behalf.

(3) Conviction during the previous five years of a felony or gross misdemeanor reasonably related to the practice of professional, advanced practice registered, or practical nursing. Conviction as used in this subdivision includes a conviction of an offense that if committed in this state would be considered a felony or gross misdemeanor without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered.

(4) Revocation, suspension, limitation, conditioning, or other disciplinary action against the person's professional or practical nursing license or advanced practice registered nursing credential, in another state, territory, or country; failure to report to the board that charges regarding the person's nursing license or other credential are pending in another state, territory, or country; or having been refused a license or other credential by another state, territory, or country.

(5) Failure to or inability to perform professional or practical nursing as defined in section 148.171, subdivision 2, paragraph (3) or ~~(5)~~ (15), with reasonable skill and safety, including failure of a registered nurse to supervise or a licensed practical nurse to monitor adequately the performance of acts by any person working at the nurse's direction.

(6) Engaging in unprofessional conduct, including, but not limited to, a departure from or failure to conform to board rules of professional or practical nursing practice that interpret the statutory definition of professional or practical nursing as well as provide criteria for violations of the statutes, or, if no rule exists, to the minimal standards of acceptable and prevailing professional or practical nursing practice, or any nursing practice that may create unnecessary danger to a patient's life, health, or safety. Actual injury to a patient need not be established under this clause.

~~(7)~~ Failure of an advanced practice registered nurse to practice with reasonable skill and safety or departure from or failure to conform to standards of acceptable and prevailing advanced practice registered nursing.

~~(8)~~ Delegating or accepting the delegation of a nursing function or a prescribed health care function when the delegation or acceptance could reasonably be expected to result in unsafe or ineffective patient care.

~~(8)~~ (9) Actual or potential inability to practice nursing with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, chemicals, or any other material, or as a result of any mental or physical condition.

~~(9)~~ (10) Adjudication as mentally incompetent, mentally ill, a chemically dependent person, or a person dangerous to the public by a court of competent jurisdiction, within or without this state.

~~(10)~~ (11) Engaging in any unethical conduct, including, but not limited to, conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare, or safety of a patient. Actual injury need not be established under this clause.

~~(11)~~ (12) Engaging in conduct with a patient that is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning to a patient, or engaging in sexual exploitation of a patient or former patient.

~~(12)~~ (13) Obtaining money, property, or services from a patient, other than reasonable fees for services provided to the patient, through the use of undue influence, harassment, duress, deception, or fraud.

~~(13)~~ (14) Revealing a privileged communication from or relating to a patient except when otherwise required or permitted by law.

~~(14)~~ (15) Engaging in abusive or fraudulent billing practices, including violations of federal Medicare and Medicaid laws or state medical assistance laws.

~~(15)~~ (16) Improper management of patient records, including failure to maintain adequate patient records, to comply with a patient's request made pursuant to section 144.335, or to furnish a patient record or report required by law.

~~(16)~~ (17) Knowingly aiding, assisting, advising, or allowing an unlicensed person to engage in the unlawful practice of professional, advanced practice registered, or practical nursing.

~~(17)~~ (18) Violating a rule adopted by the board, an order of the board, or a state or federal law relating to the practice of professional, advanced practice registered, or practical nursing, or a state or federal narcotics or controlled substance law.

~~(18)~~ (19) Knowingly providing false or misleading information that is directly related to the care of that patient unless done for an accepted therapeutic purpose such as the administration of a placebo.

~~(19)~~ (20) Aiding suicide or aiding attempted suicide in violation of section 609.215 as established by any of the following:

(i) a copy of the record of criminal conviction or plea of guilty for a felony in violation of section 609.215, subdivision 1 or 2;

(ii) a copy of the record of a judgment of contempt of court for violating an injunction issued under section 609.215, subdivision 4;

(iii) a copy of the record of a judgment assessing damages under section 609.215, subdivision 5; or

(iv) a finding by the board that the person violated section 609.215, subdivision 1 or 2. The board shall investigate any complaint of a violation of section 609.215, subdivision 1 or 2.

~~(20)~~ (21) Practicing outside the scope of practice authorized by section 148.171, subdivision 2, paragraph (3) ~~or~~, (5), (6), (9), (10), (12), or (15).

(22) Practicing outside the specific field of nursing practice for which an advanced practice registered nurse is certified unless the practice is authorized under section 148.284.

~~(21)~~ (23) Making a false statement or knowingly providing false information to the board, failing to make reports as required by section 148.263, or failing to cooperate with an investigation of the board as required by section 148.265.

~~(22)~~ (24) Engaging in false, fraudulent, deceptive, or misleading advertising.

(25) Failure to inform the board of the person's certification status as a nurse anesthetist, nurse-midwife, nurse practitioner, or clinical nurse specialist.

(26) Engaging in clinical nurse specialist practice, nurse-midwife practice, nurse practitioner practice, or registered nurse anesthetist practice without current certification by a national nurse certification organization acceptable to the board, except during the period between completion of an advanced practice registered nurse course of study and certification, not to exceed six months or as authorized by the board.

(27) Engaging in conduct that is prohibited under section 145.412.

Sec. 7. Minnesota Statutes 1998, section 148.261, subdivision 5, is amended to read:

Subd. 5. [EXAMINATION; ACCESS TO MEDICAL DATA.] The board may take the following actions if it has probable cause to believe that grounds for disciplinary action exist under subdivision 1, clause ~~(8)~~ (9) or ~~(9)~~ (10):

(a) It may direct the applicant or nurse to submit to a mental or physical examination or chemical dependency evaluation. For the purpose of this subdivision, when a nurse licensed under sections 148.171 to 148.285 is directed in writing by the board to submit to a mental or physical examination or chemical dependency evaluation, that person is considered to have consented and to have waived all objections to admissibility on the grounds of privilege. Failure of the applicant or nurse to submit to an examination when directed constitutes an admission of the allegations against the applicant or nurse, unless the failure was due to circumstances beyond the person's control, and the board may enter a default and final order without taking testimony or allowing evidence to be presented. A nurse affected under this paragraph shall, at reasonable intervals, be given an opportunity to demonstrate that the competent practice of professional, advanced practice registered, or practical nursing can be resumed with reasonable skill and safety to patients. Neither the record of proceedings nor the orders entered by the board in a proceeding under this paragraph, may be used against a nurse in any other proceeding.

(b) It may, notwithstanding sections 13.42, 144.651, 595.02, or any other law limiting access to medical or other health data, obtain medical data and health records relating to a registered nurse, advanced practice registered nurse, licensed practical nurse, or applicant for a license without that person's consent. The medical data may be requested from a provider, as defined in section 144.335, subdivision 1, paragraph (b), an insurance company, or a government agency, including the department of human services. A provider, insurance company, or government agency shall comply with any written request of the board under this subdivision and is not liable in any action for damages for releasing the data requested by the board if the data are released pursuant to a written request under this subdivision unless the information is false and the provider giving the information knew, or had reason to believe, the information was false. Information obtained under this subdivision is classified as private data on individuals as defined in section 13.02.

Sec. 8. Minnesota Statutes 1998, section 148.262, subdivision 1, is amended to read:

Subdivision 1. [FORMS OF DISCIPLINARY ACTION.] When the board finds that grounds for disciplinary action exist under section 148.261, subdivision 1, it may take one or more of the following actions:

- (1) deny the license, registration, or registration renewal;
- (2) revoke the license;
- (3) suspend the license;
- (4) impose limitations on the nurse's practice of professional, advanced practice registered, or practical nursing including, but not limited to, limitation of scope of practice or the requirement of practice under supervision;
- (5) impose conditions on the retention of the license including, but not limited to, the imposition of retraining or rehabilitation requirements or the conditioning of continued practice on demonstration of knowledge or skills by appropriate examination, monitoring, or other review;
- (6) impose a civil penalty not exceeding \$10,000 for each separate violation, the amount of the civil penalty to be fixed as to deprive the nurse of any economic advantage gained by reason of the violation charged, to reimburse the board for the cost of counsel, investigation, and proceeding, and to discourage repeated violations;
- (7) order the nurse to provide unremunerated service;
- (8) censure or reprimand the nurse; or
- (9) any other action justified by the facts in the case.

Sec. 9. Minnesota Statutes 1998, section 148.263, subdivision 3, is amended to read:

Subd. 3. [LICENSED PROFESSIONALS.] A person licensed by a health-related licensing board as defined in section 214.01, subdivision 2, shall report to the board personal knowledge of any conduct the person reasonably believes constitutes grounds for disciplinary action under sections 148.171 to 148.285 by any nurse

including conduct indicating that the nurse may be incompetent, may have engaged in unprofessional or unethical conduct, or may be mentally or physically unable to engage safely in the practice of professional, advanced practice registered, or practical nursing.

Sec. 10. Minnesota Statutes 1998, section 148.263, subdivision 4, is amended to read:

Subd. 4. [INSURERS.] Four times each year, by the first day of February, May, August, and November, each insurer authorized to sell insurance described in section 60A.06, subdivision 1, clause (13), and providing professional liability insurance to registered nurses, advanced practice registered nurses, or licensed practical nurses shall submit to the board a report concerning any nurse against whom a malpractice award has been made or who has been a party to a settlement. The report must contain at least the following information:

- (1) the total number of settlements or awards;
- (2) the date settlement or award was made;
- (3) the allegations contained in the claim or complaint leading to the settlement or award;
- (4) the dollar amount of each malpractice settlement or award and whether that amount was paid as a result of a settlement or of an award; and
- (5) the name and address of the practice of the nurse against whom an award was made or with whom a settlement was made.

An insurer shall also report to the board any information it possesses that tends to substantiate a charge that a nurse may have engaged in conduct violating sections 148.171 to 148.285.

Sec. 11. Minnesota Statutes 1998, section 148.271, is amended to read:

148.271 [EXEMPTIONS.]

The provisions of sections 148.171 to 148.285 shall not prohibit:

- (1) The furnishing of nursing assistance in an emergency.
- (2) The practice of professional or practical nursing by any legally qualified registered or licensed practical nurse of another state who is employed by the United States government or any bureau, division, or agency thereof while in the discharge of official duties.
- (3) The practice of any profession or occupation licensed by the state, other than professional or practical nursing, by any person duly licensed to practice the profession or occupation, or the performance by a person of any acts properly coming within the scope of the profession, occupation, or license.
- (4) The provision of a nursing or nursing-related service by a nursing assistant who has been delegated the specific function and is supervised by a registered nurse or monitored by a licensed practical nurse.
- (5) The care of the sick with or without compensation when done in a nursing home covered by the provisions of section 144A.09, subdivision 1.
- (6) Professional nursing practice or advanced practice registered nursing practice by a registered nurse or practical nursing practice by a licensed practical nurse licensed in another state or territory who is in Minnesota as a student enrolled in a formal, structured course of study, such as a course leading to a higher degree, certification in a nursing specialty, or to enhance skills in a clinical field, while the student is practicing in the course.

(7) Professional or practical nursing practice by a student practicing under the supervision of an instructor while the student is enrolled in a nursing program approved by the board under section 148.251.

(8) Advanced practice registered nursing as defined in section 148.171, subdivision 2, paragraphs (5), (6), (9), (10), and (12), by a registered nurse who is licensed and currently registered in Minnesota or another United States jurisdiction and who is enrolled as a student in a formal education program leading to eligibility for certification as an advanced practice registered nurse; or by a registered nurse licensed and currently registered in Minnesota who has completed an advanced practice registered nurse course of study and is awaiting certification, the period not to exceed six months.

Sec. 12. Minnesota Statutes 1998, section 148.281, subdivision 1, is amended to read:

Subdivision 1. [VIOLATIONS DESCRIBED.] It shall be unlawful for any person, corporation, firm, or association, to:

(1) sell or fraudulently obtain or furnish any nursing diploma, license or record, or aid or abet therein;

(2) practice professional or practical nursing ~~or~~, practice as a public health nurse, or practice as a certified clinical nurse specialist, certified nurse-midwife, certified nurse practitioner, or certified registered nurse anesthetist under cover of any diploma, permit, license, registration certificate, advanced practice credential, or record illegally or fraudulently obtained or signed or issued unlawfully or under fraudulent representation;

(3) practice professional or practical nursing unless the person has been issued a temporary permit under the provisions of section 148.212 or is duly licensed and currently registered to do so under the provisions of sections 148.171 to 148.285;

(4) use any abbreviation or other designation tending to imply licensure as a registered nurse or licensed practical nurse unless duly licensed and currently registered so to practice professional or practical nursing under the provisions of sections 148.171 to 148.285 except as authorized by the board by rule;

(5) use any title, abbreviation, or other designation tending to imply certification as a certified registered nurse as defined in section 148.171, subdivision 2, paragraph (13), unless duly certified by a national nurse certification organization;

(6) use any abbreviation or other designation tending to imply registration as a public health nurse unless duly registered by the board;

~~(7)~~ (7) practice professional, advanced practice registered, or practical nursing in a manner prohibited by the board in any limitation of a license or registration issued under the provisions of sections 148.171 to 148.285;

~~(8)~~ (8) practice professional, advanced practice registered, or practical nursing during the time a license or current registration issued under the provisions of sections 148.171 to 148.285 shall be suspended or revoked;

~~(9)~~ (9) conduct a nursing program for the education of persons to become registered nurses or licensed practical nurses unless the program has been approved by the board; ~~and~~

~~(10)~~ (10) knowingly employ persons in the practice of professional or practical nursing who have not been issued a current permit, license, or registration certificate to practice as a nurse in this state; and

(11) knowingly employ a person in advanced practice registered nursing unless the person meets the standards and practices of sections 148.171 to 148.285.

Sec. 13. Minnesota Statutes 1998, section 148.283, is amended to read:

148.283 [UNAUTHORIZED PRACTICE OF PROFESSIONAL, ADVANCED PRACTICE REGISTERED, AND PRACTICAL NURSING.]

The practice of professional, advanced practice registered, or practical nursing by any person who has not been licensed to practice professional or practical nursing under the provisions of sections 148.171 to 148.285, or whose license has been suspended or revoked, or whose registration or national credential has expired, is hereby declared to be inimical to the public health and welfare and to constitute a public nuisance. Upon complaint being made thereof by the board, or any prosecuting officer, and upon a proper showing of the facts, the district court of the county where such practice occurred may enjoin such acts and practice. Such injunction proceeding shall be in addition to, and not in lieu of, all other penalties and remedies provided by law.

Sec. 14. [148.284] [CERTIFICATION OF ADVANCED PRACTICE REGISTERED NURSES.]

(a) No person shall practice advanced practice registered nursing or use any title, abbreviation, or other designation tending to imply that the person is an advanced practice registered nurse, clinical nurse specialist, nurse anesthetist, nurse-midwife, or nurse practitioner unless the person is certified for such advanced practice registered nursing by a national nurse certification organization.

(b) Paragraph (a) does not apply to an advanced practice registered nurse who is within six months after completion of an advanced practice registered nurse course of study and is awaiting certification.

(c) An advanced practice registered nurse who has completed a formal course of study as an advanced practice registered nurse and has been certified by a national nurse certification organization prior to January 1, 1999, may continue to practice in the field of nursing in which the advanced practice registered nurse is practicing as of July 1, 1999, regardless of the type of certification held if the advanced practice registered nurse is not eligible for the proper certification.

Sec. 15. Minnesota Statutes 1998, section 245.462, subdivision 18, is amended to read:

Subd. 18. [MENTAL HEALTH PROFESSIONAL.] "Mental health professional" means a person providing clinical services in the treatment of mental illness who is qualified in at least one of the following ways:

(1) in psychiatric nursing: a registered nurse who is licensed under sections 148.171 to 148.285, and who is certified as a clinical specialist in adult psychiatric and mental health nursing by ~~the American nurses association~~ a national nurse certification organization or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(2) in clinical social work: a person licensed as an independent clinical social worker under section 148B.21, subdivision 6, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(3) in psychology: a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental illness;

(4) in psychiatry: a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry;

(5) in marriage and family therapy: the mental health professional must be a marriage and family therapist licensed under sections 148B.29 to 148B.39 with at least two years of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness; or

(6) in allied fields: a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness.

Sec. 16. Minnesota Statutes 1998, section 245.4871, subdivision 27, is amended to read:

Subd. 27. [MENTAL HEALTH PROFESSIONAL.] "Mental health professional" means a person providing clinical services in the diagnosis and treatment of children's emotional disorders. A mental health professional must have training and experience in working with children consistent with the age group to which the mental health professional is assigned. A mental health professional must be qualified in at least one of the following ways:

(1) in psychiatric nursing, the mental health professional must be a registered nurse who is licensed under sections 148.171 to 148.285 and who is certified as a clinical specialist in child and adolescent psychiatric or mental health nursing by ~~the American nurses association~~ a national nurse certification organization or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(2) in clinical social work, the mental health professional must be a person licensed as an independent clinical social worker under section 148B.21, subdivision 6, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental disorders;

(3) in psychology, the mental health professional must be a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental disorders;

(4) in psychiatry, the mental health professional must be a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry;

(5) in marriage and family therapy, the mental health professional must be a marriage and family therapist licensed under sections 148B.29 to 148B.39 with at least two years of post-master's supervised experience in the delivery of clinical services in the treatment of mental disorders or emotional disturbances; or

(6) in allied fields, the mental health professional must be a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of emotional disturbances.

Sec. 17. [TRANSITION.]

The board of nursing may, for the purpose of obtaining the proper certification, grant an extension of not more than three years to a registered nurse who on July 1, 1999, has completed a formal course of study as an advanced practice registered nurse and is practicing as an advanced practice registered nurse, but who is either practicing in a field of nursing in which a national nurse certification does not yet exist or is eligible for the proper certification but has not yet obtained it.

Sec. 18. [REVISOR INSTRUCTION.]

The revisor shall alphabetize and place into subdivisions the definitions in Minnesota Statutes, section 148.171, subdivision 2.

Sec. 19. [REPEALER.]

Minnesota Rules, chapter 6340, is repealed.

Sec. 20. [EFFECTIVE DATE.]

Sections 1 to 17 are effective July 1, 1999."

Delete the title and insert:

"A bill for an act relating to professions; regulating advanced practice registered nursing; amending Minnesota Statutes 1998, sections 62A.15, subdivision 3a; 148.171; 148.191, subdivision 2; 148.235; 148.261, subdivisions 1 and 5; 148.262, subdivision 1; 148.263, subdivisions 3 and 4; 148.271; 148.281, subdivision 1; 148.283; 245.462, subdivision 18; and 245.4871, subdivision 27; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Rules, chapter 6340."

With the recommendation that when so amended the bill pass.

The report was adopted.

McElroy from the Committee on Jobs and Economic Development Finance to which was referred:

H. F. No. 743, A bill for an act relating to commerce; providing an appropriation for an education campaign on mortgage flipping; establishing criminal penalties; proposing coding for new law in Minnesota Statutes, chapter 82B.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 805, A bill for an act relating to municipalities; limiting liability for municipal power agency land used for recreational purposes; amending Minnesota Statutes 1998, section 604A.24.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 3.736, subdivision 3, is amended to read:

Subd. 3. [EXCLUSIONS.] Without intent to preclude the courts from finding additional cases where the state and its employees should not, in equity and good conscience, pay compensation for personal injuries or property losses, the legislature declares that the state and its employees are not liable for the following losses:

(a) a loss caused by an act or omission of a state employee exercising due care in the execution of a valid or invalid statute or rule;

(b) a loss caused by the performance or failure to perform a discretionary duty, whether or not the discretion is abused;

(c) a loss in connection with the assessment and collection of taxes;

(d) a loss caused by snow or ice conditions on a highway or public sidewalk that does not abut a publicly owned building or a publicly owned parking lot, except when the condition is affirmatively caused by the negligent acts of a state employee;

- (e) a loss caused by wild animals in their natural state, except as provided in section 3.7371;
- (f) a loss other than injury to or loss of property or personal injury or death;
- (g) a loss caused by the condition of unimproved real property owned by the state, which means land that the state has not improved, state land that contains idled or abandoned mine pits or shafts, and appurtenances, fixtures, and attachments to land that the state has neither affixed nor improved;
- (h) a loss involving or arising out of the use or operation of a recreational motor vehicle, as defined in section 84.90, subdivision 1, within the right-of-way of a trunk highway, as defined in section 160.02, except that the state is liable for conduct that would entitle a trespasser to damages against a private person;
- (i) a loss incurred by a user arising from the construction, operation, or maintenance of the outdoor recreation system, as defined in section 86A.04, or for a loss arising from the construction, operation, maintenance, or administration of grants-in-aid trails as defined in section 85.018, or for a loss arising from the construction, operation, or maintenance of a water access site created by the iron range resources and rehabilitation board, except that the state is liable for conduct that would entitle a trespasser to damages against a private person. For the purposes of this clause, a water access site, as defined in section 86A.04 or created by the iron range resources and rehabilitation board, that provides access to an idled, water filled mine pit, also includes the entire water filled area of the pit and, further, includes losses caused by the caving or slumping of the mine pit walls;
- ~~(j)~~ (j) a loss of benefits or compensation due under a program of public assistance or public welfare, except if state compensation for loss is expressly required by federal law in order for the state to receive federal grants-in-aid;
- ~~(j)~~ (k) a loss based on the failure of a person to meet the standards needed for a license, permit, or other authorization issued by the state or its agents;
- ~~(k)~~ (l) a loss based on the usual care and treatment, or lack of care and treatment, of a person at a state hospital or state corrections facility where reasonable use of available appropriations has been made to provide care;
- ~~(l)~~ (m) loss, damage, or destruction of property of a patient or inmate of a state institution;
- ~~(m)~~ (n) a loss for which recovery is prohibited by section 169.121, subdivision 9;
- ~~(n)~~ (o) a loss caused by an aeration, bubbler, water circulation, or similar system used to increase dissolved oxygen or maintain open water on the ice of public waters, that is operated under a permit issued by the commissioner of natural resources;
- ~~(o)~~ (p) a loss incurred by a visitor to the Minnesota zoological garden, except that the state is liable for conduct that would entitle a trespasser to damages against a private person;
- ~~(p)~~ (q) a loss arising out of a person's use of a logging road on public land that is maintained exclusively to provide access to timber on that land by harvesters of the timber, and is not signed or otherwise held out to the public as a public highway; and
- ~~(q)~~ (r) a loss incurred by a user of property owned, leased, or otherwise controlled by the Minnesota National Guard or the department of military affairs, except that the state is liable for conduct that would entitle a trespasser to damages against a private person.

The state will not pay punitive damages.

Sec. 2. Minnesota Statutes 1998, section 604A.20, is amended to read:

604A.20 [POLICY.]

It is the policy of this state, in furtherance of the public health and welfare, to encourage and promote the use of land owned by a municipal power agency and privately owned lands and waters by the public for beneficial recreational purposes, and the provisions of sections 604A.20 to 604A.27 are enacted to that end.

Sec. 3. Minnesota Statutes 1998, section 604A.21, is amended by adding a subdivision to read:

Subd. 2a. [DEDICATED.] "Dedicated" means made available by easement, license, permit, or other authorization.

Sec. 4. Minnesota Statutes 1998, section 604A.21, subdivision 3, is amended to read:

Subd. 3. [LAND.] "Land" means ~~privately owned or leased~~ any of the following which is privately owned or leased or in which a municipal power agency has rights: land, roads, water, watercourses, private ways and buildings, structures, and other improvements to land, and machinery or equipment when attached to the land.

Sec. 5. Minnesota Statutes 1998, section 604A.21, subdivision 4, is amended to read:

Subd. 4. [OWNER.] "Owner" means the possessor of a fee interest or a life estate, tenant, lessee, occupant, holder of a utility easement, or person in control of the land.

Sec. 6. Minnesota Statutes 1998, section 604A.24, is amended to read:

604A.24 [LIABILITY; LEASED LAND, WATER-FILLED MINE PITS; MUNICIPAL POWER AGENCY LAND.]

Unless otherwise agreed in writing, sections 604A.22 and 604A.23 also apply to the duties and liability of an owner of the following land:

- (1) land leased to the state or any political subdivision for recreational purpose; or
- (2) idled or abandoned, water-filled mine pits whose pit walls may slump or cave, and to which water the public has access from a water access site operated by a public entity; or
- (3) land of which a municipal power agency is an owner and that is used for recreational trail purposes, and other land of a municipal power agency which is within 300 feet of such land if the entry onto such land was from land that is dedicated for recreational purposes or recreational trail use.

Sec. 7. Minnesota Statutes 1998, section 604A.25, is amended to read:

604A.25 [OWNER'S LIABILITY; NOT LIMITED.]

Except as set forth in this section, nothing in sections 604A.20 to 604A.27 limits liability that otherwise exists:

- (1) for conduct which, at law, entitles a trespasser to maintain an action and obtain relief for the conduct complained of; or
- (2) for injury suffered in any case where the owner charges the persons who enter or go on the land for the recreational purpose, except that in the case of land leased or dedicated to the state or a political subdivision, any consideration received from the state or political subdivision by the owner for the lease or dedication is not considered a charge within the meaning of this section.

Except for conduct set forth in section 604A.22, clause (3), a person may not maintain an action and obtain relief at law for conduct referred to by clause (1) in this section if the entry upon the land is incidental to or arises from access granted for the recreational trail use of land dedicated, leased, or permitted by the owners for recreational trail use."

Delete the title and insert:

"A bill for an act relating to liability; providing an exclusion from state liability and an exception to it; limiting liability on certain municipal power agency land; amending Minnesota Statutes 1998, sections 3.736, subdivision 3; 604A.20; 604A.21, subdivisions 3, 4, and by adding a subdivision; 604A.24; and 604A.25."

With the recommendation that when so amended the bill pass.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 862, A bill for an act relating to local government; authorizing collection of penalties and fines imposed by local governments for certain violations of water and planning laws together with taxes; establishing procedures for imposition of penalties; proposing coding for new law in Minnesota Statutes, chapters 103F; and 375.

Reported the same back with the following amendments:

Page 2, line 2, after "reviewed" insert "de novo"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

McElroy from the Committee on Jobs and Economic Development Finance to which was referred:

H. F. No. 1022, A bill for an act relating to insurance; transferring regulatory authority over health maintenance organizations and similar entities to the commissioner of commerce; making conforming changes; requiring a report; amending Minnesota Statutes 1998, sections 60B.02; 60B.03, subdivisions 2 and 4; 60B.15; 60B.20; 60G.01, subdivisions 2 and 4; 62A.61; 62D.01, subdivision 2; 62D.02, subdivision 3, and by adding a subdivision; 62D.03, subdivisions 1, 3, and 4; 62D.04, subdivisions 1, 2, 4, and by adding a subdivision; 62D.05, subdivision 6; 62D.06, subdivision 2; 62D.07, subdivisions 2, 3, and 10; 62D.08, subdivisions 1, 2, 3, 4, and 5; 62D.09, subdivisions 1 and 8; 62D.10, subdivision 4; 62D.11, subdivisions 1b, 2, 3, and by adding a subdivision; 62D.12, subdivisions 1, 2, and 9; 62D.121, subdivisions 3a and 7; 62D.14, subdivisions 1, 3, 4, 5, and 6; 62D.15, subdivisions 1 and 4; 62D.16, subdivisions 1 and 2; 62D.17, subdivisions 1, 3, 4, and 5; 62D.18, subdivisions 1 and 7; 62D.19; 62D.20, subdivision 1; 62D.21; 62D.211; 62D.22, subdivisions 4 and 10; 62D.24; 62D.30, subdivisions 1 and 3; 62L.02, subdivision 8; 62L.05, subdivision 12; 62L.08, subdivisions 10 and 11; 62M.11; 62M.16; 62N.02, subdivision 4; 62N.26; 62N.31, subdivision 1; 62Q.01, subdivision 2; 62Q.07; 62Q.075, subdivision 4; 62Q.105, subdivisions 6 and 7; 62Q.11; 62Q.22, subdivisions 2, 6, and 7; 62Q.32; 62Q.51, subdivision 3; 62Q.525, subdivision 3; 62R.04, subdivision 5; 62R.25; 62T.01, subdivision 4; and 72A.139, subdivision 2; repealing Minnesota Statutes 1998, sections 62D.18; 62L.11, subdivision 2; and 62Q.45, subdivision 1.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 1067, A bill for an act relating to domestic abuse; requiring battered women programs to coordinate services with child protection agencies; authorizing service of short form notification in lieu of personal service for orders for protection; expanding the definition of first degree murder in situations involving domestic abuse; providing enhanced penalties based upon a previous conviction or adjudication for malicious punishment of a child and other laws; adding assault in the fifth degree and domestic assault to definition of "crimes of violence"; increasing the cash bail for individuals charged with malicious punishment of a child; clarifying when evidence of similar prior conduct of an accused related to domestic abuse is admissible; changing a definition in the law related to the order of disposition of issues on a court's calendar; providing criminal penalties; amending Minnesota Statutes 1998, sections 260.133, subdivisions 1 and 2; 260.191, subdivision 1b; 518B.01, subdivisions 5, 6, 8, and by adding subdivisions; 609.185; 609.224, subdivisions 2 and 4; 609.2242, subdivisions 2 and 4; 609.342, subdivision 3; 609.343, subdivision 3; 609.344, subdivision 3; 609.345, subdivision 3; 609.377; 609.749, subdivisions 3 and 4; 611A.32, subdivision 2; 611A.34, subdivision 3; 624.712, subdivision 5; 626.556, subdivision 2; 626.558, subdivision 1; 629.471, subdivision 3; 630.36; and 634.20.

Reported the same back with the following amendments:

Page 5, line 2, delete everything after the comma

Page 5, line 3, delete "ex parte order" and insert "service"

Page 5, line 4, delete everything after "hearing" and insert a period

Page 5, delete lines 5 and 6 and insert "Service upon the respondent must contain a notice that, if personal service was made fewer than five days before the hearing, the respondent may request a continuance of up to five days by calling the court administrator's office, or by appearing in court at the time of the scheduled hearing. The notice shall contain the telephone number of the court administrator's office."

Page 8, after line 4, insert:

"Sec. 6. Minnesota Statutes 1998, section 518B.01, subdivision 7, is amended to read:

Subd. 7. [EX PARTE ORDER.] (a) Where an application under this section alleges an immediate and present danger of domestic abuse, the court may grant an ex parte order for protection and granting relief as the court deems proper, including an order:

- (1) restraining the abusing party from committing acts of domestic abuse;
 - (2) excluding any party from the dwelling they share or from the residence of the other except by further order of the court;
 - (3) excluding the abusing party from the place of employment of the petitioner or otherwise limiting access to the petitioner by the abusing party at the petitioner's place of employment; and
 - (4) continuing all currently available insurance coverage without change in coverage or beneficiary designation.
- (b) A finding by the court that there is a basis for issuing an ex parte order for protection constitutes a finding that sufficient reasons exist not to require notice under applicable court rules governing applications for ex parte relief.
- (c) Subject to paragraph (d), an ex parte order for protection shall be effective for a fixed period set by the court, as provided in subdivision 6, paragraph (b), or until modified or vacated by the court pursuant to a hearing. Upon request, a full hearing, as provided by this section, shall be set for not later than seven days from the issuance of the ex parte order, if a hearing is requested by the petitioner, or not later than ten days or earlier than eight days from

receipt by the court of a request for a hearing by the respondent. Except as provided in paragraph (d), the respondent shall be personally served forthwith a copy of the ex parte order along with a copy of the petition and, if requested by the petitioner, notice of the date set for the hearing. If the hearing was requested by the petitioner, personal service of the notice of the hearing may be made upon the respondent at any time up to 12 hours prior to the time set for the hearing. The service upon the respondent must contain a notice that, if personal service was made fewer than five days before the hearing, the respondent may request a continuance of up to five days by calling the court administrator's office, or by appearing in court at the time of the scheduled hearing. The notice shall contain the telephone number of the court administrator's office. Notwithstanding any provision in this subdivision to the contrary, if the respondent requests this continuance, the ex parte order shall stay in effect until the date of the hearing. If the petitioner does not request a hearing, an order served on a respondent under this subdivision must include a notice advising the respondent of the right to request a hearing, must be accompanied by a form that can be used by the respondent to request a hearing and must include a conspicuous notice that a hearing will not be held unless requested by the respondent within five days of service of the order.

(d) Service of the ex parte order may be made by published notice, as provided under subdivision 5, provided that the petitioner files the affidavit required under that subdivision. If personal service is not made or the affidavit is not filed within 14 days of issuance of the ex parte order, the order expires. If the petitioner does not request a hearing, the petition mailed to the respondent's residence, if known, must be accompanied by the form for requesting a hearing and notice described in paragraph (c). Unless personal service is completed, if service by published notice is not completed within 28 days of issuance of the ex parte order, the order expires.

(e) If the petitioner seeks relief under subdivision 6 other than the relief described in paragraph (a), the petitioner must request a hearing to obtain the additional relief.

(f) Nothing in this subdivision affects the right of a party to seek modification of an order under subdivision 11."

Page 9, after line 33, insert:

"The short form notification also shall include a notice that, if the short form notification is served fewer than five days before a scheduled hearing, the respondent may request a continuance of up to five days by calling the court administrator's office, or by appearing in court at the time of the hearing. The notice shall contain the telephone number of the court administrator's office."

Page 26, delete lines 13 and 14 and insert "Sections 7, 8, 22, 23, 24, 28, and 29 are effective August 1, 1999. Sections 9 to 21 and 27 are effective August 1, 1999, and"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 20, after "6," insert "7,"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 1077, A bill for an act relating to retirement; Minneapolis employees retirement fund; authorizing billing for certain negative account balances; clarifying death-while-active survivor refund amounts; clarifying death-while-active survivor refund eligibility; correcting fund reference for escalation of disability and long-service survivor annuity escalation; providing annuity escalation on short-service death-while-active survivor benefits;

amending Minnesota Statutes 1998, sections 422A.06, subdivisions 3 and 6; 422A.101, subdivision 4; 422A.18, subdivision 2; 422A.22, subdivisions 4 and 5; and 422A.23; repealing Minnesota Statutes 1998, section 422A.16, subdivision 3a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

LUVERNE PUBLIC HOSPITAL PRIVATIZATION

Section 1. [LUVERNE COMMUNITY HOSPITAL EMPLOYEE PRIVATIZATION PENSION BENEFIT ACCOMMODATION; PURPOSE.]

The purpose of this act is to ensure, to the extent possible, that persons employed at the Luverne community hospital will be entitled to receive future retirement benefits under the general employees retirement plan of the public employees retirement association that are commensurate with the prior contributions made by them or on their behalf upon the privatization of the Luverne community hospital.

Sec. 2. [DEFINITIONS.]

Subdivision 1. [GENERALLY.] As used in this act, unless the context clearly indicates otherwise, each of the terms in the following subdivisions has the meaning indicated.

Subd. 2. [ALLOWABLE SERVICE.] "Allowable service" has the meaning provided in Minnesota Statutes 1998, section 353.01, subdivision 16.

Subd. 3. [EFFECTIVE DATE.] "Effective date" means the date that the operation of the Luverne community hospital is assumed by another employer or the date that the Luverne community hospital is purchased by another employer and, in either event, active membership in the public employees retirement association consequently terminates.

Subd. 4. [TERMINATED HOSPITAL EMPLOYEE.] "Terminated hospital employee" means a person who:

(1) was employed on the day before the effective date by the Luverne community hospital;

(2) terminated employment with the Luverne community hospital on the day before the effective date; and

(3) was a participant in the general employees retirement plan of the public employees retirement association at the time of termination of employment with the Luverne community hospital.

Subd. 5. [YEARS OF ALLOWABLE SERVICE.] "Years of allowable service" means the total number of years of allowable service to the credit of a terminated hospital employee under Minnesota Statutes 1998, section 353.01, subdivision 18.

Sec. 3. [VESTING RULE FOR CERTAIN EMPLOYEES.]

Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, a terminated hospital employee is eligible to receive a retirement annuity under Minnesota Statutes 1998, section 353.29, without regard to the requirement of three years of allowable service credit.

Sec. 4. [AUGMENTATION INTEREST RATE FOR TERMINATED HOSPITAL EMPLOYEES.]

The deferred annuity of a terminated hospital employee is subject to augmentation in accordance with Minnesota Statutes 1998, section 353.71, subdivision 2, except that the rate of interest for this purpose is 5.5 percent compounded annually until January 1 following the year in which such person attains age 55. From that date to the effective date of retirement, the rate is 7.5 percent. These increased augmentation rates are no longer applicable for any time after the terminated hospital employee becomes covered again by a retirement fund enumerated in Minnesota Statutes, section 356.30, subdivision 3. These increased deferred annuity augmentation rates do not apply to a terminated transferred hospital employee who begins receipt of a retirement annuity while employed by the employer which assumed operations of the Luverne community hospital or purchased the Luverne community hospital.

Sec. 5. [AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR CERTAIN EARLY RETIREMENT PURPOSES.]

For the purpose of determining eligibility for early retirement benefits provided under Minnesota Statutes 1998, section 353.30, subdivision 1a, only and notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, the years of allowable service for a terminated hospital employee who transfers employment on the effective date and does not apply for a refund of contributions under Minnesota Statutes 1998, section 353.34, subdivision 1, or any similar provision in future Minnesota Statutes, includes service with the successor employer to the Luverne community hospital following the effective date. The successor employer shall provide any reports that the executive director of the public employees retirement association may reasonably request to permit the calculation of retirement benefits.

To be eligible for early retirement benefits under this section, the individual must separate from service with the successor employer to the Luverne community hospital. The terminated eligible individual, or an individual authorized to act on behalf of that individual, may apply for an annuity following the application procedures under Minnesota Statutes, section 353.29, subdivision 4.

Sec. 6. [APPLICATION OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.]

The reemployed annuitant earnings limitations of Minnesota Statutes, section 353.37, apply to any service by a terminated hospital employee as an employee of the successor employer to the Luverne community hospital.

Sec. 7. [EFFECT ON REFUND.]

Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, terminated hospital employees may receive a refund of employee accumulated contributions plus interest at the rate of six percent per year compounded annually in accordance with Minnesota Statutes 1998, section 353.34, subdivision 2, at any time after the transfer of employment to the successor employer to the Luverne community hospital. If a terminated hospital employee has received a refund from a pension plan enumerated in Minnesota Statutes, section 356.30, subdivision 3, the person may not repay that refund unless the person again becomes a member of one of those enumerated plans and complies with Minnesota Statutes, section 356.30, subdivision 2.

Sec. 8. [COUNSELING SERVICES.]

The administrator of the Luverne community hospital and the executive director of the public employees retirement association shall provide terminated hospital employees with counseling on their benefits available under the general employee retirement plan of the public employee retirement association.

Sec. 9. [REPEALER.]

Laws 1998, chapter 390, article 1, section 1, is repealed.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective on the day following final enactment.

ARTICLE 2

WACONIA RIDGEVIEW MEDICAL CENTER
PRIVATIZATION

Section 1. [RIDGEVIEW MEDICAL CENTER EMPLOYEE PRIVATIZATION PENSION BENEFIT ACCOMMODATION; PURPOSE.]

The purpose of this act is to ensure, to the extent possible, that persons employed at the Ridgeview medical center, Waconia, will be entitled to receive future retirement benefits under the general employees retirement plan of the public employees retirement association that are commensurate with the prior contributions made by them or on their behalf upon the privatization of the Ridgeview medical center.

Sec. 2. [DEFINITIONS.]

Subdivision 1. [GENERALLY.] As used in this act, unless the context clearly indicates otherwise, each of the terms in the following subdivisions has the meaning indicated.

Subd. 2. [ALLOWABLE SERVICE.] "Allowable service" has the meaning provided in Minnesota Statutes 1998, section 353.01, subdivision 16.

Subd. 3. [EFFECTIVE DATE.] "Effective date" means the date that the operation of the Ridgeview medical center is assumed by another employer or the date that the Ridgeview medical center is purchased by another employer and, in either event, active membership in the public employees retirement association consequently terminates.

Subd. 4. [TERMINATED HOSPITAL EMPLOYEE.] "Terminated hospital employee" means a person who:

(1) was employed on the day before the effective date by the Ridgeview medical center;

(2) terminated employment with the Ridgeview medical center on the day before the effective date; and

(3) was a participant in the general employees retirement plan of the public employees retirement association at the time of termination of employment with the Ridgeview medical center.

Subd. 5. [YEARS OF ALLOWABLE SERVICE.] "Years of allowable service" means the total number of years of allowable service to the credit of a terminated hospital employee under Minnesota Statutes 1998, section 353.01, subdivision 18.

Sec. 3. [VESTING RULE FOR CERTAIN EMPLOYEES.]

Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, a terminated hospital employee is eligible to receive a retirement annuity under Minnesota Statutes 1998, section 353.29, without regard to the requirement of three years of allowable service credit.

Sec. 4. [AUGMENTATION INTEREST RATE FOR TERMINATED HOSPITAL EMPLOYEES.]

The deferred annuity of a terminated hospital employee is subject to augmentation in accordance with Minnesota Statutes 1998, section 353.71, subdivision 2, except that the rate of interest for this purpose is 5.5 percent compounded annually until January 1 following the year in which such person attains age 55. From that date to the effective date of retirement, the rate is 7.5 percent. These increased augmentation rates are no longer applicable for any time after the terminated hospital employee becomes covered again by a retirement fund enumerated in Minnesota Statutes, section 356.30, subdivision 3. These increased deferred annuity augmentation rates do not apply to a terminated transferred hospital employee who begins receipt of a retirement annuity while employed by the employer who assumed operations of the Ridgeview medical center or purchased the Ridgeview medical center.

Sec. 5. [AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR CERTAIN EARLY RETIREMENT PURPOSES.]

For the purpose of determining eligibility for early retirement benefits provided under Minnesota Statutes 1998, section 353.30, subdivision 1a, only and notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, the years of allowable service for a terminated hospital employee who transfers employment on the effective date and does not apply for a refund of contributions under Minnesota Statutes 1998, section 353.34, subdivision 1, or any similar provision in future Minnesota Statutes, includes service with the successor employer to the Ridgeview medical center following the effective date. The successor employer shall provide any reports that the executive director of the public employees retirement association may reasonably request to permit the calculation of retirement benefits.

To be eligible for early retirement benefits under this section, the individual must separate from service with the successor employer to the Ridgeview medical center. The terminated eligible individual, or an individual authorized to act on behalf of that individual, may apply for an annuity following the application procedures under Minnesota Statutes, section 353.29, subdivision 4.

Sec. 6. [APPLICATION OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.]

The reemployed annuitant earnings limitations of Minnesota Statutes, section 353.37, apply to any service by a terminated hospital employee as an employee of the successor employer to the Ridgeview medical center.

Sec. 7. [EFFECT ON REFUND.]

Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, terminated hospital employees may receive a refund of employee accumulated contributions plus interest at the rate of six percent per year compounded annually in accordance with Minnesota Statutes 1998, section 353.34, subdivision 2, at any time after the transfer of employment to the successor employer to the Ridgeview medical center. If a terminated hospital employee has received a refund from a pension plan enumerated in Minnesota Statutes, section 356.30, subdivision 3, the person may not repay that refund unless the person again becomes a member of one of those enumerated plans and complies with Minnesota Statutes, section 356.30, subdivision 2.

Sec. 8. [COUNSELING SERVICES.]

The administrator of the Ridgeview medical center and the executive director of the public employees retirement association shall provide terminated hospital employees with counseling on their benefits available under the general employee retirement plan of the public employee retirement association.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective on the day following final enactment.

ARTICLE 3

LOCAL POLICE AND PAID FIRE RELIEF ASSOCIATION BENEFIT MODIFICATIONS

Section 1. Laws 1977, chapter 61, section 6, as amended by Laws 1981, chapter 68, section 39, and Laws 1998, chapter 390, article 7, section 3, is amended to read:

Sec. 6. [EVELETH RETIRED POLICE AND FIRE TRUST FUND; FINANCIAL REQUIREMENTS OF THE TRUST FUND.]

(a) The city of Eveleth shall provide by annual levy amount sufficient to pay an amount which when added to the investment income of the trust fund is sufficient to pay the benefits provided under the trust fund for the succeeding year as certified by the board of trustees of the trust fund.

(b) If the city of Eveleth fails to contribute the amount required in paragraph (a) in a given year, no postretirement adjustment granted under Laws 1995, chapter 262, article 10, section 1, or Laws 1997, chapter 241, article 2, section 19 is payable in the following year.

Sec. 2. [EVELETH RETIRED POLICE AND FIRE TRUST FUND; AD HOC POSTRETIREMENT ADJUSTMENT.]

In addition to the current pensions and other retirement benefits payable, the pensions and retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund are increased by \$100 a month. Increases are retroactive to January 1, 1999.

Sec. 3. [FAIRMONT POLICE RELIEF ASSOCIATION; ADDITIONAL ANNUAL POSTRETIREMENT ADJUSTMENT.]

(a) Every recipient of a pension or benefit from the Fairmont police relief association on June 30, annually, is entitled to receive a postretirement adjustment as provided in this section in addition to any pension or benefit increase by virtue of an increase in the salary of active patrol officers in the city of Fairmont on the following July 1.

(b) If the value of current assets of the relief association is equal to at least 102 percent of the actuarial accrued liability of the Fairmont police relief association as of December 31 in the prior calendar year as calculated under Minnesota Statutes, sections 356.215 and 356.216, one percent of the value of current assets of the relief association is available for the payment of the postretirement adjustment.

(c) The amount of the postretirement adjustment must be calculated by the board of trustees of the relief association. The postretirement adjustment amount is payable monthly. The total amount of all service pensions, disability pensions, and survivor benefits, without inclusion of any postretirement adjustment paid previously under this section, must be calculated and the percentage amount of each recipient's annual pension or benefit of the total amount, expressed as four digits beyond the decimal point, must be determined. The monthly postretirement adjustment payable to each pension or benefit recipient is one-twelfth of the dollar amount determined by applying each recipient's determined percentage of the total amount of pensions and benefits to the total dollar amount available for payment as a postretirement adjustment.

(d) The postretirement adjustment amount paid in any year under this section does not compound and must not be added to the pension base for the calculation of a subsequent postretirement adjustment. If a pension or benefit recipient dies before the 12 monthly postretirement adjustments under this section have been paid, the remaining monthly postretirement adjustment payments cancel and nothing in this section authorizes the payment of the postretirement adjustment to an estate or to a person who did not qualify for a postretirement adjustment in the person's own right.

(e) The secretary of the relief association will report the total amount of benefits paid under this section to the executive director of the legislative commission on pensions and retirement, the city clerk, and the state auditor.

(f) Payment of the postretirement adjustment amount provided under this section may be made only if the average time-weighted total rate of return for the total portfolio for the most recent five-year period exceeds by at least two percent the actual average percent increase in the current monthly salary of a first class patrol officer in the most recent prior five fiscal years.

Sec. 4. [FAIRMONT POLICE RELIEF ASSOCIATION; RETROACTIVITY OF SURVIVING SPOUSE BENEFIT INCREASE.]

The surviving spouse benefit amount under Laws 1963, chapter 423, is payable to all surviving spouses receiving benefits as of the date of the approval of this act.

Sec. 5. [FAIRMONT POLICE RELIEF ASSOCIATION; BYLAWS AMENDMENTS REQUIRED.]

Sections 3 and 4 must be implemented by the appropriate amendments to the bylaws of the Fairmont police relief association.

Sec. 6. [ST. CLOUD POLICE CONSOLIDATION ACCOUNT; SPECIAL ONE-TIME POSTRETIREMENT ADJUSTMENT.]

(a) Notwithstanding any provision of general or special law to the contrary, all service pensioners, disability pensioners, and survivor benefit recipients of the St. Cloud police consolidation account who had begun the receipt of pensions or benefits before December 31, 1997, the effective date of the St. Cloud police consolidation process under Minnesota Statutes, chapter 353A, that began in April 1997, are entitled to receive the pension or benefit increase granted under Laws 1997, chapter 233, article 1, section 72.

(b) The special one-time postretirement adjustment under paragraph (a) is effective retroactive to January 1, 1998. The first payment of pensions and benefits next following the effective date of this section must include any back payments of the retroactive postretirement adjustment.

(c) Nothing in this section authorizes the payment of a special postretirement adjustment to an estate.

Sec. 7. [EFFECTIVE DATE.]

(a) Sections 1 and 2 are effective on approval by the Eveleth city council and compliance with Minnesota Statutes, section 645.021.

(b) Sections 3, 4, and 5 are effective on the day following approval by the Fairmont city council and compliance with Minnesota Statutes, section 645.021.

(c) Section 6 is effective on the day following approval by the St. Cloud city council and compliance with Minnesota Statutes, section 645.021.

ARTICLE 4

TEACHER RETIREMENT PLANS PRIOR SERVICE CREDIT PURCHASE AUTHORIZATION

Section 1. [354.533] [PRIOR OR UNCREDITED MILITARY SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement association and who performed service in the United States armed forces before becoming a teacher as defined in section 354.05, subdivision 2, or who failed to obtain service credit for a military leave of absence under the provisions of section 354.53, is entitled to purchase allowable and formula service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55, provided the teacher is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable and formula service credit for the purchase period must be granted by the teachers retirement association to the purchasing teacher upon receipt of the purchase payment amount.

Sec. 2. [354.534] [PRIOR OUT-OF-STATE TEACHING SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement association is entitled to purchase up to ten years of allowable and formula service credit for out-of-state teaching service by making payment under section 356.55, provided the out-of-state teaching service was performed for an educational institution established and operated by another state, governmental subdivision of another state, or the federal government, and the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit and has not purchased service credit from another defined benefit public employee pension plan for that out-of-state teaching service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable and formula service credit for the purchase period must be granted by the teachers retirement association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 3. [354.535] [MATERNITY LEAVE OF ABSENCE AND BREAKS IN SERVICE PURCHASES.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement association and who was granted a maternity leave of absence by a school district or other employing unit covered by the teachers retirement association for which the teacher did not previously receive allowable and formula service credit, or who had a maternity break in teaching service for which the teacher did not receive or purchase service credit from another defined benefit public employee pension plan, is entitled to purchase the actual period of the leave or of the break in teaching service, up to five years, of allowable and formula service credit for applicable maternity leaves of absence or applicable maternity break in teaching service periods by making payment under section 356.55.

Subd. 2. [APPLICATION AND DOCUMENTATION.] A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable and formula service credit for the purchase period must be granted by the teachers retirement association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 4. [354.536] [PRIVATE OR PAROCHIAL TEACHING SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement association is entitled to purchase up to ten years of allowable and formula service credit for private or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer sponsored pension plan for that service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable and formula service credit for the purchase period must be granted by the teachers retirement association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 5. [354.537] [PEACE CORPS OR VISTA SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement association is entitled to purchase up to ten years of allowable and formula service credit for service rendered in the federal Peace Corps program or in the federal Volunteers in Service to America program by making payment under section 356.55, provided that the teacher has not purchased service credit from any defined benefit pension plan for that service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable and formula service credit for the purchase period must be granted by the teachers retirement association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 6. [354.538] [CHARTER SCHOOL TEACHING SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement association is entitled to purchase up to ten years of allowable and formula service credit for charter school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable and formula service credit for the purchase period must be granted by the teachers retirement association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 7. [354A.097] [PRIOR OR UNCREDITED MILITARY SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement fund association and who performed service in the United States armed forces before becoming a teacher as defined in section 354A.011, subdivision 27, or who failed to obtain service credit for a military leave of absence period under section 354A.093, is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55, provided the teacher is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from another defined benefit public employee pension plan for the same period of service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director or secretary of the respective teachers retirement fund association to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director or secretary to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director or secretary may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable service credit for the purchase period must be granted by the applicable teachers retirement fund association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 8. [354A.098] [PRIOR OUT-OF-STATE TEACHING SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with one of the retirement fund associations under this chapter and who rendered out-of-state teaching service for an educational institution established and operated by another state, governmental subdivision of another state, or the federal government, is entitled to purchase up to ten years of allowable service credit for that out-of-state service by making payment under section 356.55, provided the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit and has not purchased service credit from another defined benefit public employee pension plan for that out-of-state teaching service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director or secretary of the respective teachers retirement fund association to make the purchase. The application must include all necessary documentation of the teachers's qualifications to make the purchase, signed written permission to allow the executive director or secretary to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director or secretary may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable service credit for the purchase period must be granted by the applicable teachers retirement fund association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 9. [354A.099] [MATERNITY BREAK IN SERVICE OR LEAVE SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement fund association and who was granted a maternity leave of absence by a school district or other employing unit covered by the teachers retirement association for which the teacher did not previously receive allowable service credit or who had a maternity break in teaching service for which the teacher did not receive or purchase service credit from another defined benefit public employee pension plan is entitled to purchase the actual period of the leave or of the break in teaching service, up to five years, of allowable service credit for applicable maternity leaves of absence or applicable maternity break in teaching service periods by making payment under section 356.55.

Subd. 2. [APPLICATION AND DOCUMENTATION.] A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director or secretary of the respective retirement fund association to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director or secretary to request and receive any necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director or secretary may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable service credit for the purchase period must be granted by the applicable teachers retirement fund association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 10. [354A.101] [PRIVATE OR PAROCHIAL TEACHING SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement fund association is entitled to purchase up to ten years of allowable service credit for private or parochial school teaching service by making payment under section 356.55,

provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer sponsored pension plan for that service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable service credit for the purchase period must be granted by the teachers retirement fund association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 11. [354A.102] [PEACE CORPS OR VISTA SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement fund association is entitled to purchase up to ten years of allowable service credit for service rendered in the federal Peace Corps program or in the federal Volunteers in Service to America program by making payment under section 356.53, provided that the teacher has not purchased service credit from any defined benefit pension plan for that service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable service credit for the purchase period must be granted by the teachers retirement fund association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 12. [354A.103] [CHARTER SCHOOL TEACHING SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement fund association is entitled to purchase up to ten years of allowable service credit for charter school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable service credit for the purchase period must be granted by the teachers retirement fund association to the purchasing teacher on receipt of the purchase payment amount.

Sec. 13. Minnesota Statutes 1998, section 356.55, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] Unless the prior service credit purchase authorization special law or general statute provision explicitly specifies a different purchase payment amount determination procedure, this section governs the determination of the prior service credit purchase payment amount of any prior service credit purchase. The purchase payment amount determination procedure must recognize any service credit accrued to the purchaser

in a pension plan listed in section 356.30, subdivision 3. Any service credit in a Minnesota defined benefit public employee pension plan available to be reinstated by the purchaser through the repayment of a refund of member or employee contributions previously received must be repaid in full before any purchase of prior service credit payment is made under this section.

Sec. 14. Minnesota Statutes 1998, section 356.55, subdivision 6, is amended to read:

Subd. 6. [REPORT ON PRIOR SERVICE CREDIT PURCHASES.] (a) As part of the regular data reporting to the consulting actuary retained by the legislative commission on pensions and retirement annually, the chief administrative officer of each public pension plan that has accepted a prior service credit purchase payment under this section shall report for any purchase, the purchaser, the purchaser's employer, the age of the purchaser, the period of the purchase, the purchaser's prepurchase accrued service credit, the purchaser's postpurchase accrued service credit, the purchaser's prior service credit payment, the prior service credit payment made by the purchaser's employer, and the amount of the additional benefit or annuity purchased.

(b) ~~As part of a supplemental report to~~ the regular annual actuarial valuation for the applicable public pension plan prepared by the consulting actuary retained by the legislative commission on pensions and retirement, there must be ~~an exhibit comparing a comparison~~ for each purchase showing the total prior service credit payment received from all sources and the increased public pension plan actuarial accrued liability resulting from each purchase.

Sec. 15. [REPEALER.]

Sections 1 to 12 are repealed on May 16, 2002.

Sec. 16. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall replace the current headnote for Minnesota Statutes, section 354.53, with the headnote "CREDIT FOR MILITARY SERVICE LEAVE OF ABSENCE."

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 14 and 16 are effective May 16, 1999.

ARTICLE 5

INDIVIDUAL AND SMALL GROUP PENSION CHANGES

Section 1. [PURCHASE OF SERVICE CREDIT; PRIOR ST. PAUL BUREAU OF HEALTH EMPLOYEE.]

(a) An eligible person, as described in paragraph (b), is entitled to purchase coordinated service credit in the public employees retirement association general plan for the period of employment described in paragraph (b), clause (2), by making payment as specified in paragraph (c).

(b) An eligible person is a person who:

(1) was born on May 22, 1932;

(2) was employed by the St. Paul bureau of health from March 17, 1958, to September 21, 1962, was covered by the St. Paul bureau of health relief association as a result of that employment, and who forfeited all service credit in that relief association upon leaving that employment; and

(3) later became a coordinated member of the general plan of the public employees retirement association and currently is a coordinated member of that plan.

(c) An eligible person described in paragraph (b) may purchase service credit from the public employees retirement association by paying the amount specified in Minnesota Statutes, section 356.55, prior to termination of public employees retirement association covered employment or prior to January 1, 2000, whichever is earlier. If the city of St. Paul agrees to make a payment under Minnesota Statutes, section 356.55, subdivision 5, an eligible person must make the employee payments prior to termination of public employees retirement association covered employment or prior to January 1, 2000, whichever is earlier. If the employee payment is made in a timely fashion, the city payment must be remitted 60 days thereafter.

(d) An eligible person must provide any relevant documentation required by the executive director to determine eligibility for the prior service credit under this section.

(e) Service credit for the purchase period must be granted by the public employees retirement association to the account of the eligible person upon receipt of the purchase payment amount specified in paragraph (c).

Sec. 2. [INDEPENDENT SCHOOL DISTRICT NO. 276, MINNETONKA, TEACHER.]

(a) Notwithstanding Minnesota Statutes, section 354.095, an eligible person described in paragraph (b) is entitled to purchase allowable and formula service credit in the teachers retirement association for the period described in paragraph (c) by paying the amount specified in Minnesota Statutes, section 356.55, subdivision 2.

(b) An eligible person is a person who:

(1) was on medical leave for a period that includes the 1994-1995 and the 1995-1996 school years;

(2) was employed by independent school district No. 276, Minnetonka, during the period that the medical leave was taken; and

(3) due to the failure of independent school district No. 276, Minnetonka, to file certain papers with the teachers retirement association, was not able to obtain service credit for the 1994-1995 and 1995-1996 school year portions of the medical leave.

(c) The period for service credit purchase is the 1994-1995 and 1995-1996 school years.

(d) Notwithstanding Minnesota Statutes, section 356.55, subdivision 5, the eligible person must pay, on or before September 1, 1999, an amount equal to the employee, employer, and employer additional contribution rates in effect during the prior service period applied to the actual salary rates in effect during the prior service period, plus annual compound interest at the rate of 8.5 percent from the date on which the contributions would have been made if made contemporaneous with the service period to the date on which the payment is actually made. Independent school district No. 276, Minnetonka, must pay one-half of the remaining balance of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55, within 30 days of the payment by the eligible person. Recognizing that the teachers retirement association failed to provide adequate information on the opportunity of the eligible person to make timely payments for the 1995-1996 school year following receipt of the medical leave of absence forms on August 16, 1996, the teachers retirement association is responsible for one-half of the remaining balance of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55. The executive director of the teachers retirement association must notify the superintendent of independent school district No. 276, Minnetonka, of its payment amount and payment due date if the eligible person makes the required payment.

(e) If independent school district No. 276, Minnetonka, fails to pay its portion of the required prior service credit purchase payment amount, the executive director may notify the commissioner of finance of that fact and the commissioner of finance may order that the required school district payment be deducted from the next subsequent payment or payments of state education aid to the school district and be transmitted to the teachers retirement association.

Sec. 3. [TEACHERS RETIREMENT ASSOCIATION; REPAYMENT OF INTEREST CHARGE ON CERTAIN MEMBER CONTRIBUTION SHORTAGE PAYMENTS.]

(a) Independent school district No. 274, Hopkins, shall pay the amount of \$1,004.08, plus compound interest on each amount at the annual rate of six percent from June 1, 1997, to the date of payment, to an eligible person described in paragraph (b) to compensate the person for a past overcharge in a member contribution shortage payment. The shortage was caused by the failure of the school district to make the required member contribution deductions during the 1968-1969 school year and the overpayment was caused by the failure of the teachers retirement association to notify the eligible person in a timely fashion of the shortage.

(b) An eligible person is a person who:

(1) was employed by independent school district No. 274, Hopkins, during the 1968-1969 school year and suffered an under deduction by the school district of \$114.66;

(2) took a member contribution refund in the early 1970's and repaid the refund in November 1974; and

(3) had an appeal denied by the teachers retirement association board of trustees at a May 8, 1998, hearing, reflected in a May 21, 1998, findings and final order.

(c) The payments must be made within 30 days of the effective date. If independent school district No. 274, Hopkins, fails to make a timely payment of its obligation, the teacher retirement association must make the payment and may notify the commissioner of finance of the school district's failure to pay. In that event, the commissioner of finance may order that the required school district payment be deducted from the next subsequent payment of state education aid to the school district and transmitted to the teachers retirement association.

Sec. 4. [TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF SERVICE CREDIT FOR CERTAIN SABBATICAL LEAVES.]

(a) Notwithstanding any provision of Minnesota Statutes, chapter 354, to the contrary, an eligible teacher as defined in paragraph (b) is entitled to purchase allowable and formula service credit from the teachers retirement association for the uncredited portion of a sabbatical leave during the 1976-1977 school year under paragraph (c).

(b) An eligible teacher is a person who was born on September 10, 1942, became a member of the teachers retirement association on October 31, 1968, is employed by independent school district No. 16, Spring Lake Park, and will qualify for an early normal retirement annuity under the "rule of 90" on September 16, 2000.

(c) Notwithstanding Minnesota Statutes, section 356.55, subdivision 5, the eligible person may pay, before January 1, 2000, or the date of retirement, whichever is earlier, an amount equal to the employee contribution rate or rates in effect during the prior service period applied to the actual salary rates in effect during the prior service period, plus annual compound interest at the rate of 8.5 percent from the date on which the contributions would have been made if made contemporaneous with the service period to the date on which the payment is actually made. Independent school district No. 16, Spring Lake Park, must pay the balance of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55, within 30 days of the payment by the eligible person. The executive director of the teachers retirement association must notify the superintendent of independent school district No. 16, Spring Lake Park, of its payment amount and payment due date if the eligible person makes the required payment.

(d) If independent school district No. 16, Spring Lake Park, fails to pay its portion of the required prior service credit purchase payment amount, the executive director may notify the commissioner of finance of that fact and the commissioner of finance may order that the required employer payment be deducted from the next subsequent payment or payments of state education aid to the school district and be transmitted to the teachers retirement association.

(e) An eligible teacher must provide any relevant documentation required by the executive director to determine eligibility for the prior service credit under this section.

(f) Service credit for the purchase period must be granted by the teachers retirement association to the account of the eligible teacher upon receipt of the purchase payment amount specified in paragraph (c).

Sec. 5. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; STATE BOARD OF PUBLIC DEFENSE EMPLOYEE PRIOR SERVICE CREDIT PURCHASE.]

(a) An eligible person described in paragraph (b) is entitled to purchase service credit from the public employees retirement association for the period of omitted deductions December 19, 1992, through December 27, 1994.

(b) An eligible person for purposes of paragraph (a) is a person who:

(1) was born on August 17, 1950;

(2) was employed through Winona county until 1992;

(3) is currently employed by the state board of public defense in the third judicial district public defender's office; and

(4) had omitted member contributions for public employment during the period December 19, 1992, through December 27, 1994.

(c) The prior service credit purchase payment amount is governed by Minnesota Statutes, section 356.55. Authority to purchase the service credit expires on July 1, 2000.

(d) Notwithstanding Minnesota Statutes, section 356.55, subdivision 5, the eligible person must pay, on or before September 1, 1999, an amount equal to the employee contribution rate in effect during the prior service period applied to the actual salary rates in effect during the prior service period, plus annual compound interest at the rate of 8.5 percent from the date on which the contributions would have been made if made contemporaneous with the service period to the date on which the payment is actually made. The state board of public defense must pay the balance of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55, within 30 days of the payment by the eligible person.

(e) A person purchasing service credit under this section must provide sufficient documentation of eligibility to the executive director of the public employees retirement association.

Sec. 6. [TRA; PURCHASE OF SERVICE CREDIT FOR FINAL PORTION OF EXTENDED LEAVE OF ABSENCE BY ANOKA-HENNEPIN TEACHER.]

(a) An eligible person, as described in paragraph (b), is entitled to purchase allowable and formula service credit in the teachers retirement association for the period specified in paragraph (c) by making the payment specified in Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was born on February 1, 1943;

(2) was initially employed as a teacher by the Richfield school district in 1966;

(3) is currently employed as an elementary school principal by independent school district No. 11, Anoka-Hennepin; and

(4) was on an extended leave of absence from June 29, 1984, to June 28, 1989, but failed to obtain service credit for the final two years of the leave.

(c) The prior service credit purchase period is July 1, 1987, through June 28, 1989.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective on the day following final enactment.

ARTICLE 6

INCLUSION OF SUPPLEMENTAL NEEDS TRUSTS AS OPTIONAL ANNUITY FORM RECIPIENTS

Section 1. [356.372] [SUPPLEMENTAL NEEDS TRUST AS OPTIONAL ANNUITY FORM RECIPIENT.]

Subdivision 1. [INCLUSION AS RECIPIENT.] Notwithstanding any provision to the contrary of the laws, articles of incorporation, or bylaws governing a covered retirement plan specified in subdivision 3, a retiring member may designate a qualified supplemental needs trust under subdivision 2 as the remainder recipient on an optional retirement annuity form for a period not to exceed the lifetime of the beneficiary of the supplemental needs trust.

Subd. 2. [QUALIFIED SUPPLEMENTAL NEEDS TRUST.] A qualified supplemental needs trust is a trust that:

(1) was established on or after July 1, 1992;

(2) was established solely for the benefit of one person who has a disability under Social Security Administration supplemental security income or retirement, survivors, and disability insurance disability determination standards who was determined as such before the creation of the trust;

(3) is funded, in whole or in part, by the primary recipient of the optional annuity form and, unless the trust is a Zebley trust, is not funded by the beneficiary, the beneficiary's spouse, or a person who is required to pay a sum to or for the trust beneficiary under the terms of litigation or a litigation settlement;

(4) is established to cover reasonable living expenses and other basic needs of the disablitant, in whole or in part, in instances when public assistance does not provide sufficiently for these needs;

(5) is not permitted to make disbursement to replace or reduce public assistance otherwise available;

(6) is irrevocable;

(7) terminates upon the death of the disabled person for whose benefit it was established; and

(8) is determined by the executive director to be a trust that contains excluded assets for purposes of the qualification for public entitlement benefits under the applicable federal and state laws and regulations.

Subd. 3. [COVERED RETIREMENT PLAN.] The provisions of this section apply to the following retirement plans:

(1) general state employees retirement plan of the Minnesota state retirement system, established under chapter 352;

(2) correctional employees retirement plan of the Minnesota state retirement system, established under chapter 352;

- (3) state patrol retirement plan, established under chapter 352B;
- (4) legislators retirement plan, established under chapter 3A;
- (5) judges retirement plan, established under chapter 490;
- (6) public employees retirement plan, established under chapter 353;
- (7) public employees police and fire plan, established under chapter 353;
- (8) teachers retirement plan, established under chapter 354;
- (9) Duluth teachers retirement fund association, established under chapter 354A;
- (10) St. Paul teachers retirement fund association, established under chapter 354A;
- (11) Minneapolis teachers retirement fund association, established under chapter 354A;
- (12) Minneapolis employees retirement plan, established under chapter 422A;
- (13) Minneapolis firefighters relief association, established under chapter 69; and
- (14) Minneapolis police relief association, established under chapter 423B.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment.

ARTICLE 7

VOLUNTEER FIRE RELIEF ASSOCIATION CHANGES

Section 1. [REPEALER.]

Minnesota Statutes 1998, section 424A.02, subdivision 5, is repealed.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1999.

ARTICLE 8

BENEFIT COVERAGE MODIFICATIONS FOR PRIVATIZED GLENCOE AREA HEALTH CENTER EMPLOYEES

Section 1. [GLENCOE AREA HEALTH CENTER EMPLOYEE PRIVATIZATION PENSION BENEFIT ACCOMMODATION; PURPOSE.]

The purpose of this act is to ensure, to the extent possible, that persons employed at the Glencoe area health center will be entitled to receive future retirement benefits under the general employees retirement plan of the public employees retirement association commensurate with the prior contributions made by them or on their behalf upon the privatization of the Glencoe area health center.

Sec. 2. [DEFINITIONS.]

Subdivision 1. [GENERALLY.] As used in this act, unless the context clearly indicates otherwise, each of the terms in the following subdivisions has the meaning indicated.

Subd. 2. [ALLOWABLE SERVICE.] "Allowable service" has the meaning provided in Minnesota Statutes 1998, section 353.01, subdivision 16.

Subd. 3. [EFFECTIVE DATE.] "Effective date" means the date that the operation of the Glencoe area health center is assumed by another employer or the date that the Glencoe area health center is purchased by another employer and active membership in the public employees retirement association consequently terminates.

Subd. 4. [TERMINATED HEALTH CENTER EMPLOYEE.] "Terminated health center employee" means a person who:

(1) was employed on the day before the effective date by the Glencoe area health center;

(2) terminated employment with the Glencoe area health center on the day before the effective date; and

(3) was a participant in the general employees retirement plan of the public employees retirement association at the time of termination of employment with the Glencoe area health center.

Subd. 5. [YEARS OF ALLOWABLE SERVICE.] "Years of allowable service" means the total number of years of allowable service under Minnesota Statutes 1998, section 353.01, subdivision 18.

Sec. 3. [VESTING RULE FOR CERTAIN EMPLOYEES.]

Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, a terminated health center employee is eligible to receive a retirement annuity under Minnesota Statutes 1998, section 353.29, without regard to the requirement for three years of allowable service.

Sec. 4. [AUGMENTATION INTEREST RATE FOR TERMINATED HEALTH CENTER EMPLOYEES.]

The deferred annuity of a terminated health center employee is subject to augmentation in accordance with Minnesota Statutes 1998, section 353.71, subdivision 2, except that the rate of interest for this purpose is 5.5 percent compounded annually until January 1 following the year in which such person attains age 55. From that date to the effective date of retirement, the rate is 7.5 percent. These increased augmentation rates are no longer applicable for any time after the terminated health center employee becomes covered again by a retirement fund enumerated in Minnesota Statutes, section 356.30, subdivision 3. These increased deferred annuity augmentation rates do not apply to a terminated transferred health center employee who begins receipt of a retirement annuity while employed by the employer which assumed operations of the Glencoe area health center or purchased the Glencoe area health center.

Sec. 5. [AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR CERTAIN EARLY RETIREMENT PURPOSES.]

For the purpose of determining eligibility for early retirement benefits provided under Minnesota Statutes 1998, section 353.30, subdivision 1a, and notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, the years of allowable service for a terminated health center employee who transfers employment on the effective date and does not apply for a refund of contributions under Minnesota Statutes 1998, section 353.34, subdivision 1, or any similar provision in future Minnesota Statutes, includes service with the successor employer to the Glencoe area health center following the effective date. The successor employer shall provide any reports that the executive director of the public employees retirement association may reasonably request to permit calculation of benefits.

To be eligible for early retirement benefits under this section, the individual must separate from service with the successor employer to the Glencoe area health center. The terminated eligible individual, or an individual authorized to act on behalf of that individual, may apply for an annuity following application procedures under Minnesota Statutes, section 353.29, subdivision 4.

Sec. 6. [APPLICATION OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.]

The reemployed annuitant earnings limitations of Minnesota Statutes, section 353.37, apply to any service by a terminated health center employee as an employee of the successor employer to the Glencoe area health center.

Sec. 7. [EFFECT ON REFUND.]

Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, terminated health center employees may receive a refund of employee accumulated contributions plus interest at the rate of six percent per year compounded annually in accordance with Minnesota Statutes 1998, section 353.34, subdivision 2, at any time after the transfer of employment to the successor employer to the Glencoe area health center. If a terminated health center employee has received a refund from a pension plan enumerated in Minnesota Statutes, section 356.30, subdivision 3, the person may not repay that refund unless the person again becomes a member of one of those enumerated plans and complies with Minnesota Statutes, section 356.30, subdivision 2.

Sec. 8. [COUNSELING SERVICES.]

The Glencoe area health center and the executive director of the public employees retirement association shall provide terminated health center employees with counseling on their benefits available under the general employee retirement plan of the public employee retirement association.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective on the day following final enactment.

ARTICLE 9

MINNEAPOLIS POLICE AND FIRE DEPARTMENT RELIEF ASSOCIATIONS GOVERNANCE CHANGES

Section 1. Minnesota Statutes 1998, section 423B.07, is amended to read:

423B.07 [AUTHORIZED FUND DISBURSEMENTS.]

The police pension fund may be used only for the payment of:

- (1) service, disability, or dependency pensions;
- (2) notwithstanding a contrary provision of section 69.80, ~~the salary of the secretary of the association in an amount not to exceed 30 percent of the base salary of a first grade patrol officer, the salary of the president of the association in an amount not to exceed ten percent of the base salary of a first grade patrol officer, and the salaries of the other elected members of the board of trustees in an amount not to exceed three units;~~
- (3) expenses of officers and employees of the association in connection with the protection of the fund;
- (4) expenses of operating and maintaining the association, including the administrative expenses related to the administration of the insurance plan authorized in section 423B.08; and
- (5) other expenses authorized by section 69.80, or other applicable law.

Sec. 2. [CONTINUATION OF BOARD.]

Notwithstanding Minnesota Statutes, section 423A.01, subdivision 2, or any other law to the contrary, the board of trustees of the Minneapolis firefighters relief association shall continue to govern the association until there are fewer than 100 benefit recipients of the relief association pension fund. The special fund thereafter must become a trust fund in accordance with Minnesota Statutes, section 423A.01, subdivision 2.

Sec. 3. [EFFECTIVE DATE.]

(a) Section 1 is effective on December 31, 1999.

(b) Section 2 is effective on the day following approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 10

VARIOUS SMALL GROUP PENSION
CHANGES

Section 1. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; PURCHASE OF SERVICE CREDIT.]

(a) Notwithstanding Minnesota Statutes, section 353.01, subdivision 16, or any other law to the contrary, an eligible person described in paragraph (b) may purchase service credit in the public employees retirement association for the period described in paragraph (c).

(b) An eligible person is a person who:

(1) was born on October 28, 1948;

(2) was first employed by the Rush City school district in September 1968;

(3) has received service credit from the public employees retirement association for a period of leave for military service from April 1969 through March 1970; and

(4) has not received service credit from the public employees retirement association for a period of leave for military service from April 1970 through March 1971.

(c) The period for service credit purchase is the uncredited portion of the period from April 1970 through March 1971.

(d) An eligible person may purchase service credit under this section by making the payment determined under Minnesota Statutes, section 356.55, for the period in paragraph (c).

(e) The person who desires to purchase service credit under this section must apply with the executive director to make the purchase. The application must include all necessary documentation of the person's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

(f) Service credit for the purchase period must be granted by the public employees retirement association to the purchaser on receipt of the purchase payment amount.

Sec. 2. [TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF SERVICE CREDIT BY INDEPENDENT SCHOOL DISTRICT NO. 786, BERTHA-HEWITT, TEACHER FOR UNCREDITED LEAVE.]

(a) An eligible teacher as defined in paragraph (b) is entitled to purchase allowable and formula service credit from the teachers retirement association for an uncredited leave during the 1996-1997 school year under terms specified in paragraph (c).

(b) An eligible teacher is a person who:

(1) was born on November 14, 1944;

(2) became a member of the teachers retirement association on September 29, 1972;

(3) is employed by independent school district No. 786, Bertha-Hewitt; and

(4) failed to obtain one year of service credit due to classification of a 1996-1997 school year leave as an "other" leave rather than an extended leave.

(c) Notwithstanding Minnesota Statutes, section 356.55, subdivision 5, the eligible person may pay, before January 1, 2000, or the date of retirement, whichever is earlier, an amount equal to the employee contribution rate or rates in effect during the leave period specified in paragraph (b) applied to the actual salary rate or rates in effect during that period, plus any applicable employer contributions the employee agreed to pay under an agreement with independent school district No. 786, Bertha-Hewitt, plus annual compound interest at the rate of 8.5 percent from June 30, 1997, to the date on which the payment is actually made. Independent school district No. 786, Bertha-Hewitt, must pay the remaining balance of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55, within 30 days of the payment by the eligible person. The executive director of the teachers retirement association must notify the superintendent of independent school district No. 786, Bertha-Hewitt, of its payment amount and payment due date if the eligible person makes the required payment.

(d) If independent school district No. 786, Bertha-Hewitt, fails to pay its portion of the required prior service credit purchase payment amount, the executive director may notify the commissioner of finance of that fact and the commissioner of finance may order that the required employer payment be deducted from the next subsequent payment or payments of state education aid to the school district and be transmitted to the teachers retirement association.

(e) An eligible teacher must provide any relevant documentation required by the executive director to determine eligibility for the prior service credit under this section.

(f) Service credit for the purchase period must be granted by the teachers retirement association to the account of the eligible teacher upon receipt of the purchase payment amount specified in paragraph (c).

Sec. 3. [TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF UNREQUESTED LEAVE PERIOD.]

(a) A qualified teacher described in paragraph (b) is entitled to purchase one year of allowable and formula service credit from the teachers retirement association for a one-year portion of the period of unrequested leave from teaching service specified in paragraph (b), clause (5), upon the payment of the purchase price specified in paragraph (c).

(b) A qualified teacher is a person who:

(1) was born in 1943;

(2) is a current member of the teachers retirement association;

(3) initially was employed as a teacher in 1966 by the Alexandria school district;

(4) was subsequently employed as an industrial arts teacher at the Virginia high school by the Virginia school district; and

(5) was placed on unrequested leave by the Virginia school district for the 1983-1984 and 1984-1985 school years.

(c) The purchase payment amount must be determined as provided in Minnesota Statutes, section 356.55.

(d) Payment of the prior service credit purchase amount must be made by January 1, 2000.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to retirement; various statewide and local pension plans; providing special benefit coverage for privatized employees of the Luverne public hospital and the Waconia Ridgeview medical center; providing an ad hoc postretirement adjustment to Eveleth police and fire trust fund benefit recipients; establishing an additional postretirement adjustment for the Fairmont police relief association; extending survivor benefit provisions to include certain Fairmont police relief association survivors; providing a special ad hoc postretirement adjustment to certain retired St. Cloud police officers; authorizing the purchase of credit for certain periods of prior military service, out-of-state public school teaching service, maternity leaves, maternity breaks in employment, parochial and private school teaching service, Peace Corps service, VISTA service, and charter school teaching service; authorizing service credit purchases by certain plan members; authorizing the designation of a supplemental needs trust as an optional annuity form beneficiary; repealing the 30-year service maximum for monthly benefit volunteer firefighter relief associations; providing special benefit coverage for privatized Glencoe area health center employees; modifying governance provisions for the Minneapolis fire department relief association and the Minneapolis police relief association; permitting the purchase of service credit by various school district employees; amending Minnesota Statutes 1998, sections 356.55, subdivisions 1 and 6; and 423B.07; Laws 1977, chapter 61, section 6, as amended; proposing coding for new law in Minnesota Statutes, chapters 354; 354A; and 356; repealing Minnesota Statutes 1998, section 424A.02, subdivision 5; Laws 1998, chapter 390, article 1, section 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 1115, A bill for an act relating to health care; establishing a charity care equity fund; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 62J.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [62J.85] [CHARITY CARE EQUITY FUND.]

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

(b) "Charity care services" means health care services provided to low-income or uninsured patients who are determined personally unable to pay for the cost of health care services. The patient's inability to pay shall be determined in accordance with generally accepted accounting principles through examination of individual and family income, assets, employment status, family size, or availability of alternative sources of payment. A hospital may determine the patient's inability to pay at the time services are rendered or through subsequent efforts to collect sufficient information to make such a determination.

(c) "Statewide charity care average" means the sum of all charity care services provided in Minnesota hospitals divided by the sum of all hospital operating expenses in Minnesota. This shall be annually calculated by the commissioner from audited financial statements filed under Minnesota Rules, part 4650.0110.

(d) "Qualified hospital" means a hospital certified for medical assistance under title XIX of the Social Security Act that provides a level of charity care services relative to its total hospital operating expenses that exceeds the statewide charity care average. Qualified hospital does not include a state-owned hospital.

(e) "Qualified charity care services" means the sum of all charity care services in excess of the statewide charity care average provided at all qualified hospitals.

Subd. 2. [ESTABLISHMENT.] The commissioner shall establish a charity care equity fund for the purpose of compensating qualified hospitals for qualified charity care services.

Subd. 3. [REPORT.] (a) To be eligible to receive funds from the charity care equity fund, a qualified hospital must:

(1) adopt policies and procedures to ensure documentation of charity care services; and

(2) file by July 15 of each year a report with the commissioner prepared from the hospital's audited financial statements filed under Minnesota Rules, parts 4650.0110 to 4650.0112, that sets forth the aggregate amount of charity care charges, total charges, and total operating expenses for the previous fiscal year.

(b) The commissioner may audit any report filed pursuant to this subdivision to validate the calculation of charity care services.

Subd. 4. [FUND DISTRIBUTION.] (a) The commissioner shall annually distribute to each qualified hospital an amount proportionately equal to the hospital's share of qualified charity care services.

(b) No qualified hospital shall receive a distribution amount that exceeds 60 percent of the qualified hospital's aggregate charges for charity care services.

Sec. 2. [APPROPRIATION.]

\$...... is appropriated for the biennium ending June 30, 2001, from the general fund to the commissioner of health for the charity care equity fund."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 1180, A bill for an act relating to retirement; modifying the computation of the retirement annuity formula for certain hirees covered by the Minnesota state retirement system, the public employee retirement association, and the teachers retirement association; amending Minnesota Statutes 1998, sections 352.01, subdivision 25; 352.115, subdivision 3; 352.116, subdivisions 1 and 1a; 353.01, subdivision 37; 353.29, subdivision 3; 353.30, subdivisions 1, 1a, 1b, and 1c; 354.05, subdivision 38; and 354.44, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

CORRECTIONAL EMPLOYEES RETIREMENT PLAN CHANGES

Section 1. Minnesota Statutes 1998, section 352.90, is amended to read:

352.90 [POLICY.]

It is the policy of the legislature to provide special retirement benefits and contributions for certain correctional employees who may be required to retire at an early age because they lose the mental or physical capacity required to maintain the safety, security, discipline, and custody of inmates at state correctional facilities or of patients at the Minnesota security hospital or at the Minnesota sexual psychopathic personality treatment center or of patients in the Minnesota extended treatment options on-campus program at Cambridge.

Sec. 2. Minnesota Statutes 1998, section 352.91, is amended by adding a subdivision to read:

Subd. 3e. [MINNESOTA EXTENDED TREATMENT OPTIONS PROGRAM; CAMBRIDGE.] "Covered correctional service" means service by a state employee in one of the following employment positions with the Minnesota extended treatment options on-campus program at Cambridge if at least 75 percent of the employee's working time is spent in direct contact with patients who are in the Minnesota extended treatment options program and if service in such a position is certified to the executive director by the commissioner of human services, unless the person elects to retain current retirement coverage under section 4:

- (1) behavior analyst I;
- (2) human services support specialist;
- (3) mental retardation residential program lead;
- (4) psychologist II;
- (5) recreation program assistant;
- (6) recreation therapist assistant;
- (7) recreation therapist senior;
- (8) registered nurse senior;
- (9) skills development specialist; and
- (10) social worker senior.

Sec. 3. Minnesota Statutes 1998, section 352.93, subdivision 2a, is amended to read:

Subd. 2a. [EARLY RETIREMENT.] Any covered correctional employee, ~~or former employee if service ended after June 30, 1989,~~ who becomes at least 50 years old and who has at least three years of allowable service is entitled upon application to a reduced retirement annuity equal to the annuity calculated under subdivision 2, reduced ~~so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the employee deferred receipt of the annuity from the day the annuity begins to accrue to age 55 by two-tenths of one percent for each month that the correctional employee is under age 55 at the time of retirement.~~

Sec. 4. [TEMPORARY PROVISION; ELECTION TO RETAIN RETIREMENT COVERAGE.]

(a) An employee in a position specified as qualifying under Minnesota Statutes, section 352.91, subdivision 3e, may elect to retain coverage under the general employees retirement plan of the Minnesota state retirement system or may elect to transfer coverage and contribute to the correctional employees retirement plan. An employee electing to participate in the correctional employees retirement plan shall begin making contributions to the correctional plan beginning the first full pay period after July 1, 1999, or the first full pay period following filing of their election to transfer coverage to the correctional employees retirement plan, whichever is later. The election to retain coverage or to transfer coverage must be made in writing by the person on a form prescribed by the executive director of the Minnesota state retirement system and must be filed with the executive director no later than December 31, 1999.

(b) An employee failing to make an election by December 15, 1999, must be notified by certified mail by the executive director of the Minnesota state retirement system of the deadline to make a choice. A person who does not submit an election form must continue coverage in the general employees retirement plan and forfeits all rights to transfer retirement coverage to the correctional employees retirement plan.

(c) The election to retain coverage in the general employees retirement plan or the election to transfer retirement coverage to the correctional employees retirement plan is irrevocable once it is filed with the executive director.

Sec. 5. [COVERAGE FOR PRIOR STATE SERVICE FOR CERTAIN PERSONS.]

Subdivision 1. [ELECTION OF PRIOR STATE SERVICE COVERAGE.] (a) An employee who has future retirement coverage transferred to the correctional employees retirement plan under section 4, and who does not elect to retain general state employees retirement plan coverage, is entitled to elect to obtain prior service credit for eligible state service performed on or after July 1, 1997, and before the first day of the first full pay period beginning after December 31, 1999. All prior service credit must be purchased.

(b) Eligible state service is any period of service on or after the date which the employee started employment with the Minnesota extended treatment options program in a position specified in Minnesota Statutes, section 352.91, subdivision 3e, in which at least 75 percent of the employee's working time is determined to have been spent in direct contact with Minnesota extended treatment options program patients or July 1, 1997, whichever is later, and the date the employee joined the correctional employees plan.

(c) The department of human services shall certify eligible state service to the executive director of the Minnesota retirement system.

Subd. 2. [PAYMENT FOR PRIOR SERVICE.] (a) An employee electing to obtain prior service credit under subdivision 1 must pay an additional employee contribution for that prior service. The additional member contribution is the contribution differential percentage applied to the actual salary paid to the employee during the period of the prior eligible state service, plus interest at the rate of six percent per annum, compounded annually. The contribution differential percentage is the difference between 5.5 percent of salary and the applicable employee contribution rate of the general state employees retirement plan during the prior eligible state service.

(b) The additional member contribution must be paid only in a lump sum. Payment must accompany the election to obtain prior service credit. No election or payment may be made by the person or accepted by the executive director after June 30, 2001.

Subd. 3. [TRANSFER OF ASSETS.] Assets must be transferred from the general state employees retirement plan to the correctional employees retirement plan in an amount equal to the present value of benefits earned under the general employees retirement plan for each employee transferring to the correctional employees retirement plan, as determined by the actuary retained by the legislative commission on pensions and retirement in accordance with Minnesota Statutes, section 356.215, multiplied by the accrued liability funding ratio of active members as derived from the most recent actuarial valuation prepared by the commission-retained actuary. The transfer of assets must be made within 45 days after the employee elects to transfer coverage to the correctional employees retirement plan.

Subd. 4. [EFFECT OF THE ASSET TRANSFER.] Upon the transfer of assets in subdivision 3, service credit in the general state employees plan of the Minnesota state retirement system is forfeited and may not be reinstated. The service credit and transferred assets must be credited to the correctional employees retirement plan.

Subd. 5. [COUNSELING.] (a) The commissioners of human services and employee relations and the executive director of the Minnesota state retirement system have the joint responsibility of providing affected employees with appropriate and timely retirement and related benefit counseling.

(b) Counseling must include the anticipated impact of the retirement coverage change on the person's future retirement benefit amounts, future retirement eligibility, future applicability of mandatory retirement laws, and future postemployment insurance coverage.

(c) The commissioner of human services must consult with the appropriate collective bargaining agents of the affected employees regarding the content, form, and timing of the counseling required by this section.

Sec. 6. [TRANSITIONAL PROVISION; RETENTION OF CERTAIN RIGHTS.]

(a) Nothing in sections 1, 2, and 4 to 7 may be considered to restrict the entitlement of a person under state law to repay a previously taken refund of employee or member contributions to a Minnesota public pension plan if all qualifying requirements are met.

(b) The period of correctional employees retirement plan contributions, plus interest, must be restored upon the repayment of the appropriate refund amount if the service was correctional employees retirement plan covered service on the date when the service was rendered or on the date when the refund was taken.

Sec. 7. [EARLY RETIREMENT INCENTIVE.]

This section applies to an employee who has future retirement coverage transferred to the correctional employee retirement plan under section 4 and who is at least 55 years old on the effective date of section 4. That employee may participate in a health insurance early retirement incentive available under the terms of a collective bargaining agreement, notwithstanding any provision of the collective bargaining agreement that limits participation to persons who select the option during the payroll period in which they become 55 years old. A person selecting the health insurance early retirement incentive under this section must retire by the later of December 31, 2000, or within the pay period following the time at which the person has at least three years of covered correctional service, including any purchased service credit. An employee meeting this criteria who wishes to extend the person's employment must do so under Minnesota Statutes, section 43A.34, subdivision 3.

Sec. 8. [EFFECTIVE DATE.]

Sections 1, 2, and 4 to 7 are effective on the first day of the first full pay period beginning after July 1, 1999. Section 3 is effective July 1, 1999.

ARTICLE 2

PUBLIC SAFETY EMPLOYEE PENSION
PLAN CHANGES

Section 1. Minnesota Statutes 1998, section 352B.08, subdivision 2a, is amended to read:

Subd. 2a. [EARLY RETIREMENT.] Any member who has become at least 50 years old and who has at least three years of allowable service is entitled upon application to a reduced retirement annuity equal to the annuity calculated under subdivision 2, reduced by ~~two-tenths~~ one-tenth of one percent for each month that the member is under age 55 at the time of retirement.

Sec. 2. Minnesota Statutes 1998, section 353.64, subdivision 1, is amended to read:

Subdivision 1. [POLICE AND FIRE FUND MEMBERSHIP.] (a) A person who prior to July 1, 1961, was a member of the police and fire fund, by virtue of being a police officer or firefighter, shall, as long as the person remains in either position, continue membership in the fund.

(b) A person who was employed by a governmental subdivision as a police officer and was a member of the police and fire fund on July 1, 1978, by virtue of being a police officer as defined by this section on that date, and if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, ~~shall continue membership in~~ continues to be a member of the fund, whether or not that person has the power of arrest by warrant and is licensed by the peace officers standards and training board after that date. A person who was employed as a correctional officer by Rice county before July 1, 1998, for the duration of employment in the correctional position held on July 1, 1998, continues to be a member of the public employees police and fire plan, whether or not the person has the power of arrest by warrant and is licensed by the peace officers standards and training board after that date.

(c) A person who was employed by a governmental subdivision as a police officer or a firefighter, whichever applies, was an active member of the local police or salaried firefighters relief association located in that governmental subdivision by virtue of that employment as of the effective date of the consolidation as authorized by sections 353A.01 to 353A.10, and has elected coverage by the public employees police and fire fund benefit plan, shall become a member of the police and fire fund after that date if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date.

(d) Any other employee serving on a full-time basis as a police officer as defined in subdivision 2 or as a firefighter as defined in subdivision 3 on or after July 1, 1961, shall become a member of the public employees police and fire fund.

(e) An employee serving on less than a full-time basis as a police officer shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a police officer.

(f) An employee serving on less than a full-time basis as a firefighter shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a firefighter.

(g) A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire fund and any police officer or firefighter of a relief association that has consolidated with the association for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10 shall not become a member of the public employees police and fire fund.

Sec. 3. Minnesota Statutes 1998, section 353.651, subdivision 4, is amended to read:

Subd. 4. [EARLY RETIREMENT.] Any police officer or firefighter member who has become at least 50 years old and who has at least three years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by ~~two-tenths~~ one-tenth of one percent for each month that the member is under age 55 at the time of retirement.

Sec. 4. [353.652] [SOCIAL SECURITY BENEFIT OFFSET IN CERTAIN INSTANCES.]

(a) If a public employee continues in retirement plan coverage by the public employees police and fire retirement plan by virtue of this article and subsequently is covered by the federal old age, survivors, and disability insurance program for service as a Rice county correctional officer, the retirement annuity of the person under section 353.651 or the disability benefit of the person under section 353.656 must be reduced dollar-for-dollar for the social security benefit that the person is entitled to receive by virtue of Rice county correctional service rendered after the effective date of section 2.

(b) To be effective, the retirement annuity or disability benefit application form for a Rice county correctional employee must include signed, written permission by the person for the public employees retirement association to obtain the necessary information from the federal old age, survivors, and disability insurance program to implement the offset provision in paragraph (a).

Sec. 5. [353.90] [PENALTY FOR MEMBERSHIP MISCERTIFICATIONS AND CERTIFICATION FAILURES.]

(a) If the board of trustees of the public employees retirement association, upon the recommendation of the executive director, determines that a governmental subdivision has certified a public employee for membership in the public employees police and fire retirement plan when the public employee was not eligible for that retirement plan coverage, the public employee must be covered by the correct retirement plan for subsequent service, the public employee retains the coverage for the period of the misclassification, and the governmental subdivision shall pay in a lump sum the difference in the actuarial present value of the retirement annuities to which the public employee would have been entitled if the public employee was properly classified. The government subdivision payment is payable within 30 days of the board's determination. If unpaid, it must be collected under section 353.28. The lump-sum payment must be deposited in the public employees retirement fund.

(b) If the executive director of the public employees retirement association determines that a governmental subdivision has failed to certify a person for retirement plan membership and coverage under this chapter, in addition to the procedures under section 353.27, subdivision 4, 9, 10, 11, 12, 12a, or 12b, the director shall charge a fine of \$..... for each membership certification failure.

Sec. 6. Minnesota Statutes 1998, section 353A.083, is amended by adding a subdivision to read:

Subd. 4. [PRE-1999 CONSOLIDATIONS.] For any consolidation account in effect on July 1, 1999, the public employees police and fire fund benefit plan applicable to consolidation account members who have elected or will elect that benefit plan coverage under section 353A.08 is the most recent change adopted by the applicable municipality under subdivision 1, 2, or 3, unless the applicable municipality approves the extension of the post-June 30, 1999, public employees police and fire fund benefit plan to the consolidation account.

Sec. 7. [COLLECTION OF POLICE STATE AID OVERPAYMENTS.]

As police state aid that was received by Rice county on account of correctional officers who were improperly included in retirement coverage by the public employees police and fire plan, the total of the following amounts must be deducted in 20 equal annual installments from any police state aid payable to Rice county under Minnesota Statutes, chapter 69:

<u>Amount</u>	<u>Year</u>
<u>\$11,543</u>	<u>1994</u>
<u>19,096</u>	<u>1995</u>
<u>39,111</u>	<u>1996</u>
<u>19,170</u>	<u>1997</u>
<u>13,764</u>	<u>1998</u>

Sec. 8. [EFFECTIVE DATE.]

Sections 1, 3, and 7 are effective on July 1, 1999. Sections 2, 4, and 6 are effective on the day following final enactment. Section 5 is effective on August 1, 2000.

ARTICLE 3

SPECIAL RETIREMENT COVERAGE FOR CERTAIN STATE FIRE MARSHAL EMPLOYEES

Section 1. [352.87] [STATE FIRE MARSHAL DIVISION EMPLOYEES.]

Subdivision 1. [ELIGIBILITY.] A member of the general plan who is employed by the department of public safety, state fire marshal division, as a deputy state fire marshal, fire/arson investigator, who elects special benefit coverage under subdivision 8, is entitled to retirement benefits or disability benefits, as applicable, as stated in this section for eligible service under this section rendered after July 1, 1999, for which allowable service credit is received. The covered member must be at least age 55 to qualify for the retirement annuity specified in subdivision 3.

Subd. 2. [RETIREMENT ANNUITY ELIGIBILITY.] A person specified in subdivision 1 who meets all eligibility requirements specified in this chapter applicable to general plan members is eligible for retirement benefits as specified in subdivision 3.

Subd. 3. [RETIREMENT ANNUITY FORMULA.] A person specified in subdivision 1 will have a retirement annuity applicable for allowable service credit under this section calculated by multiplying the employee's average salary, as defined in section 352.115, subdivision 2, by the percentage specified in section 356.19, subdivision 2a, for each year or portions of a year of allowable service credit. No reduction for retirement prior to normal retirement age, as specified in section 352.01, subdivision 25, applies to service to which this section applies.

Subd. 4. [NON-JOB-RELATED DISABILITY BENEFITS.] An eligible member described in subdivision 1, who is less than 55 years of age and who becomes disabled and physically or mentally unfit to perform the duties of the position because of sickness or injury while not engaged in covered employment, is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 assuming the member has 15 years of service qualifying under this section and waiving the minimum age requirement. If the eligible member becomes disabled under this subdivision with more than 15 years of service covered under this section, the eligible member is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 based on all years of service credited under this section and waiving the minimum age requirement.

Subd. 5. [JOB-RELATED DISABILITY BENEFITS.] An eligible member defined in subdivision 1, who is less than 55 years of age and who becomes disabled and physically or mentally unfit to perform the duties of the position because of sickness or injury while engaged in covered employment, is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 assuming the member has 20 years of service qualifying under this section and waiving the minimum age requirement. An eligible member who becomes disabled under this subdivision with more than 20 years of service credited under this section is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 based on all years of service credited under this section and waiving the age requirement.

Subd. 6. [DISABILITY BENEFIT COORDINATION.] If the eligible employee is entitled to receive a disability benefit as provided in subdivision 4 or 5 and has allowable service credit under this section for less service than the length of service upon which the disability benefit in subdivision 4 or 5 is based, and also has allowable service in the general plan not includable in this section, the employee is entitled to a disability benefit or deferred retirement annuity based on the general plan service not includable in this section only for the service that, when combined with the service includable in this section, exceeds the number of years on which the disability benefit provided in subdivision 4 or 5 is based. The benefit recipient under subdivision 4 or 5 who also has credit for regular plan service must in all respects qualify under section 352.113 to be entitled to receive a disability benefit based on the general plan service not includable in this section, except that the service may be combined to satisfy length of service requirements. Any deferred annuity to which the employee may be entitled based on general plan service not includable in this section must be augmented as provided in section 352.72, subdivision 2, while the employee is receiving a disability benefit under this section.

Subd. 7. [ADDITIONAL CONTRIBUTIONS.] The special retirement annuity and disability coverage under this section shall be financed by an employee contribution of \$..... and an employer contribution of \$..... These contributions are in addition to the contributions required by section 352.04, subdivisions 2 and 3, and must be made in the manner provided for in section 352.04, subdivisions 4 to 6.

Subd. 8. [ELECTION OF COVERAGE.] To be covered by this section, an employee of the department of public safety described in subdivision 1 who is employed in a position described in that subdivision on or after July 1, 1999, must file a notice with the executive director of the Minnesota state retirement system on a form prescribed by the executive director stating whether or not the employee elects to be covered by this section. Notice must be filed by September 1, 1999, or within 90 days of employment, whichever is later. Elections are irrevocable during any period of covered employment. A failure to file a timely notice shall be deemed a waiver of coverage by this section.

Sec. 2. Minnesota Statutes 1998, section 356.19, is amended by adding a subdivision to read:

Subd. 2a. [COORDINATED MEMBERS.] The applicable benefit accrual rate is 2.0 percent.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment.

ARTICLE 4

MNSCU INDIVIDUAL RETIREMENT ACCOUNT PLAN CHANGES

Section 1. Minnesota Statutes 1998, section 43A.27, subdivision 3, is amended to read:

Subd. 3. [RETIRED EMPLOYEES.] (a) A person may elect to purchase at personal expense individual and dependent hospital, medical, and dental coverages if the person is:

(1) a retired employee of the state or an organization listed in subdivision 2 or section 43A.24, subdivision 2, who, at separation of service:

(i) is immediately eligible to receive a retirement benefit under chapter 354B or an annuity under a retirement program sponsored by the state or such organization of the state ~~and;~~

(ii) immediately meets the age and service requirements in section 352.115, subdivision 1; and

~~(ii)~~ (iii) has five years of service or meets the service requirement of the collective bargaining agreement or plan, whichever is greater; or

(2) a retired employee of the state who is at least 50 years of age and has at least 15 years of state service.

(b) The commissioner shall offer at least one plan which is actuarially equivalent to those made available through collective bargaining agreements or plans established ~~pursuant to~~ under section 43A.18 to employees in positions equivalent to that from which retired.

(c) A spouse of a ~~deceased retired employee who received an annuity under a state retirement program~~ person eligible under paragraph (a) may purchase the coverage listed in this subdivision if the spouse was a dependent under the retired employee's coverage at the time of the ~~employee's~~ retiree's death.

(d) Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program. Until the retired employee reaches age 65, the retired employee and dependents must be pooled in the same group as active employees for purposes of establishing premiums and coverage for hospital, medical, and dental insurance. Coverage for retired employees and their dependents may not discriminate on the basis of evidence of insurability or preexisting conditions unless identical conditions are imposed on active employees in the group that the employee left. Appointing authorities shall provide notice to employees no later than the effective date of their retirement of the right to exercise the option provided in this subdivision. The retired employee must notify the commissioner or designee of the commissioner within 30 days after the effective date of the retirement of intent to exercise this option.

Sec. 2. Minnesota Statutes 1998, section 136F.48, is amended to read:

136F.48 [EMPLOYER-PAID HEALTH INSURANCE.]

(a) This section applies to a person who:

(1) retires from the Minnesota state college and university system, ~~the technical college system, or the community college system, or from a successor system employing state university, technical college, or community college faculty~~, with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a ~~state university, technical college, or community college~~ faculty member or as an unclassified administrator in ~~one of those systems~~ the Minnesota state college and university system;

(3) begins drawing a retirement benefit from the individual retirement account plan or an annuity from the teachers retirement association, the Minnesota state retirement system, or ~~from~~ a first class city teacher plan; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) For a person eligible under paragraphs (a) and (b), the employing board shall make the same employer contribution for hospital, medical, and dental benefits as would be made if the person were employed full time.

(d) For work under paragraph (a), a person must receive a percentage of the person's salary at the time of retirement that is equal to the percentage of time the person works compared to full-time work.

(e) If a collective bargaining agreement covering a person provides for an early retirement incentive that is based on age, the incentive provided to the person must be based on the person's age at the time employment under this section ends. However, the salary used to determine the amount of the incentive must be the salary that would have been paid if the person had been employed full time for the year immediately preceding the time employment under this section ends.

(f) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 3. [352.1155] [NO ANNUITY REDUCTION.]

Subdivision 1. [ELIGIBILITY.] Except as indicated in subdivision 4, the annuity reduction provisions of section 352.115, subdivision 10, do not apply to a person who:

(1) retires from the Minnesota state college and university system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) begins drawing an annuity from the Minnesota state retirement system general plan; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.

Subd. 2. [APPROVAL REQUIREMENTS.] Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to a one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

Subd. 3. [SERVICE CREDIT PROHIBITION.] Notwithstanding any law to the contrary, a person eligible under this section may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a volunteer fire plan governed by chapter 424A. No employer or employee contribution to any of these plans may be made on behalf of such a person.

Subd. 4. [EXEMPTION LIMIT.] For a person eligible under this section who earns more than \$35,000 in a calendar year from reemployment in the Minnesota state college and university system following retirement, the annuity reduction provisions of section 352.115, subdivision 10, apply only to income over \$35,000.

Subd. 5. [CONTINUING RIGHTS.] A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 4. Minnesota Statutes 1998, section 354.445, is amended to read:

354.445 [NO ANNUITY REDUCTION.]

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the Minnesota state college and university system, technical college system, or the community college system, or from a successor system employing state university, technical college, or community college faculty; with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a ~~state university, technical college, or community college~~ faculty member or as an unclassified administrator in ~~one of these systems~~ that system;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the person may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not, based on employment to which the waiver in this section applies, earn further service credit in ~~the teachers retirement association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section~~ a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a volunteer fire plan governed by chapter 424A. No employer or employee contribution to any of these plans may be made on behalf of such a person.

(d) For a person eligible under paragraphs (a) and (b) who earns more than \$35,000 in a calendar year from employment after retirement ~~in the system from which the person retired~~ due to employment in the Minnesota state college and university system, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over \$35,000.

(e) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 5. Minnesota Statutes 1998, section 354.66, subdivision 1b, is amended to read:

Subd. 1b. [DISTRICT, DEFINED.] For purposes of this section, the term "district" means a school district, ~~the community or the Minnesota state college system and the state university system~~.

Sec. 6. Minnesota Statutes 1998, section 354.66, subdivision 1c, is amended to read:

Subd. 1c. [PARTICIPATION.] (a) Except as indicated in paragraph (b), participation in the part-time mobility program must be based on a full fiscal year and the employment pattern of the teacher during the most recent fiscal year.

(b) For a teacher in the Minnesota state college and university system who teaches only during the first semester in an academic year and retires immediately after the first semester, participation in the part-time mobility program must be based on one-half of a full fiscal year and the employment pattern of the teacher during the most recent one-half of the most recent fiscal year.

Sec. 7. Minnesota Statutes 1998, section 354.66, subdivision 3, is amended to read:

Subd. 3. [PART-TIME TEACHING POSITION, DEFINED.] (a) For purposes of this section, the term "part-time teaching position" shall mean a teaching position within the district in which the teacher is employed for at least 50 full days or a fractional equivalent thereof as prescribed in section 354.091, and for which the teacher is compensated in an amount not exceeding 80 percent of the compensation established by the board for a full-time teacher with identical education and experience with the employing unit.

The compensation of a teacher in the state colleges and universities system may exceed the 80 percent limit if the teacher does not teach just one of the three quarters in the system's full school year, provided no additional services are performed while the teacher participates in the program. (b) For a teacher to which subdivision 1c, paragraph (b), applies, "part-time teaching position" means a teaching position within the district in which the teacher is employed for at least 25 full days or a fractional equivalent thereof as prescribed in section 354.091, and for which the teacher is compensated in an amount not exceeding 40 percent of the compensation established by the board for a full-time teacher, with identical education and experience with the employing unit.

Sec. 8. Minnesota Statutes 1998, section 354B.24, subdivision 3, is amended to read:

Subd. 3. [OPTIONAL ADDITIONAL CONTRIBUTIONS.] (a) In addition to contributions required by subdivision 2, a plan participant on an approved sabbatical leave may shall make an optional additional a member contribution. The optional additional member may not exceed based on the applicable member contribution rate specified in section 354B.23, subdivision 1, applied to the difference between the amount of salary actually received during the sabbatical leave and the amount of full-time salary actually received for a comparable period of an identical length to the member would have received if not on sabbatical leave that occurred during the fiscal year immediately preceding the sabbatical leave.

(b) Any ~~optional~~ additional member contribution must be made ~~before the last day of the fiscal year next following the fiscal year in which the sabbatical leave terminates. The optional additional member contribution may not include interest through payroll deduction as though the member were employed full time.~~

(c) When an ~~optional~~ additional member contribution is made, the employing unit must make the employer contribution at the rate ~~set forth~~ specified in section 354B.23, subdivision 3, on the salary that was the basis for the ~~optional~~ additional member contribution under paragraph (a).

(d) An employer contribution required under this section must be made no later than 60 days after the date on which the optional additional member contribution was made.

Sec. 9. Minnesota Statutes 1998, section 354B.25, subdivision 2, is amended to read:

Subd. 2. [~~ANNUITY CONTRACTS AND CUSTODIAL ACCOUNTS~~ INVESTMENT OPTIONS.] (a) The plan administrator shall arrange for the purchase of ~~fixed annuity contracts, variable annuity contracts, a combination of fixed and variable annuity contracts, or custodial accounts from financial institutions which have been selected by the state board of investment under subdivision 3, as the investment vehicle for the retirement coverage of plan participants and to provide retirement benefits to plan participants. Custodial accounts from financial institutions shall include open-end investment companies registered under the federal Investment Company Act of 1940, as amended investment products.~~

(b) The ~~annuity contracts or accounts~~ investment products must be purchased with contributions under section 354B.23 or with money or assets otherwise provided by law by authority of the board ~~and deemed acceptable by the applicable financial institution.~~

(c) ~~In addition to contracts and accounts from financial institutions,~~ The Minnesota supplemental investment fund established under section 11A.17 and administered by the state board of investment is one of the investment ~~options~~ products for the individual retirement account plan. Direct access must also be provided to lower expense and no load mutual funds, as those terms are defined by the federal Securities and Exchange Commission, including stock funds, bond funds, and balanced funds. Other investment products or combination of investment products which may be included are:

(1) savings accounts at federally insured financial institutions;

(2) life insurance contracts and fixed and variable annuity contracts from companies that are subject to regulation by the commerce commissioner;

(3) investment options from open-ended investment companies registered under the federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;

(4) investment options from a firm that is a registered investment advisor under the federal Investment Advisors Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21; and

(5) investment options of a bank as defined in United States Code, title 80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the federal Bank Holding Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph (1).

Sec. 10. Minnesota Statutes 1998, section 354B.25, subdivision 3, is amended to read:

Subd. 3. [SELECTION OF FINANCIAL INSTITUTIONS.] (a) ~~The financial institutions investment options provided for under subdivision 2 must be selected by the state board of investment. Financial institutions include open-end investment companies registered under the federal Investment Company Act of 1940, as amended.~~

~~(b) The state board of investment may select up to five financial institutions to provide annuity contracts, custodial accounts, or a combination, as investment options for the individual retirement account plan in addition to the Minnesota supplemental investment fund. In making its selection, at a minimum, the state board of investment shall consider at least the following:~~

~~(1) the experience and ability of the financial institution to provide retirement and death benefits and products that are suited to meet the needs of plan participants;~~

~~(2) the relationship of those retirement and death benefits and products provided by the financial institution to their cost; and~~

~~(3) the financial strength and stability of the financial institution; and~~

~~(4) the fees and expenses associated with the investment products in comparison to other products of similar risk and rates of return.~~

~~(b) After selecting a financial institution, the state board of investment must periodically review each financial institution selected under paragraph (b) and the offered products. The periodic review must occur at least every three years. In making its review, the state board of investment may retain appropriate consulting services to assist it in its periodic review, establish a budget for the cost of the periodic review process, and charge a proportional share of these costs to the reviewed financial institution.~~

~~(c) Contracts with financial institutions under this section must be executed by the board and must be approved by the state board of investment before execution.~~

~~(d) The state board of investment shall also establish policies and procedures under section 11A.04, clause (2), to carry out the provisions of this subdivision.~~

Sec. 11. Minnesota Statutes 1998, section 354B.25, subdivision 5, is amended to read:

Subd. 5. [INDIVIDUAL RETIREMENT ACCOUNT PLAN ADMINISTRATIVE EXPENSES.] (a) The reasonable and necessary administrative expenses of the individual retirement account plan ~~must may be paid by charged to plan participants by the plan sponsor in the following manner:~~

~~(1) from plan participants with amounts invested in the Minnesota supplemental investment fund, the plan administrator may charge an administrative expense assessment in an amount such that annual total fees charged for plan administration cannot exceed 40/100 of one percent of the assets of the Minnesota supplemental investment funds; and~~

~~(2) from plan participants with amounts through annuity contracts and custodial accounts purchased under subdivision 2, paragraph (a), the plan administrator may charge an administrative expense assessment of a designated amount, not to exceed two percent of member and employer contributions, as those contributions are made form of an annual fee, an asset-based fee, a percentage of the contributions to the plan, or a combination thereof.~~

(b) Any administrative expense charge that is not actually needed for the administrative expenses of the individual retirement account plan must be refunded to member accounts.

(c) The board of trustees shall report annually, before October 1, to the advisory committee created in subdivision 1a on administrative expenses of the plan. The report must include a detailed accounting of charges for administrative expenses collected from plan participants and expenditure of the administrative expense charges. The administrative expense charges collected from plan participants must be kept in a separate account from any other funds under control of the board of trustees and may be used only for the necessary and reasonable administrative expenses of the plan.

Sec. 12. [354B.31] [IRAP PART-TIME TEACHER MOBILITY PROGRAM.]

Subdivision 1. [PARTICIPATION REQUIREMENTS.] A faculty member who has three years or more of service in the Minnesota state college and university system, by agreement with the board or with the authorized representative of the board, may be assigned to teaching service in a part-time teaching position under subdivision 2.

Subd. 2. [PART-TIME TEACHING POSITION; DEFINED.] For purposes of this section, "part-time teaching position" means a teaching position within the Minnesota state college and university system in which the teacher is employed for at least 50 full days or a fractional equivalent as prescribed in section 354.091, and for which the faculty member is compensated in an amount not exceeding 80 percent of the compensation established by the board for a full-time faculty member with identical education and experience with the employing unit.

Subd. 3. [RETIREMENT CONTRIBUTIONS.] A faculty member assigned to a part-time position under this section shall continue to make employee contributions to the individual retirement account plan during the period of part-time employment on the same basis and in the same amounts as would have been paid if the person had been employed on a full-time basis provided that, prior to June 30 each year, the member and the board make that portion of the required employer contribution to the plan, in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the person had been employed on a full-time basis and the amount of compensation actually received by the person for the services rendered in the part-time assignment. The employing unit shall make that portion of the required employer contributions to the plan on behalf of the person that is based on the amount of compensation actually received by the person for the services rendered in the part-time assignment. The employee and employer contributions shall be based on the rates of contribution prescribed by section 354B.23. Employee contributions for part-time teaching service pursuant to this section shall not continue for more than ten years.

Subd. 4. [OTHER MEMBERSHIP PRECLUDED.] A faculty member entitled to make employee contributions for part-time teaching service pursuant to this section shall not be entitled during the same period of time to be a member of, accrue allowable service credit in, or make employee contributions to any other Minnesota public employee pension plan, except a volunteer firefighters relief association governed by sections 69.771 to 69.776.

Subd. 5. [INSURANCE.] If the board enters into an agreement authorized by this section, the board shall continue any insurance programs furnished or authorized to a full-time teacher on an identical basis and with identical sharing of costs for a part-time teacher pursuant to this section. However, the requirements of this subdivision may be modified by a collective bargaining agreement between the board and an exclusive representative pursuant to chapter 179A. Teachers as defined in section 136F.43 employed on a less than 75 percent time basis pursuant to this section are eligible for state-paid insurance benefits as if the teachers were employed full time.

Subd. 6. [ELIGIBILITY FOR CREDIT.] Only teachers who are public employees as defined in section 179A.03, subdivision 14, during the school year preceding the period of part-time employment pursuant to this section qualify for employee contributions to the retirement plan for part-time teaching service under subdivision 4. Notwithstanding section 179A.03, subdivision 14, clauses (e) and (f), teachers who are employed on a part-time basis for purposes of this section and who would therefore be disqualified from the bargaining unit by one or both of those provisions, continue to be in the bargaining unit during the period of part-time employment under this section for purposes of compensation, fringe benefits, and the grievance procedure.

Subd. 7. [BOARD POWER NOT RESTRICTED.] This section does not limit the authority of the board to assign a teacher to a part-time teaching position which does not qualify for full accrual of service credit from, and employee contributions to, the retirement fund under this section.

Subd. 8. [SUBSTITUTE TEACHING.] Subdivision 4 does not prohibit a teacher who qualifies for full accrual of service credit from and employee contributions to the retirement fund pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding sections 354.091 and 354.42, a teacher may not qualify for full accrual of service credit from and employee contributions to the retirement fund for other teaching service rendered for any part of any year for which the teacher qualifies for employee contributions to the retirement plan pursuant to this section.

Sec. 13. Minnesota Statutes 1998, section 354C.12, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE EXPENSES.] (a) The board of trustees of the Minnesota state colleges and universities is authorized to pay the necessary and reasonable administrative expenses of the supplemental retirement plan and may bill participants to recover these expenses. The administrative fees or charges must may be paid by charged to participants in the following manner: as an annual fee, an asset-based fee, a percentage of contributions to the plan, or a contribution thereof.

~~(1) from participants whose contributions are invested with the state board of investment, the plan administrator may recover administrative expenses in the manner authorized by the Minnesota state colleges and universities in an amount such that annual total fees charged for plan administration cannot exceed 40/100 of one percent of the assets of the Minnesota supplemental investment funds; or~~

~~(2) from participants where contributions are invested through contracts purchased from any other authorized source, the plan administrator may assess an amount of up to two percent of the employee and employer contributions.~~

(b) Any recovered or assessed amounts that are not needed for the necessary and reasonable administrative expenses of the plan must be refunded to member accounts.

(c) The board of trustees shall report annually, before October 1, to the advisory committee created in section 354B.25, subdivision 1a, on administrative expenses of the plan. The report must include a detailed accounting of charges for administrative expenses collected from plan participants and expenditure of the administrative expense charges. The administrative expense charges collected from plan participants must be kept in a separate account from any other funds under control of the board of trustees and may be used only for the necessary and reasonable administrative expenses of the plan.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 13 are effective on July 1, 1999.

ARTICLE 5

EMPLOYER MATCHING CONTRIBUTION
TAX-SHELTERED ANNUITY
CHANGES

Section 1. Minnesota Statutes 1998, section 356.24, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTION; EXCEPTIONS.] ~~(a)~~ It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;

(i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the premium on a tax-sheltered annuity contract qualified under section 403(b) of the Internal Revenue Code, if purchased from a qualified insurance company, or from a qualified investment entity, as defined in subdivision 1a, and if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or

(6) for personnel employed by the state university board or the community college board and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year for each employee.

~~(b)~~ Subd. 1a. [QUALIFIED INSURANCE COMPANY; QUALIFIED INVESTMENT ENTITIES; DEFINITIONS.] (a) A qualified insurance company is a company that:

(1) meets the definition in section 60A.02, subdivision 4;

(2) is licensed to engage in life insurance or annuity business in the state;

(3) is determined by the commissioner of commerce to have a rating within the top two rating categories by a recognized national rating agency or organization that regularly rates insurance companies; and

(4) is determined by the state board of investment to be among ~~the ten~~ up to 20 applicant insurance companies with competitive investment options and investment returns ~~on annuity products.~~

(b) A qualified investment entity is an open-end investment company that is:

(1) registered under the federal Investment Company Act of 1940;

(2) licensed to do business in the state;

(3) determined by the commissioner of commerce to be in sound financial standing; and

(4) determined by the state board of investment to be among up to five applicant investment entities with competitive investment options and investment returns.

(c) The state board of investment determination must be made on or before ~~January 1, 1993~~ July 1, 2000, and must be reviewed periodically. The state board of investment may retain actuarial services to assist it in this determination and in its periodic review. The state board of investment may annually establish a budget for its costs in any determination and periodic review processes. The state board of investment may charge a proportional share of all costs related to the periodic review to those qualified insurance companies and qualified investment entities currently under contract and may charge a proportional share of all costs related to soliciting and evaluating bids in a determination process to each company and investment entity selected by the state board of investment. All contracts must be approved before execution by the state board of investment. The state board of investment shall establish policies and procedures under section 11A.04, clause (2), to carry out this paragraph.

(e) Subd. 1b. [VENDOR RESTRICTIONS.] A personnel policy for unrepresented employees or a collective bargaining agreement may establish limits on the number of vendors under ~~paragraph (b), clause (5), subdivision 1~~ that it will utilize and conditions under which the vendors may contact employees both during working hours and after working hours.

Sec. 2. [COMMISSION STUDY.]

The legislative commission on pensions and retirement shall study the issue of the appropriate means to provide partially employer-funded, tax-sheltered savings opportunities for educational employees, including the establishment of a single comprehensive program structure for all applicable educational employers and the elimination of any restriction on investment vendors in providing partially employer-funded investment opportunities to educational employees.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective May 15, 2000. Section 2 is effective on the day following final enactment.

ARTICLE 6

MINNEAPOLIS EMPLOYEES RETIREMENT PLAN CHANGES

Section 1. Minnesota Statutes 1998, section 422A.06, subdivision 3, is amended to read:

Subd. 3. [DEPOSIT ACCUMULATION FUND.] The deposit accumulation fund consists of the assets held in the fund, ~~increased by~~ including amounts contributed by or for employees, amounts contributed by the city, amounts contributed by municipal activities supported in whole or in part by revenues other than taxes and amounts contributed by any public corporation, amounts paid by the state, and by income from investments. There must be paid from the fund the amounts required to be transferred to the retirement benefit fund, or the disability benefit fund, refunds of contributions, ~~death benefits payable on death before retirement that are not payable from the survivors' benefit fund~~ including the death-while-active refund specified in section 422A.22, subdivision 4, postretirement increases in retirement allowances granted under Laws 1965, chapter 688, or Laws 1969, chapter 859, and expenses of the administration of the retirement fund which were not charged by the retirement board against the income of the retirement benefit fund from investments as the cost of handling the investments of the retirement benefit fund.

Sec. 2. Minnesota Statutes 1998, section 422A.06, subdivision 6, is amended to read:

Subd. 6. [SURVIVOR'S BENEFIT FUND.] The survivor's benefit fund ~~shall consist~~ consists of the amount held for survivor benefits, increased by contributions for survivor benefits made by and for employees, including contributions made by the employer, by any municipal activity supported in whole or in part by revenue other than taxes or by any public corporation. A proportionate share of income from investments ~~shall~~ must be allocated to this fund. ~~There shall be paid from such fund the Survivor benefits specified in section 422A.23 except that the refund of net accumulated deductions from the salary of a contributing member shall upon death in service be paid from the deposit accumulation fund~~ must be paid from this fund.

Sec. 3. Minnesota Statutes 1998, section 422A.101, subdivision 4, is amended to read:

Subd. 4. [ADDITIONAL EMPLOYER CONTRIBUTION IN CERTAIN INSTANCES.] (a) If a participating employing unit, other than the state, has a negative asset balance in the deposit accumulation fund, the executive director shall bill the employing unit for the amount of the deficiency. Any amount billed will include six percent interest, compounded annually, for any year or portion of a year from the billing date until the date of payment.

(b) If assets in the deposit accumulation fund are insufficient to make a transfer to the retirement benefit fund, the city of Minneapolis shall pay the amount of that insufficiency to the retirement benefit fund within three days of certification of the insufficiency by the executive director of the fund. The city of Minneapolis may bill any other participating employing unit other than the state for its proportion of the amount paid. Any amount billed by the city under this paragraph will include interest as specified in paragraph (a).

Sec. 4. Minnesota Statutes 1998, section 422A.18, subdivision 2, is amended to read:

Subd. 2. [DISABILITY ALLOWANCE AMOUNT.] (a) The amount of disability allowance under this section shall be the amount of service allowance to which the employee would be entitled under section 422A.15, notwithstanding the age requirements expressed therein; or the lesser of the following amounts: 50 percent of the final average compensation, or an amount equal to two percent of final average compensation for each year of allowable service for the first ten years, and thereafter 2.5 percent of final average compensation per year of allowable service, including in the latter assumed service between the date the disability occurred and the 60th birthday of the employee.

~~If the amount of annuity (b) Annuities payable from the Minnesota postretirement investment fund to any class of annuitants is adjusted pursuant to section 11A.18, the amount of benefits payable from the disability benefit fund for that class of annuitants under this section shall also be adjusted at the same time and rate as retirement annuities in the retirement benefit fund.~~

Sec. 5. Minnesota Statutes 1998, section 422A.22, subdivision 4, is amended to read:

Subd. 4. [DEATH-WHILE-ACTIVE REFUND.] (a) Upon the death of a contributing an active member while still in the service of the city, and before reaching the compulsory age of retirement prior to termination of service, there shall be paid to such person the beneficiary or persons as beneficiaries designated by the member shall have nominated by written designation on a form specified by the executive director and filed with the retirement board, in such form as the retirement board shall require; the net accumulated amount of employee deductions from salary, pay, or compensation, including interest, to the member's credit on date of compounded annually to the date of the member's death. The amount must not include any contributions made by the employee or on the employee's behalf, or any interest or investment earnings on those contributions, which were allocated to the survivor benefit fund under section 422A.06, subdivision 6.

(b) If the employee fails to make a designation, or if the person or persons beneficiary or beneficiaries designated by such the employee predeceases such the employee, the net accumulated amount of deductions from salary, pay, or compensation including interest, to the credit of such employee on date of death shall benefit specified in paragraph (a) must be paid to such the deceased employee's estate.

(c) A benefit payable under this subdivision is in addition to any applicable survivor benefit under section 422A.23.

Sec. 6. Minnesota Statutes 1998, section 422A.22, subdivision 5, is amended to read:

Subd. 5. [REPAYMENT OF REFUND.] Upon ~~reinstatement~~ reemployment of a former covered employee ~~to the service, in employment covered by the Minneapolis employees retirement fund, service credit for such past service or for any part thereof shall which was forfeited by taking a refund must be granted reinstated~~ only upon repayment of the amount of the separation refund, with interest, from the time of separation payment of the refund until the date repaid.

Sec. 7. Minnesota Statutes 1998, section 422A.23, is amended to read:

422A.23 [SURVIVOR BENEFITS.]

Subdivision 1. [PAYMENT OF CITY INSTALLMENT ACCUMULATED AMOUNT.] (a) ~~If a contributing an active or deferred member dies after having been in the service with ten or more years of service credit, and before actual retirement, as determined by the retirement board, the present worth of the city's annual installments of \$60 then to the credit of the contributing member, shall be paid to a beneficiary designated by such contributing member in such form as the retirement board shall require, who shall be the surviving spouse, or surviving child, or children of such member or, if there be no surviving spouse or surviving child or children, then to a person actually dependent on and receiving principal support from such member or surviving mother or father, or grandchildren, or surviving brother or sister, or surviving children of the deceased brother or sister of such member except as noted in paragraph (d), the individual specified in paragraph (b) is eligible to receive the benefit specified in paragraph (c).~~

(b) An individual eligible for the benefit specified in paragraph (c) is a beneficiary designated by the member on a form specified by the executive director. If the beneficiary designated by the member is not one of the class of persons named in the preceding sentence, such benefit from the accumulation of city deposits shall be paid in the following order: (1) to the surviving spouse, the whole thereof; (2) if there be no surviving spouse, to the surviving children, share and share alike; (3) if there be no surviving spouse or child or children, to the dependent or dependents as those terms are herein defined, of the member, share and share alike; (4) if there be no surviving spouse, child or children, or dependents, to the surviving mother and father, share and share alike; (5) if there be no surviving mother and father, to the grandchildren, in equal shares; if there be no grandchildren, to the surviving brothers and sisters of the member, in equal shares; (6) if there be no surviving brothers and sisters, to the surviving children of the deceased brothers and sisters of the member, in equal shares; or (7) if there is none of the foregoing persons who survives the member, the accumulation of the city deposits shall be applied to the funeral expenses of the member failed to designate a beneficiary, or if the beneficiary or beneficiaries designated by the employee predeceases the employee, the benefit in paragraph (c) is payable to the deceased employee's estate.

(c) The benefit is a lump-sum payment of the present value of the city's or other contributing employer's annual installments of \$60 to the credit of the member.

(d) No benefit is payable under this subdivision if a monthly survivor benefit is paid under another subdivision of this section.

Subd. 2. [SHORT-SERVICE SURVIVOR BENEFIT.] (a) If an active member dies prior to termination of service with at least 18 months but less than 20 years of service credit, the surviving spouse or surviving child or children is eligible to receive the survivor benefit specified in paragraph (b) or (c), as applicable. Payment of a benefit for any surviving child under the age of 18 years shall be made to the surviving parent, or if there be none, to the legal guardian of the surviving child. ~~For purposes of this subdivision, a surviving child is an unmarried child of the deceased member under the age of 18, or under the age of 22 if a full-time student at an accredited school, college, or university.~~

(b) If the surviving spouse or surviving child benefit commenced before July 1, 1983, the surviving spouse benefit is increased from \$500 per month to \$750 per month and the surviving child benefit is \$225 per month, beginning with the first monthly payment payable after May 28, 1998. The sum of surviving spouse and surviving child

benefits payable under this paragraph shall not exceed \$900 per month. The increased cost resulting from the benefit increases under this paragraph must be allocated to each employing unit listed in section 422A.101, subdivisions 1a, 2, and 2a, on the basis of the additional accrued liability resulting from increased benefits paid to the survivors of employees from that unit.

(c) If the surviving spouse or surviving child benefit commences after June 30, 1983, the surviving spouse benefit is 30 percent of the member's average salary in effect over the last six months of allowable service preceding the month in which death occurs. The surviving child benefit is ten percent of the member's average salary in effect over the last six months of allowable service preceding the month in which death occurs. The sum of surviving spouse and surviving child benefits payable under this paragraph shall not exceed 50 percent of the member's average salary in effect over the last six months of allowable service.

(d) Any surviving child benefit or surviving spouse benefit computed under paragraph (c) and in effect for the month immediately prior to May 28, 1998, is increased by 15 percent as of the first payment on or after May 28, 1998.

(e) Surviving child benefits under this subdivision terminate when the child no longer meets the definition of surviving child.

Subd. 5. [ADMINISTRATION.] Benefits ~~herein provided shall in this section following the death of an active employee or deferred member, as applicable, commence with on the first day of the month following the month in which the active employee or deferred member dies and shall end with the last day of the month preceding the month in which eligibility ceases. Eligibility for the benefits herein provided shall be determined by the retirement board and its determination shall be final. Each beneficiary or parent or guardian of a dependent child or legal representative shall furnish such information as the board may deem deemed necessary by the executive director to determine eligibility for the benefits provided by this section, and must be submitted. Failure to furnish any required information shall be sufficient grounds for the denial or discontinuance of benefits. A determination made by the executive director may be appealed to the retirement board, whose determination is final.~~ Benefits herein provided shall in this section following the death of an active employee or deferred member, as applicable, commence with on the first day of the month following the month in which the active employee or deferred member dies and shall end with the last day of the month preceding the month in which eligibility ceases. Eligibility for the benefits herein provided shall be determined by the retirement board and its determination shall be final. Each beneficiary or parent or guardian of a dependent child or legal representative shall furnish such information as the board may deem deemed necessary by the executive director to determine eligibility for the benefits provided by this section, and must be submitted. Failure to furnish any required information shall be sufficient grounds for the denial or discontinuance of benefits. A determination made by the executive director may be appealed to the retirement board, whose determination is final. If the surviving spouse of the deceased active employee or deferred member becomes entitled to a retirement allowance by reason of membership in this fund, the surviving spouse shall is authorized to receive the retirement allowance in addition to the all applicable surviving spouse's benefit spouse benefits to which the surviving spouse is entitled as specified in this section and section 422A.22, subdivision 4, if applicable. The cost of all ~~monthly survivor's~~ benefits provided in this section shall be is an obligation of the members and of the city, any of its boards, departments, commissions or public corporations or other applicable employing units.

Subd. 6. [SURVIVOR BENEFIT EMPLOYEE CONTRIBUTION.] The retirement board shall create a reserve account for survivor's benefits from which shall be paid on an actuarial basis all survivor benefits due and payable. At the end of each fiscal year, as part of the annual actuarial valuation of the fund prepared by the commission-retained actuary, a determination of the normal cost of the benefits payable from the survivor's benefit account shall be made and the board shall reduce or increase the employee contribution rate ~~of one-fourth of one percent~~ if and when it is determined based on the annual actuarial valuation that the member contribution rate is in excess of or is less than the amount necessary to pay for 50 percent of the calculated normal cost of the survivor benefits provided in this section.

Subd. 7. [LONG-SERVICE ACTIVE AND DEFERRED MEMBER SURVIVOR COVERAGE.] (a) If the contributing active or deferred member dies after having been in the service of the city 20 or more years, and before the effective date of retirement, as determined by the retirement board, the board shall pay with 20 or more years of service credit, a beneficiary, as defined in paragraph (b), is eligible to receive the benefit specified in paragraph (c).

(b) The beneficiary eligible for a benefit under paragraph (c) is the surviving spouse of the deceased employee. If there is no surviving spouse, the beneficiary may be a dependent surviving child of the member or dependent parent designated by the employee on a form prescribed by the executive director.

(c) The benefit payable to the beneficiary designated in paragraph (b) is a monthly allowance for life to the designated beneficiary of the employee. The monthly allowance herein provided for shall be is the actuarial equivalent of a single life service allowance specified in section 422A.15, subdivision 1, which would have been payable to the employee on the date of death, notwithstanding the age requirement stated in section 422A.15, subdivision 1. For purposes of this section, the amount of any excess contributions or voluntary additions by the member shall not be included in the calculations in determining the monthly allowance.

The survivor allowance under this subdivision shall be computed and determined under a procedure specified by the commission-retained actuary utilizing the appropriate mortality table established by the board of trustees based on the experience of the fund as recommended by the commission-retained actuary and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 4d.

(d) For benefits payable under this subdivision following the death of a deferred member, the benefit must be calculated as of the date of termination from service and increased by five percent per year until January 1, 1981, and by three percent per year thereafter, compounded annually.

Subd. 8. [SURVIVING CHILD; DEPENDENT DEFINITION.] The beneficiary designated by the employee shall be the surviving spouse of such employee. If there is no surviving spouse, the designated beneficiary may be a dependent surviving child or dependent parent of such employee as dependency is defined in sections 422A.01 to 422A.25. If the beneficiary designated by the employee is not of the class of persons provided for in this subdivision, or if the designated beneficiary predeceases the employee, a refund shall be made as provided for in section 422A.22, in lieu of a life income. If the employee does not elect to designate a beneficiary to receive a life income as herein provided, the designated beneficiary, if of the class of persons set forth in this subdivision, may elect within 60 days after the date of death of the employee to receive a life income computed and determined as though the employee had retired on the date of death under the option 2 plan of retirement, as provided for in sections 422A.01 to 422A.25, and had designated such person as beneficiary. For purposes of subdivision 2, a surviving child is an unmarried child of the deceased member under the age of 18, or under the age of 22 if a full-time student at an accredited school, college, or university. For purposes of subdivision 7, a dependent surviving child or dependent parent must meet the definition of dependent, as defined in section 422A.01, subdivision 12, at the time of the active or deferred member's death.

Subd. 9. [LUMP-SUM DEATH BENEFIT.] If any employee who has contributed to the survivor's benefit account as herein provided dies before the effective date of retirement on a service or disability pension and is not survived by a beneficiary eligible to receive a monthly allowance as herein provided If no monthly survivor benefit is payable under subdivision 2 or 7, there shall be paid from the survivor's survivor benefit account to a beneficiary designated by the employee on a form prescribed by the executive director a lump-sum death benefit of \$750 if death occurs prior to the end of the employee's tenth year of service credit or of \$1500 if the employee had prior to death completed ten or more calendar years of service credit. Upon reinstatement of a former employee to the service, credit for such past service or for any part thereof shall be granted only upon repayment of the amount of the separation refund, with interest, from the time of separation Any benefit under this subdivision may be paid in addition to a benefit payable under subdivision 1.

Subd. 10. [BENEFIT INCREASES.] If the amount of annuity payable from the Minnesota postretirement investment fund to any class of annuitants is adjusted pursuant to section 11A.18, the amount of benefits payable from the survivor's benefit fund pursuant to subdivisions 7 or 8 for that class of annuitants shall also be adjusted at the same time and rate. Annuities payable under this section shall be adjusted at the same time and rate as retirement annuities in the retirement benefit fund.

Subd. 11. [EFFECT OF SPOUSE REMARRIAGE.] A monthly survivor benefit is must not suspended, be discontinued or terminated, or otherwise stopped due to a surviving spouse's remarriage.

Subd. 12. [DETERMINATION OF ANNUITY.] The survivor annuities payable under this section shall be computed and determined under a procedure specified by the actuary retained by the legislative commission on pensions and retirement utilizing the appropriate mortality table based on the experience of the fund as recommended by that actuary and approved by the legislative commission on pensions and retirement and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 4d.

Sec. 8. [422A.231] [COST ALLOCATION.]

Notwithstanding any law to the contrary, all current and future contribution requirements due to this act are payable by the participating contributing employing units other than the state.

Sec. 9. [REPEALER.]

Minnesota Statutes 1998, section 422A.16, subdivision 3a, is repealed.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective upon approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021.

ARTICLE 7

KANDIYOHI COUNTY AND LITCHFIELD CITY VOLUNTEER RESCUE SQUAD RELIEF ASSOCIATION AUTHORIZATION

Section 1. Minnesota Statutes 1998, section 356A.01, subdivision 7, is amended to read:

Subd. 7. [COVERED GOVERNMENTAL ENTITY.] "Covered governmental entity" means a governmental subdivision or other governmental entity that employs persons who are plan participants in a covered pension plan and who are eligible for that participation because of their employment. Covered governmental entity also means a governmental subdivision or other governmental entity that establishes a relief association under chapter 425B.

Sec. 2. Minnesota Statutes 1998, section 356A.01, subdivision 8, is amended to read:

Subd. 8. [COVERED PENSION PLAN.] "Covered pension plan" means a pension plan or fund listed in section 356.20, subdivision 2, or 356.30, subdivision 3, or the special fund of any relief association established under chapter 425B.

Sec. 3. [425B.01] [DEFINITIONS.]

Subdivision 1. [TERMS DEFINED.] As used in this chapter, the terms defined in this section have the meanings given.

Subd. 2. [RESCUE SQUAD.] "Rescue squad" includes a municipal or county rescue squad and independent nonprofit rescue squad corporation that performs emergency management services (EMS). Rescue squad does not include any rescue squad that is affiliated with a fire department or ambulance service and whose members are eligible for membership in that fire department's or ambulance's relief association or comparable pension plan.

Subd. 3. [MUNICIPALITY.] "Municipality" means the city of Litchfield in Meeker county.

Subd. 4. [COUNTY.] "County" means Kandiyohi county.

Sec. 4. [425B.02] [VOLUNTEER RESCUE SQUAD RELIEF ASSOCIATION; AUTHORIZATION.]

Notwithstanding any provision of section 356.24 or 356.25 to the contrary, the governing body of a municipality or county is authorized to establish a rescue squad relief association as provided in this chapter.

Sec. 5. [425B.03] [RELIEF ASSOCIATION SELF-GOVERNING.]

Subdivision 1. [INCORPORATION.] (a) The relief association must be incorporated under chapter 317A.

(b) The incorporators of the relief association are the members of the governing body of the municipality or county.

Subd. 2. [BOARD OF TRUSTEES; COMPOSITION.] (a) The relief association must be governed by a board of trustees.

(b) The relief association board of trustees consists of nine persons. Six members of the board of trustees must be elected by and from the membership of the relief association. The remaining members of the board of trustees must be appointed by the governing body of the municipality or county.

(c) The relief association must have three officers, which are a president, secretary, and treasurer. The officers must be elected by and from the membership of the relief association.

(d) Initially, the term of office of the elected members of the board of trustees is one year for board members designated "A" and "B," two years for board members designated "C" and "D," and three years for board members designated "E" and "F." Thereafter, the term of office of all elected members of the board of trustees is three years. The term of office of ex officio members of the board of trustees is the term of office of the person that gave rise to board membership. The term of office of an officer of the relief association is two years or the balance of the board member's term of office as a board member, whichever is shorter.

(e) The board of trustees must administer the affairs of the relief association consistent with this chapter and the applicable provisions of chapters 317A and 356A.

Subd. 3. [SPECIAL AND GENERAL FUNDS.] (a) The relief association shall establish and maintain a special fund and may establish and maintain a general fund.

(b) The special fund must be credited with all money received by the relief association from the municipality or county or any money received from any other source for the purpose of providing retirement benefits for rescue squad members, any money or property that is donated, given, granted, or devised by any person for the benefit of the rescue squad relief association special fund, and any investment income earned on the invested assets of the relief association.

(c) The treasurer of the relief association is the custodian of the assets of the special fund and must be the recipient, on behalf of the special fund, of all revenues payable to the special fund. The treasurer shall maintain adequate records documenting any transaction involving the assets or the revenues of the special fund. The record of the treasurer is public record and must be open for inspection by any member of the relief association, any officer or employee of the state of Minnesota or of the municipality or county, or any member of the public, at reasonable times and places.

(d) Disbursements from the special fund may be made only for one of the following purposes:

(1) for the payment of service pensions to retired members of the relief association;

(2) for the payment of disability pensions to disabled members of the relief association;

(3) for the payment of survivor benefits to the surviving spouse, surviving dependent children, or estate of a deceased member of the relief association; and

(4) for the payment of administrative expenses of the relief association if the expenses are of the kind and type authorized by section 69.80.

(e) All pension and benefit payments must be authorized by and paid in accordance with the applicable law, the articles of incorporation, and the bylaws of the relief association.

(f) The assets of the special fund must be invested only in securities that comply with or are authorized by sections 356A.04 and 356A.06.

(g) The general fund, if established, must be operated as provided in the articles of incorporation or bylaws of the relief association.

Sec. 6. [425B.04] [MEMBERSHIP; ELIGIBILITY.]

Subdivision 1. [MEMBERSHIP.] The municipality or county, by resolution, must specify the personnel providing rescue squad service who may be members of the relief association.

Subd. 2. [ELIGIBILITY.] The bylaws of the relief association must specify any additional eligibility requirements for persons specified under subdivision 1 for relief association membership.

Sec. 7. [425B.05] [BENEFITS.]

A relief association must either be a defined contribution plan or a flexible service plan, as established by the municipality or county.

Sec. 8. [425B.06] [DEFINED CONTRIBUTION PLAN OPTION.]

Subdivision 1. [INDIVIDUAL ACCOUNTS.] (a) The relief association must establish individual accounts within the special fund of the relief association for each relief association member.

(b) To each individual account there must be credited an equal share of any contribution made by the governing body of the municipality or county; any gift, bequeath, devise, or other transfer to the special fund; and any amount forfeited by a former member who terminates active service with the rescue squad before reaching the vesting requirements set forth in subdivision 2, paragraph (b), and who does not return within five years of the date of termination. Any investment income of the special fund must be credited to the individual accounts in proportion to the balances in those accounts.

(c) Amounts to be credited to individual accounts may be allocated only after the deduction of any reasonable and necessary administrative expenses payable.

Subd. 2. [SERVICE PENSION.] (a) The service pension amount is the balance in the member's individual account.

(b) The service pension is not payable until the member terminates active service with the rescue squad, has credit for at least five years of service as an active member of the rescue squad and five years as an active member of the relief association, and has attained the age of at least 50 years.

(c) The retiring member must apply for the service pension.

Subd. 3. [DISABILITY PENSION.] (a) The disability pension amount is the balance in the member's individual account.

(b) The disability pension is not payable until the member terminates active service with the rescue squad by virtue of any injury or illness that renders the member incapable of performing rescue squad duties.

Subd. 4. [DEATH BENEFIT.] The death benefit amount is the balance in the deceased member's individual account.

Subd. 5. [PAYMENT.] All pensions and benefits under this section are payable in a single lump-sum payment.

Sec. 9. [425B.07] [FLEXIBLE SERVICE PLAN OPTION.]

A municipality or county may develop and implement its own flexible service plan for payment of pensions to eligible members out of the special fund. The plan, as enacted by the municipality or county as an ordinance, in the discretion of the municipality or county, must include provisions for vesting requirements; contribution levels; payment amounts; disability pension provisions; death benefits; payment terms; the method of payment, including lump sum, monthly, or annually; and such other terms as the municipality or county deems necessary.

Sec. 10. [425B.08] [FUNDING.]

(a) A municipality or county, annually, must include in its budget a contribution to the relief association.

(b) The contribution amount must be transmitted to the relief association treasurer annually on the payment date specified by the governing body of the municipality or county.

Sec. 11. [425B.09] [AUDIT.]

The rescue squad relief association must be audited annually by the state auditor.

Sec. 12. [425B.10] [SPECIAL BENEFITS FOR EXISTING MEMBERS.]

A municipality or county may, under such terms and conditions as it approves, provide pensions under either the defined contribution plan option or flexible service plan option to existing members of the rescue squad as of the date the relief association is incorporated through waivers of length of service vesting requirements. The terms and conditions must be included in the bylaws of the relief association at the time of incorporation.

Sec. 13. [425B.11] [NONAPPLICABILITY OF CHAPTERS 144C AND 424A.]

No member of the rescue squad relief association may participate in or be eligible to receive any benefit or award amount from the ambulance service personnel longevity award and incentive program established under chapter 144E, or from any volunteer firefighter relief association under chapter 424A, by virtue of service rendered on behalf of the rescue squad.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 13 are effective on the day following final enactment.

ARTICLE 8

MERGER INTO PERA-P&F OF LOCAL POLICE AND FIRE CONSOLIDATION ACCOUNTS

Section 1. Minnesota Statutes 1998, section 3.85, subdivision 12, is amended to read:

Subd. 12. [ALLOCATION OF ACTUARIAL COST.] (a) The commission shall assess each retirement plan specified in subdivision 11, paragraph (b), the compensation paid to the actuary retained by the commission for the actuarial valuation calculations, quadrennial projection valuations, and quadrennial experience studies. The assessment is 100 percent of the amount of contract compensation for the actuarial consulting firm retained by the commission for actuarial valuation calculations, including the public employees police and fire plan consolidation accounts of the public employees retirement association established after March 1, 1999, annual experience data collection and processing, and quadrennial experience studies and quadrennial projection valuations.

The portion of the total assessment payable by each retirement system or pension plan must be determined as follows:

(1) Each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (13), must pay the following indexed amount based on its total active, deferred, inactive, and benefit recipient membership:

up to 2,000 members, inclusive	\$2.55 per member
2,001 through 10,000 members	\$1.13 per member
over 10,000 members	\$0.11 per member

The amount specified is applicable for the assessment of the July 1, 1991, to June 30, 1992, fiscal year actuarial compensation amounts. For the July 1, 1992, to June 30, 1993, fiscal year and subsequent fiscal year actuarial compensation amounts, the amount specified must be increased at the same percentage increase rate as the implicit price deflator for state and local government purchases of goods and services for the 12-month period ending with the first quarter of the calendar year following the completion date for the actuarial valuation calculations, as published by the federal Department of Commerce, and rounded upward to the nearest full cent.

(2) The total per-member portion of the allocation must be determined, and that total per-member amount must be subtracted from the total amount for allocation. Of the remainder dollar amount, the following per-retirement system and per-pension plan charges must be determined and the charges must be paid by the system or plan:

(i) 37.87 percent is the total additional per-retirement system charge, of which one-seventh must be paid by each retirement system specified in subdivision 11, paragraph (b), clauses (1), (2), (6), (7), (9), (10), and (11).

(ii) 62.13 percent is the total additional per-pension plan charge, of which one-thirteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (13).

(b) The assessment must be made following the completion of the actuarial valuation calculations and the experience analysis. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments must be deposited in the state treasury and credited to the general fund.

Sec. 2. Minnesota Statutes 1998, section 69.021, subdivision 10, is amended to read:

Subd. 10. [REDUCTION IN POLICE STATE AID APPORTIONMENT.] (a) The commissioner of revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph (b), 6, and 7a, for eligible employer units by any excess police state aid.

(b) "Excess police state aid" is:

(1) for counties and for municipalities in which police retirement coverage is provided wholly by the public employees police and fire fund and all police officers are members of the plan governed by sections 353.63 to 353.657, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the public employees retirement association;

(2) for municipalities in which police retirement coverage is provided in part by the public employees police and fire fund governed by sections 353.63 to 353.657 and in part by a local police consolidation account governed by chapter 353A, and established after March 1, 1999, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), plus the amount of the employer's total prior calendar year obligation under section 353A.09, subdivisions 5, paragraphs (a) and (b), as certified by the executive director of the public employees retirement association;

(3) for municipalities in which police retirement coverage is provided by the public employees police and fire plan governed by sections 353.63 to 353.657, in which police retirement coverage was provided by a police consolidation account under chapter 353A before July 1, 1999, and for which the municipality has an additional municipal

contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), plus the amount of any additional municipal contribution under section 353.665, subdivision 8, paragraph (b), until the year 2010, as certified by the executive director of the public employees retirement association;

(4) for municipalities in which police retirement coverage is provided in part by the public employees police and fire fund governed by sections 353.63 to 353.657 and in part by a local police relief association governed by sections 69.77 and 423A.01, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the public employees retirement association, plus the amount of the financial requirements of the relief association certified to the applicable municipality during the prior calendar year under section 69.77, subdivisions 2b and 2c, reduced by the amount of member contributions deducted from the covered salary of the relief association during the prior calendar year under section 69.77, subdivision 2a, as certified by the chief administrative officer of the applicable municipality;

~~(4)~~ (5) for the metropolitan airports commission, if there are police officers hired before July 1, 1978, with retirement coverage by the Minneapolis employees retirement fund remaining, the amount in excess of the commission's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the public employees retirement association, plus the amount determined by expressing the commission's total prior calendar year contribution to the Minneapolis employees retirement fund under section 422A.101, subdivisions 2 and 2a, as a percentage of the commission's total prior calendar year covered payroll for commission employees covered by the Minneapolis employees retirement fund and applying that percentage to the commission's total prior calendar year covered payroll for commission police officers covered by the Minneapolis employees retirement fund, as certified by the chief administrative officer of the metropolitan airports commission; and

~~(5)~~ (6) for the department of natural resources and for the department of public safety, the amount in excess of the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers under section 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota state retirement system.

(c) The employer's total prior calendar year obligation with respect to the public employees police and fire plan is the total prior calendar year obligation under section 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2, and the actual total prior calendar year obligation under section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those firefighters the applicable following amounts:

Municipality	Maximum Amount
Albert Lea	\$54,157.01
Anoka	10,399.31
Apple Valley	5,442.44
Austin	49,864.73
Bemidji	27,671.38
Brooklyn Center	6,605.92
Brooklyn Park	24,002.26
Burnsville	15,956.00
Cloquet	4,260.49
Coon Rapids	39,920.00
Cottage Grove	8,588.48
Crystal	5,855.00
East Grand Forks	51,009.88
Edina	32,251.00
Elk River	5,216.55
Ely	13,584.16
Eveleth	16,288.27

Fergus Falls	6,742.00
Fridley	33,420.64
Golden Valley	11,744.61
Hastings	16,561.00
Hopkins	4,324.23
International Falls	14,400.69
Lakeville	782.35
Lino Lakes	5,324.00
Little Falls	7,889.41
Maple Grove	6,707.54
Maplewood	8,476.69
Minnetonka	10,403.00
Montevideo	1,307.66
Moorhead	68,069.26
New Hope	6,739.72
North St. Paul	4,241.14
Northfield	770.63
Owatonna	37,292.67
Plymouth	6,754.71
Red Wing	3,504.01
Richfield	53,757.96
Rosemount	1,712.55
Roseville	9,854.51
St. Anthony	33,055.00
St. Louis Park	53,643.11
Thief River Falls	28,365.04
Virginia	31,164.46
Waseca	11,135.17
West St. Paul	15,707.20
White Bear Lake	6,521.04
Woodbury	3,613.00
any other municipality	0.00

(d) The total amount of excess police state aid must be deposited in the excess police state-aid account in the general fund, administered and distributed as provided in subdivision 11.

Sec. 3. Minnesota Statutes 1998, section 69.031, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF STATE AID.] (a) The municipal treasurer shall, within 30 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief association until the complete financial report is filed. If there is no relief association organized, or if the association has dissolved, or has been removed as trustees of state aid, then the treasurer of the municipality shall deposit the money in the municipal treasury as provided for in section 424A.08 and the money may be disbursed only for the purposes and in the manner set forth in that section.

(b) The municipal treasurer, upon receipt of the police state aid, shall disburse the police state aid in the following manner:

(1) For a municipality in which a local police relief association exists and all peace officers are members of the association, the total state aid must be transmitted to the treasurer of the relief association within 30 days of the date of receipt, and the treasurer of the relief association shall immediately deposit the total state aid in the special fund of the relief association;

(2) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, including municipalities covered by section 353.665, the total state aid must be applied toward the municipality's employer contribution to the public employees police and fire fund under section sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

(3) For a municipality other than a city of the first class with a population of more than 300,000 in which both a police relief association exists and police retirement coverage is provided in part by the public employees police and fire fund, the municipality may elect at its option to transmit the total state aid to the treasurer of the relief association as provided in clause (1), to use the total state aid to apply toward the municipality's employer contribution to the public employees police and fire fund subject to all the provisions set forth in clause (2), or to allot the total state aid proportionately to be transmitted to the police relief association as provided in this subdivision and to apply toward the municipality's employer contribution to the public employees police and fire fund subject to the provisions of clause (2) on the basis of the respective number of active full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

For a city of the first class with a population of more than 300,000, in addition, the city may elect to allot the appropriate portion of the total police state aid to apply toward the employer contribution of the city to the public employees police and fire fund based on the covered salary of police officers covered by the fund each payroll period and to transmit the balance to the police relief association; or

(4) For a municipality in which police retirement coverage is provided in part by the public employees police and fire fund and in part by a local police consolidation account governed by chapter 353A and established after March 1, 1999, the total police state aid must be applied towards the municipality's total employer contribution to the public employees police and fire fund and to the local police consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

(c) The county treasurer, upon receipt of the police state aid for the county, shall apply the total state aid toward the county's employer contribution to the public employees police and fire fund under section 353.65, subdivision 3.

(d) The designated metropolitan airports commission official, upon receipt of the police state aid for the metropolitan airports commission, shall apply the total police state aid first toward the commission's employer contribution for police officers to the Minneapolis employees retirement fund under section 422A.101, subdivision 2a, and, if there is any amount of police state aid remaining, shall apply that remainder toward the commission's employer contribution for police officers to the public employees police and fire plan under section 353.65, subdivision 3.

(e) The police state aid apportioned to the departments of public safety and natural resources under section 69.021, subdivision 7a, is appropriated to the commissioner of finance for transfer to the funds and accounts from which the salaries of peace officers certified under section 69.011, subdivision 2a, are paid. The commissioner of revenue shall certify to the commissioners of public safety, natural resources, and finance the amounts to be transferred from the appropriation for police state aid. The commissioners of public safety and natural resources shall certify to the commissioner of finance the amounts to be credited to each of the funds and accounts from which the peace officers employed by their respective departments are paid. Each commissioner must allocate the police state aid first for employer contributions for employees funded from the general fund and then for employer contributions for employees funded from other funds. For peace officers whose salaries are paid from the general fund, the amounts transferred from the appropriation for police state aid must be canceled to the general fund.

Sec. 4. Minnesota Statutes 1998, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] The following public employees shall not participate as members of the association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan:

(1) elected public officers, or persons appointed to fill a vacancy in an elective office, who do not elect to participate in the association by filing an application for membership;

(2) election officers;

(3) patient and inmate personnel who perform services in charitable, penal, or correctional institutions of a governmental subdivision;

(4) employees who are hired for a temporary position under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision, but not those employees who are hired for an unlimited period but are serving a probationary period. If the period of employment extends beyond six consecutive months and the employee earns more than \$425 from one governmental subdivision in any one calendar month, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee under section 353.27, subdivision 4.

Membership eligibility of an employee who resigns or is dismissed from a temporary position and within 30 days accepts another temporary position in the same governmental subdivision is determined on the total length of employment rather than on each separate position. Membership eligibility of an employee who holds concurrent temporary and nontemporary positions in one governmental subdivision is determined by the length of employment and salary of each separate position;

(5) employees whose actual salary from one governmental subdivision does not exceed \$425 per month, or whose annual salary from one governmental subdivision does not exceed a stipulation prepared in advance, in writing, that the salary must not exceed \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$5,100 per employment period for employment expected to be of less than a full year's duration;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota state retirement system, the teachers retirement association, the Duluth teachers retirement fund association, the Minneapolis teachers retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees retirement association, or any local police or firefighters relief association that has consolidated with the public employees retirement association consolidation account but whose members who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employee police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the public employees retirement association and also belonging to and contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university and who are part-time employees as defined by a governmental subdivision;

(10) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

(11) students who are serving in an internship or residency program sponsored by an accredited educational institution;

(12) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(13) foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens are eligible for membership from the date of the extension;

(14) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(15) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(16) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment activities other than those as a volunteer firefighter; and

(17) pipefitters and associated trades personnel employed by independent school district No. 625, St. Paul, with coverage by the pipefitters local 455 pension plan under a collective bargaining agreement who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12.

Sec. 5. Minnesota Statutes 1998, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] (a) "Salary" means:

(1) periodic compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees; and

(2) for a public employee who has prior service covered by a local police or firefighters' relief association that has consolidated with the public employees retirement association or to which section 353.665 applies and who has elected coverage either under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation.

(b) Salary does not mean:

(1) fees paid to district court reporters, unused annual or sick leave payments, in lump-sum or periodic payments, severance payments, reimbursement of expenses, lump-sum settlements not attached to a specific earnings period, or workers' compensation payments;

(2) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

(3) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:

(i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;

(ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverages under a group plan offered by the employer; and

(iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages; and

(4) except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivisions 35 and 36.

Sec. 6. Minnesota Statutes 1998, section 353.01, subdivision 16, is amended to read:

Subd. 16. [ALLOWABLE SERVICE.] (a) "Allowable service" means service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35, and service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect.

(b) "Allowable service" also means a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund.

(c) "Allowable service" also means a period of authorized leave of absence without pay that does not exceed one year, and during or for which a member obtained credit by payments to the fund made in place of salary deductions, provided that the payments are made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or for that portion of the last six months while the member was in public service, to apply to the period in either case immediately preceding commencement of the leave of absence. If the employee elects to pay employee contributions for the period of any leave of absence without pay, or for any portion of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to both the required employer and additional employer contributions for the employee. The payment must be made within one year from the expiration of the leave of absence or within 20 days after termination of public service under subdivision 11a. The employer by appropriate action of its governing body, made a part of its official records, before the date of the first payment of the employee contribution, may certify to the association in writing its commitment to pay the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at an annual rate of 8.5 percent compounded annually from the date of the termination of the leave of absence to the date payment is made. An employee shall return to public service and receive a minimum of three months of allowable service to be eligible to pay employee and employer contributions for a subsequent authorized leave of absence without pay.

(d) "Allowable service" also means a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee

contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The association shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave.

(e) "Allowable service" also means a period during which a member is on an authorized sick leave of absence, without pay, limited to one year. An employee who has received one year of allowable service shall return to public service and receive a minimum of three months of allowable service to receive allowable service for a subsequent authorized sick leave of absence.

(f) "Allowable service" also means an authorized temporary layoff under subdivision 12, limited to three months allowable service per authorized temporary layoff in one calendar year. An employee who has received the maximum service allowed for an authorized temporary layoff shall return to public service and receive a minimum of three months of allowable service to receive allowable service for a subsequent authorized temporary layoff.

(g) Notwithstanding any law to the contrary, "allowable service" also means a parental leave. The association shall grant a maximum of two months service credit for a parental leave, within six months after the birth or adoption, upon documentation from the member's governmental subdivision or presentation of a birth certificate or other evidence of birth or adoption to the association.

(h) "Allowable service" also means a period during which a member is on an authorized leave of absence to enter military service, provided that the member returns to public service upon discharge from military service under section 192.262 and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. Payment must be made within five years of the date of discharge from the military service. The amount of these contributions must be in accord with the contribution rates and salary limitations, if any, in effect during the leave, plus interest at an annual rate of 8.5 percent compounded annually from the date of return to public service to the date payment is made. The matching employer contribution and additional employer contribution under section 353.27, subdivisions 3 and 3a, must be paid by the governmental subdivision employing the member upon return to public service if the member makes the employee contributions. The governmental subdivision involved may appropriate money for those payments. A member may not receive credit for a voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty.

(i) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means combined years of allowable service as defined in paragraphs (a) to (i) and section 352.01, subdivision 11.

(j) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retirement association or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

Sec. 7. Minnesota Statutes 1998, section 353.64, subdivision 1, is amended to read:

Subdivision 1. [POLICE AND FIRE FUND MEMBERSHIP.] (a) A person who prior to July 1, 1961, was a member of the police and fire fund, by virtue of being a police officer or firefighter, shall, as long as the person remains in either position, continue membership in the fund.

(b) A person who was employed by a governmental subdivision as a police officer and was a member of the police and fire fund on July 1, 1978, by virtue of being a police officer as defined by this section on that date, and if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, shall continue membership in the fund whether or not that person has the power of arrest by warrant after that date.

(c) A person who was employed by a governmental subdivision as a police officer or a firefighter, whichever applies, was an active member of the local police or salaried firefighters relief association located in that governmental subdivision by virtue of that employment as of the effective date of the consolidation as authorized by sections 353A.01 to 353A.10, and has elected coverage by the public employees police and fire fund benefit plan, shall become a member of the police and fire fund after that date if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date.

(d) Any other employee serving on a full-time basis as a police officer or firefighter on or after July 1, 1961, shall become a member of the public employees police and fire fund.

(e) An employee serving on less than a full-time basis as a police officer shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a police officer.

(f) An employee serving on less than a full-time basis as a firefighter shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a firefighter.

(g) A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire fund ~~and~~ any police officer or firefighter of a relief association that has consolidated with the association for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10, or any police officer or firefighter to whom section 353.665 applies who has not elected coverage by the public employees police and fire fund benefit plan as provided in section 353.665, subdivision 4, shall not become a member of the public employees police and fire fund.

Sec. 8. Minnesota Statutes 1998, section 353.65, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTION RATE.] The employee contribution is an amount equal to ~~7.6~~ 6.2 percent of the total salary of the member. This contribution must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution is based on the total salary received from all sources.

Sec. 9. Minnesota Statutes 1998, section 353.65, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTION RATE.] The employer contribution shall be an amount equal to ~~11.4~~ 9.3 percent of the total salary of every member. This contribution shall be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Sec. 10. [353.665] [MERGER OF CERTAIN CONSOLIDATION ACCOUNTS INTO PERA-P&F.]

Subdivision 1. [MERGER REQUIRED.] (a) Notwithstanding any law to the contrary, unless the applicable municipality elects otherwise under paragraph (b), every local police and fire consolidation account under chapter 353A in existence on March 1, 1999, becomes a part of the public employees police and fire plan and fund governed by sections 353.63 to 353.659 on July 1, 1999.

(b) If a municipality desires to retain its consolidation account or consolidation accounts, the governing body of the municipality must adopt a resolution to that effect and must file a copy of the resolution with the secretary of state, state auditor, legislative auditor, finance commissioner, revenue commissioner, executive director of the public employees retirement association, and executive director of the legislative commission on pensions and retirement. The retention resolution must be adopted and filed with all recipients before June 15, 1999.

Subd. 2. [TRANSFER OF LIABILITIES.] All current and future liabilities of a former local police or fire consolidation account are the liabilities of the public employees police and fire fund as of July 1, 1999.

Subd. 3. [TRANSFER OF ASSETS.] Upon transfer, the actuarial value of the assets of a former local police or fire consolidation account less an amount equal to the residual assets as determined under subdivision 7, paragraph (f), are the assets of the public employees police and fire fund as of July 1, 1999. The participation of a consolidation account in the Minnesota postretirement investment fund becomes part of the participation of the public employees police and fire fund in the Minnesota postretirement investment fund. The remaining assets, excluding the amounts for distribution under subdivision 7, paragraph (f), become an asset of the public employees police and fire fund. The public employees police and fire fund also must be credited as an asset with the amount of receivable assets under subdivision 7, paragraph (e).

Subd. 4. [BENEFIT COVERAGE FOR ACTIVE MEMBERS.] (a) A person who is a police officer or a firefighter who, as such, is an active member of a local police or fire consolidation account on June 30, 1999, and who has not previously elected benefit coverage under the relevant provisions of the public employees police and fire fund benefit plan under section 353A.08, subdivision 3, may elect benefit coverage under the relevant provisions of the public employees police and fire fund benefit plan. This election must be made in writing on a form prescribed by the executive director before September 1, 1999, and is irrevocable.

(b) If an eligible person makes no affirmative election of benefit coverage before September 1, 1999, the person retains the benefit coverage provided by the relief association benefit plan in effect on the effective date of the consolidation of the local police or fire consolidation account as reflected in the applicable provisions of chapter 353B and may elect benefit coverage under the relevant provisions of the public employees police and fire fund benefit plan when the person terminates active employment for purposes of receiving a service pension, disability benefit, or within 90 days of the date the member terminates active employment and defers receipt of a service pension, whichever applies.

(c) Notwithstanding any provision of section 353A.083 and any municipal action under authority of that section to the contrary, the provisions of the public employees police and fire fund benefit plan applicable to active members of the local police or fire consolidation accounts who elect the public employees police and fire fund benefit plan under paragraph (a) or section 353A.08, subdivision 3, are the applicable provisions of sections 353.63 to 353.659.

Subd. 5. [BENEFIT COVERAGE FOR RETIREES AND BENEFIT RECIPIENTS.] (a) A person who received a service pension, a disability pension or benefit, or a survivor benefit from a local police or fire consolidation account for the month of June 1999, and who has not previously elected participation in the Minnesota postretirement investment fund for any future postretirement adjustments rather than the postretirement adjustment mechanism or mechanisms of the relief association benefit plan under section 353A.08, subdivision 1, may elect participation in the Minnesota postretirement investment fund for any future postretirement adjustments or retention of the postretirement adjustment mechanism or mechanisms of the relief association benefit plan in effect on the effective date of the consolidation of the local police or fire consolidation account as reflected in the applicable provisions of chapter 353B. This election must be in writing on a form prescribed by the executive director and must be made before September 1, 1999.

(b) If an eligible person is a minor, the election must be made by the person's parent or legal guardian. If the eligible person makes no affirmative election under this subdivision, the person retains the postretirement adjustment mechanism or mechanisms of the relief association benefit plan in effect on the effective date of the consolidation of the local police or fire consolidation account as reflected in the applicable provisions of chapter 353B.

(c) The survivor benefit payable on behalf of any service pension or disability benefit recipient who elects participation in the Minnesota postretirement investment fund must be calculated under the relief association benefit plan in effect on the effective date of consolidation under chapter 353A as reflected in the applicable provisions of chapter 353B.

Subd. 6. [BENEFIT COVERAGE FOR DEFERRED MEMBERS.] A person who terminated active employment as a police officer or a firefighter that gave rise to membership in a local relief association that consolidated with the public employees police and fire plan under chapter 353A before July 1, 1999, and had sufficient service credit to entitle the person to an eventual service pension retains the benefit plan in effect for the applicable local police or paid fire relief association in effect on the effective date of consolidation under chapter 353A as reflected in the applicable provisions of chapter 353B, except that the deferred member may elect before September 1, 1999, to participate, upon retirement, in the Minnesota postretirement investment fund. Any election to participate in the Minnesota postretirement investment fund is applicable to any survivor benefit attributable to a deferred member covered by this subdivision.

Subd. 7. [CALCULATION OF FINAL FUNDED STATUS.] (a) As of June 30, 1999, the actuary retained by the legislative commission on pensions and retirement shall determine the final funded status of local police and fire consolidation accounts under chapter 353A as provided in this subdivision.

(b) The final funded status calculation must be made using the benefit plan provisions applicable to the consolidation account and the actuarial assumptions used for the June 30, 1998, actuarial valuation of the account.

(c) The actuary must calculate the total actuarial accrued liability of the consolidation account, which is the sum of the actuarial accrued liability for all consolidation account members who are not included in the participation of the account in the Minnesota postretirement investment fund calculated by the entry age normal actuarial cost method. The actuary also must calculate any account unfunded accrued liability or any account funding surplus. An account unfunded accrued liability is the actuarial accrued liability reduced by the amount of the current value of assets, if the resulting number is positive. An account funding surplus is the actuarial accrued liability reduced by the amount of the current value of assets, if the resulting number is negative.

(d) The actuary also must calculate the amortizable base for every consolidation account. The amortizable base is the present value of future benefits for all account members who are not included in the participation of the account in the Minnesota postretirement investment fund reduced by the present value of 19 percent of future covered salary and further reduced by the current value of account assets other than its participation in the Minnesota postretirement investment fund, after adjustment for fiscal year 1999 net mortality gains and losses and for the net actuarial affect of the election of postretirement adjustment coverage under subdivision 5.

(e) If the amortizable base under paragraph (d) is a positive number, the receivable assets are an amount equal to the amortizable base number.

(f) If the amortizable base under paragraph (d) is a negative number, the actuary must calculate the residual asset amount. The residual asset amount is:

(1) one-half of the amount by which the current assets of the account exceed 100 percent of the total actuarial accrued liability up to that percentage of the total actuarial accrued liability that equals the public employees police and fire fund funded ratio on June 30, 1999; and

(2) the amount by which the current assets of the account exceed that percentage of the total actuarial accrued liability that equals the public employees police and fire fund funded ratio on June 30, 1999. Following the calculation of the residual asset amount for each applicable municipality and the verification of the amount by the legislative auditor, the executive director of the public employees retirement association shall pay the applicable residual asset amount with interest equal to the average yield on the invested treasurer's cash fund from July 1, 1999, to the first of the month in which the payment is issued to each qualifying municipality. The residual asset amount must be used by the municipality to defray fire department expenditure items if the residual asset amount was derived from a fire consolidation account or to defray police department expenditure items if the residual asset amount was derived from a police consolidation account. The residual asset amount must be deposited in a special fund or account in the municipal treasury established for that purpose. The special fund or account must be invested and any investment return attributable to the residual asset amount must be credited to that special fund or account and its disbursement similarly restricted. The special fund or account must be audited periodically by the state auditor.

Subd. 8. [MEMBER AND EMPLOYER CONTRIBUTIONS.] (a) Effective for the first pay period following July 1, 1999, the employee contribution rate for former consolidation account active members is the rate specified in section 353.65, subdivision 2, and the regular municipal contribution rate on behalf of former consolidation account active members is the rate specified in section 353.65, subdivision 3.

(b) The municipality associated with a former local consolidation account that had a positive value amortizable base calculation under subdivision 7, paragraph (d), must make an additional municipal contribution to the public employees police and fire plan for the period from January 1, 2000, to December 31, 2009. The amount of the additional municipal contribution is the amount calculated by the actuary retained by the legislative commission on pensions and retirement and certified by the executive director of the public employees retirement association by which the amortizable base amount would be amortized on a level dollar annual end-of-the-year contribution basis, using an 8.5 percent interest rate assumption.

Subd. 9. [BENEFIT PLAN COVERAGE.] Unless modified by an election authorized under subdivision 4, 5, or 6, the benefit plan election by any person or on behalf of any person under section 353A.08 remains binding. Former consolidation account members who elected the entirety of the public employees police and fire benefit plan are entitled to an applicable annuity or benefit under the provisions of sections 353.63 to 353.68 in effect on the day that the former consolidation account member terminated active service as a police officer or firefighter, whichever applies.

Subd. 10. [CONSOLIDATION ACCOUNT TERMINATION.] Upon the payment of all residual asset amounts under subdivision 7 and the transfer of all liabilities and remaining assets under subdivisions 2 and 3, the local consolidation accounts under chapter 353A in existence on March 1, 1999, are terminated.

Sec. 11. Minnesota Statutes 1998, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 4d in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the following plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized in the following manner:

(1) the public employees retirement association police and fire plan, the valuation assets in excess of the actuarial accrued liability serve to reduce the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan; and

(2) the correctional employees retirement plan of the Minnesota state retirement system, and the state patrol retirement plan, an excess of valuation assets over actuarial accrued liability must be amortized in the same manner over the same period as an unfunded actuarial accrued liability but must serve to reduce the required contribution instead of increasing it.

Sec. 12. Minnesota Statutes 1998, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. [ADDITIONAL AMORTIZATION STATE AID.] (a) Annually, on October 1, the commissioner of revenue shall allocate the additional amortization state aid transferred under section 69.021, subdivision 11, to:

(1) all police or salaried firefighter relief associations governed by and in full compliance with the requirements of section 69.77, that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31; ~~and~~

(2) all local police or salaried firefighter consolidation accounts governed by chapter 353A that are certified by the executive director of the public employees retirement association as having for the current fiscal year an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented section 353A.083, subdivision 1, if the effective date of the consolidation preceded May 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date of the consolidation preceded June 1, 1995; and

(3) municipalities that received amortization aid in 1999 and are required to make an additional municipal contribution under section 353.665, subdivision 8, for the duration of the required additional contribution.

(b) The commissioner shall allocate the state aid on the basis of the proportional share of the relief association or consolidation account of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

(c) Beginning October 1, 2000, and annually thereafter, the commissioner shall allocate the state aid on the basis of 64.5 percent to municipalities to which section 353.665, subdivision 8, paragraph (b), applies for distribution in accordance with paragraph (b) and subject to the limitation in subdivision 4, 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis police relief association or the Minneapolis fire department relief association, and 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Virginia fire department relief association. In the event that there is no unfunded actuarial accrued liability in either the Minneapolis police relief association or the Minneapolis fire department relief association, the commissioner shall allocate that 34.2 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, if the association has a five-year average, time-weighted rate of investment return equal to or in excess of the combined return for the same period of the state board of investment for the basic retirement funds and the Minnesota postretirement investment fund calculated using the formula promulgated under section 11A.04, clause (11), 21 percent to the St. Paul teachers retirement fund association, if the association has a five-year average, time-weighted rate of investment return equal to or in excess of the combined return for the same period of the state board of investment for the basic retirement funds and the Minnesota postretirement investment fund calculated using the formula promulgated under section 11A.04, clause (11), and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3. In the event there is no actuarial accrued unfunded liability in the Virginia fire department relief association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, if the association has a five-year average, time-weighted rate of investment return equal to or in excess of the combined return for the same period of the state board of investment for the basic retirement funds and the Minnesota postretirement investment fund calculated using the formula promulgated under section 11A.04, clause (11), 21 percent to the St. Paul teachers retirement fund association, if the association has a five-year average, time-weighted rate of investment return equal to or in excess of the combined return for the same period of the state board of investment for the basic retirement funds and the Minnesota postretirement investment fund calculated using the formula promulgated under section 11A.04, clause (11), and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3.

(d) The amounts required under this subdivision are annually appropriated to the commissioner of revenue.

Sec. 13. Minnesota Statutes 1998, section 423A.02, subdivision 2, is amended to read:

Subd. 2. [CONTINUED ELIGIBILITY.] A municipality that has qualified for amortization state aid under subdivision 1 on December 31, 1984, and has an additional municipal contribution payable under section 353A.09, subdivision 5, paragraph (b), as of the most recent December 31, continues upon application to be entitled to receive

amortization state aid under subdivision 1 and supplementary amortization state aid under subdivision 1a, after the local police or salaried firefighters' relief association has been consolidated into the public employees police and fire fund. If a municipality loses entitlement for amortization state aid and supplementary amortization state aid in any year because of not having an additional municipal contribution, the municipality is not entitled to the aid amounts in any subsequent year. ~~If the actuarial assumptions specified in section 356.215 are changed in 1997, and the change results in a municipality having an additional municipal contribution, and the municipality had previously lost entitlement for amortization aid and supplementary amortization due to not having an additional municipal contribution, then the municipality is again entitled to receive amortization aid and supplementary amortization aid in the same amount as it previously received.~~ A municipality that received amortization aid in 1999 and is required to make an additional municipal contribution under section 353.665, subdivision 8, continues to qualify for the amortization state aid and the supplemental amortization aid for the duration of the required additional contribution.

Sec. 14. Minnesota Statutes 1998, section 423A.02, is amended by adding a subdivision to read:

Subd. 4. [LIMIT ON CERTAIN TOTAL AID AMOUNTS.] (a) The total of amortization aid, supplemental amortization aid, and additional amortization aid under this section payable to a municipality to which section 353.665, subdivision 8, paragraph (b), applies, may not exceed the amount of the additional municipal contribution payable by an individual municipality under section 353.665, subdivision 8, paragraph (b).

(b) Any aid amount in excess of the limit under this subdivision for an individual municipality must be redistributed to the other municipalities to which section 353.665, subdivision 8, paragraph (b), applies. The excess aid must be distributed in proportion to each municipality's additional municipal contribution under section 353.665, subdivision 8, paragraph (b).

(c) When the total aid for each municipality under this section equals the limit under paragraph (a), any aid in excess of the limit must be redistributed under subdivisions 1, 1a, and 1b.

Sec. 15. [1999 PERA-P&F ACTUARIAL VALUATION.]

(a) As of July 1, 1999, no actuarial valuations of the local police and fire consolidation accounts in existence before March 1, 1999, are required.

(b) The actuary retained by the legislative commission on pensions and retirement shall prepare all calculations required under Minnesota Statutes, section 353.665, and shall present them to the commission in a separate report.

(c) The calculated actuarial accrued liability of the public employees police and fire plan for July 1, 1999, must contain all liabilities associated with the former local police and fire consolidation accounts affected by Minnesota Statutes, section 353.665.

(d) The asset value of the public employees police and fire plan for July 1, 1999, is the sum of the following:

(1) the current assets of the public employees police and fire plan as of June 30, 1999, without reference to any local consolidation accounts in existence on March 1, 1999;

(2) the amount of assets transferred from the Minnesota postretirement investment fund with respect to local consolidation accounts under Minnesota Statutes, section 353.665, subdivision 3;

(3) that portion of the market value of assets of the local consolidation accounts after subtracting the amount in clause (2) determined by multiplying the total by the ratio that the current asset value of public employee police and fire fund assets other than the participation in the Minnesota postretirement investment fund as of June 30, 1999, without reference to any local consolidation accounts in existence on March 1, 1999, bears to the market value of the same assets; and

(4) a receivable amount equal to the present value of the future additional municipal contributions required under Minnesota Statutes, section 353.665, subdivision 8, paragraph (b).

Sec. 16. [REPEALER.]

Minnesota Statutes 1998, section 353.65, subdivision 3a, is repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 10 and 12 to 16 are effective on the day following final enactment. Section 11 is effective on July 1, 2000.

ARTICLE 9

MINIMUM VOLUNTEER FIREFIGHTER STATE AID AMOUNT CHANGES

Section 1. Minnesota Statutes 1998, section 69.021, subdivision 7, is amended to read:

Subd. 7. [APPORTIONMENT OF FIRE STATE AID TO MUNICIPALITIES AND RELIEF ASSOCIATIONS.]

(a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters' relief association.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must receive the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the market value of each fire town, including (1) the market value of tax exempt property and (2) the market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the market value of each service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighter relief associations based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighter relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association did not exist in calendar year 1993, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination.

(e) The fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment.

(f) The commissioner may make rules to permit the administration of the provisions of this section. Any adjustments needed to correct prior misallocations must be made to subsequent apportionments.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment and applies to the first fire state aid and minimum fire state aid allocation occurring after that date.

ARTICLE 10

METROPOLITAN COUNCIL TARGETED EARLY RETIREMENT INCENTIVE

Section 1. [RETIREMENT INCENTIVE.]

The metropolitan council may offer its eligible employees, as specified in sections 2 and 3, the retirement incentive provided in section 4.

Sec. 2. [INCLUSION.]

If the metropolitan council chooses to offer the retirement incentive under section 4, it must designate the positions or group of positions within the council divisions specified in section 3, clause (1), that will qualify for participation in its retirement incentive program and may exclude otherwise eligible employees. After initially designating the qualified positions or group of positions, the council may at any time modify its designation in order to further limit the qualified positions or group of positions.

Sec. 3. [ELIGIBILITY.]

An employee of the metropolitan council is eligible to participate in the retirement incentive program if the employee:

(1) was employed in the environmental services, community development, or regional administration divisions of the council on January 1, 1999;

(2) notifies, on or after the effective date of this act, the council's regional administrator in writing of the employee's intention to retire, the plan or plans from which the individual will retire, and the employee's date of separation from employment with the council;

(3) is, on the date the council receives the employee's written notice of intention to retire, within the positions or group of positions then currently designated by the council under section 2;

(4) has, on the date of retirement, at least 25 years of combined allowable service in any covered fund or funds listed in Minnesota Statutes, section 356.30, subdivision 3;

(5) is, on the date of retirement, at least 55 years of age;

(6) is, upon retirement, immediately eligible for a retirement annuity from a defined benefit plan listed in Minnesota Statutes, section 356.30, subdivision 3; and

(7) has a retirement annuity accrual date in the applicable plan or plans on or after July 1, 1999, and before July 1, 2000.

Sec. 4. [RETIREMENT INCENTIVE.]

Subdivision 1. [FORMULA INCREASE.] For an eligible employee who elects to participate in the retirement incentive program, the multiplier percentage or percentages used to calculate the retirement annuity from each defined benefit plan listed in Minnesota Statutes, section 356.30, subdivision 3, from which the employee is eligible to receive a retirement annuity must be increased by .25 percentage points for each year of allowable service, and pro rata for completed months less than a full year, in the applicable plan or plans. If the eligible employee has more than 30 years of combined service in covered plans, the .25 percentage point increase applies only to the first 30 years of allowable service in such covered funds.

Subd. 2. [CERTIFICATION OF ELIGIBILITY.] Before applying the formula increase in subdivision 1, the applicable retirement plan or plans must receive a certification from the council's regional administrator that the employee meets the eligibility criteria in section 3, clauses (1) to (3).

Subd. 3. [PAYMENT OF ENHANCED RETIREMENT COST.] (a) If the metropolitan council chooses to offer a retirement incentive under this section, it must make an additional employer contribution or contributions as specified in paragraph (b) to the applicable retirement plan or plans from which the eligible individual retired under the incentive program.

(b) The additional employer contribution for the applicable employee to each applicable plan is an amount equal to the difference in the actuarial present value of the annuity payable by the plan for the employee, with and without the retirement incentive under subdivision 1.

(c) An additional employer contribution under paragraph (b) must be paid within 60 days from the effective date of the applicable annuity for the eligible employee who elects to participate in the retirement incentive.

Sec. 5. [LIMIT ON REHIRING AND FUTURE SERVICES.]

The metropolitan council may not rehire or contract for services from an employee who retires under this act.

Sec. 6. [APPLICATION OF OTHER LAWS.]

Unilateral implementation of retirement incentives under this act by the metropolitan council is not an unfair labor practice for purposes of Minnesota Statutes, chapter 179A.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective on the day following final enactment.

ARTICLE 11

MISCELLANEOUS PENSION CHANGES

Section 1. Minnesota Statutes 1998, section 3A.02, subdivision 1b, is amended to read:

Subd. 1b. [REDUCED RETIREMENT ALLOWANCE.] (a) Upon separation from service after the beginning of the 1981 legislative session, a former member of the legislature who has attained the age of at least 60 years set by the board of directors of the Minnesota state retirement system and who is otherwise qualified in accordance with subdivision 1 is entitled upon making written application on forms supplied by the director to a retirement allowance in an amount equal to the retirement allowance specified in subdivision 1 reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the former member of the legislature deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the date the annuity begins to accrue until age 62.

(b) The age set by the board of directors under paragraph (a) cannot be less than the early retirement age under section 352.116, subdivision 1a.

(c) If there is an actuarial cost to the plan of resetting the early retirement age under paragraph (a), the retired legislator is required to pay an additional amount to cover the full actuarial value.

(d) Authority for the board of directors to reset the early retirement age expires on January 15, 2000, and the early reduced retirement allowance age thereafter is age 60.

(e) The executive director of the Minnesota state retirement system shall report to the legislative commission on pensions and retirement on the utilization of this provision on or before September 1, 2000.

Sec. 2. Minnesota Statutes 1998, section 122A.46, subdivision 2, is amended to read:

Subd. 2. [LEAVE OF ABSENCE.] The board of any district may grant an extended leave of absence without salary to any full- or part-time elementary or secondary teacher who has been employed by the district for at least five years and has at least ten years of allowable service, as defined in section 354.05, subdivision 13, or the bylaws of the appropriate retirement association or ten years of full-time teaching service in Minnesota public elementary and secondary schools. The ~~maximum~~ duration of an extended leave of absence ~~pursuant to~~ under this section must be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence ~~pursuant to~~ under this section shall be taken by mutual consent of the board and the teacher. If the school board denies a teacher's request, it must provide reasonable justification for the denial.

Sec. 3. Minnesota Statutes 1998, section 352.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP OF BOARD; ELECTION; TERM.] The policy-making function of the system is vested in a board of 11 members, ~~who must be~~ known as the board of directors. This board shall consist of three members appointed by the governor, one of whom must be a constitutional officer or appointed state official and two of whom must be public members knowledgeable in pension matters, four state employees elected by state employees covered by the system excluding employees in categories specifically authorized to designate or elect a member by this subdivision, one employee ~~of the transit operating division~~ of the metropolitan council's transit commission operations or its successor agency designated by the executive committee of the labor organization that is the exclusive bargaining agent representing employees of the transit division, one member of the state patrol retirement fund elected by members of that fund at a time and in a manner fixed by the board, one employee covered by the correctional employees plan elected by employees covered by that plan, and one retired employee elected by disabled and retired employees of all plans administered by the system at a time and in a manner to be fixed by the board. Two state employee members, whose terms of office begin on the first Monday in May after their election, must be elected biennially. Elected members and the appointed member of the metropolitan council's ~~office of~~ transit operations hold office for a term of four years, ~~except the retired member whose term is two years~~; and until their successors are elected or appointed, and have qualified. An employee of the system is not eligible for membership on the board of directors. A state employee on leave of absence is not eligible for election or reelection to membership on the board of directors. The term of any board member who is on leave for more than six months automatically ends on expiration of ~~this period~~ the term of office.

Sec. 4. Minnesota Statutes 1998, section 354.05, subdivision 40, is amended to read:

Subd. 40. [TIMELY RECEIPT.] An application, payment, return, claim, or other document that is not personally delivered to the association on or before the applicable due date is considered to be a timely receipt if ~~officially postmarked~~ received on or before the due date or if delivered or filed under section 645.151.

Sec. 5. Minnesota Statutes 1998, section 354.06, subdivision 1, is amended to read:

Subdivision 1. The management of the association is vested in a board of eight trustees known as the board of trustees of the teachers retirement association. It is composed of the following persons: the commissioner of children, families, and learning, the commissioner of finance, a representative of the Minnesota school boards

association, four members of the association elected by the members of the association, and one retiree elected by the retirees of the association. The five elected members of the board of trustees must be chosen by ~~mail~~ ballot in a manner fixed by the board of trustees of the association. In every odd-numbered year there shall be elected two members of the association to the board of trustees for terms of four years commencing on the first of July next succeeding their election. In every other odd-numbered year one retiree of the association must be elected to the board of trustees for a term of ~~two~~ four years commencing on the first of July next succeeding the election. The filing of candidacy for a retiree election must include a petition of endorsement signed by at least ten retirees of the association. Each election must be completed by June first of each succeeding odd-numbered year. In the case of elective members, any vacancy must be filled by appointment by the remainder of the board, and the appointee shall serve until the members or retirees of the association at the next regular election have elected a trustee to serve for the unexpired term caused by the vacancy. No member or retiree may be appointed by the board, or elected by the members of the association as a trustee, if the person is not a member or retiree of the association in good standing at the time of the appointment or election.

Sec. 6. Minnesota Statutes 1998, section 354.10, subdivision 4, is amended to read:

Subd. 4. [CHANGES IN DESIGNATED BENEFICIARIES.] Any beneficiary designated by a retiree or member under section 354.05, subdivision 22, may be changed or revoked by the retiree or member on a form provided by the executive director. A change or revocation made under this subdivision is valid only if the properly completed form is received by the association ~~postmarked~~ on or before the date of death of the retiree or the member. If a designated beneficiary dies before the retiree or member designating the beneficiary, and a new beneficiary is not designated, the retiree's or member's estate is the beneficiary.

Sec. 7. Minnesota Statutes 1998, section 354C.11, is amended to read:

354C.11 [COVERAGE.]

Subdivision 1. [AUTHORIZATION.] ~~Personnel~~ Individuals employed by the board of trustees of the Minnesota state colleges and universities ~~who are in the unclassified service of the state, and who have completed at least two years of employment by the board or a predecessor board with a full-time contract are participants~~ authorized to participate in the supplemental retirement plan, effective on the next following July 1, ~~if the person is employed in an eligible~~ after meeting eligibility requirements specified in subdivision 2.

Subd. 2. [ELIGIBILITY.] (a) An individual is a participant in the supplemental retirement plan if the individual is employed by the board of trustees in the unclassified service of the state and has completed at least two years with a full-time contract of applicable unclassified employment with the board or an applicable predecessor board in any of the positions specified in paragraph (b).

(b) Eligible positions or employment classifications are:

(1) an unclassified administrative position as defined in section 354B.20, subdivision 6, ~~or is employed in;~~
 (2) an employment classification included in one of the following collective bargaining units under section 179A.10, subdivision 2:

- (1) (i) the state university instructional unit;
- (2) (ii) the community college instructional unit;
- (3) (iii) the technical college instructional unit; and
- (4) (iv) the state university administrative unit; or

(3) an unclassified employee of the board included in the general professional unit or supervisory employees unit under section 179A.10, subdivision 2.

Subd. 3. [CONTINUING ELIGIBILITY AUTHORIZATION.] Once a person qualifies for participation in the supplemental retirement plan, all subsequent service by the person as an unclassified employee of the ~~state university board, the state board for community colleges, the higher education board, or the technical colleges board of trustees~~ in a position or employment classification listed in subdivision 2, paragraph (b), is covered by the supplemental retirement plan.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 and 3 to 7 are effective on the day following final enactment. Section 2 is effective on July 1, 1999.

ARTICLE 12

OTHER CHANGES

Section 1. Minnesota Statutes 1998, section 3.85, subdivision 3, is amended to read:

Subd. 3. [MEMBERSHIP.] The commission consists of ~~six~~ five members of the senate appointed by the subcommittee on committees of the committee on rules and administration and ~~six~~ five members of the house of representatives appointed by the speaker. Members shall be appointed at the commencement of each regular session of the legislature for a two-year term beginning January 16 of the first year of the regular session. Vacancies that occur while the legislature is in session shall be filled like regular appointments. If the legislature is not in session, senate vacancies shall be filled by the last subcommittee on committees of the senate committee on rules and administration or other appointing authority designated by the senate rules, and house vacancies shall be filled by the last speaker of the house, or if the speaker is not available, by the last chair of the house rules committee.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to retirement; various public pension plans; expanding the membership of the state correctional employees retirement plan to include certain Minnesota extended treatment options program employees; downsizing the early retirement reduction rates for various public safety plans; grandparenting public employee police and fire plan coverage for certain Rice county correctional employees; requiring Rice county to repay certain police state aid amounts; providing employer penalties for pension plan membership certification failures or errors; providing special retirement coverage for certain state fire marshal employees; requiring a study; clarifying various Minneapolis employees retirement plan survivor benefit provisions; increasing the number of vendors for certain tax-sheltered annuities for educational employees; modifying various benefit provisions for certain Minnesota state college and university system employees; authorizing the establishment of volunteer rescue squad relief associations by Kandiyohi county and the city of Litchfield; merging the pre-March 1, 1999, local police and paid fire consolidation accounts into the public employees police and fire plan; extending the minimum volunteer firefighter fire state aid amount to post-1993 relief association members; providing a targeted early retirement incentive program for certain employees of the metropolitan council; making miscellaneous changes in the legislators retirement plan, the Minnesota state college and university system individual retirement account plan, the Minnesota state retirement system, and the teachers retirement association; reducing the membership of the legislative commission on pensions and retirement; amending Minnesota Statutes 1998, sections 3.85, subdivisions 3 and 12; 3A.02, subdivision 1b; 43A.27, subdivision 3; 69.021, subdivisions 7 and 10; 69.031, subdivision 5; 122A.46, subdivision 2; 136F.48; 352.03, subdivision 1; 352.90; 352.91, by adding a subdivision; 352.93, subdivision 2a; 352B.08, subdivision 2a; 353.01, subdivisions 2b, 10, and 16; 353.64, subdivision 1; 353.65, subdivisions 2 and 3; 353.651, subdivision 4; 353A.083, by adding a subdivision; 354.05, subdivision 40; 354.06, subdivision 1; 354.10, subdivision 4; 354.445; 354.66, subdivisions 1b, 1c, and 3; 354B.24, subdivision 3; 354B.25, subdivisions 2, 3, and 5; 354C.11; 354C.12, subdivision 4; 356.19, by adding a subdivision; 356.215, subdivision 4g; 356.24, subdivision 1; 356A.01, subdivisions 7 and 8; 422A.06, subdivisions 3 and 6; 422A.101, subdivision 4; 422A.18,

subdivision 2; 422A.22, subdivisions 4 and 5; 422A.23; and 423A.02, subdivisions 1b, 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 352; 353; 354B; and 422A; proposing coding for new law as Minnesota Statutes, chapter 425B; repealing Minnesota Statutes 1998, sections 353.65, subdivision 3a; and 422A.16, subdivision 3a."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on State Government Finance.

The report was adopted.

Seagren from the Committee on K-12 Education Finance to which was referred:

H. F. No. 1290, A bill for an act relating to public administration; dealing with the impact of expansion of the Minneapolis-St. Paul International Airport; authorizing the establishment of airport impact zones and tax increment financing districts in the cities of Bloomington, Minneapolis, and Richfield; creating an airport impact fund in the state treasury; authorizing certain related activities by the Metropolitan Council; appropriating money.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Taxes without further recommendation.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 1309, A bill for an act relating to professions; modifying provisions relating to nursing home administrator licensing, the board of examiners for nursing home administrators, immunity for board members and staff, and acting administrator permits; amending Minnesota Statutes 1998, sections 144A.19, subdivision 1; 144A.20, subdivision 1; 144A.22; 144A.24; and 144A.27; proposing coding for new law in Minnesota Statutes, chapter 144A; repealing Minnesota Statutes 1998, sections 144A.19, subdivision 3; 144A.20, subdivision 2; and 144A.29.

Reported the same back with the following amendments:

Page 4, line 5, before the period, insert "provided they are acting in good faith"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 1346, A bill for an act relating to elections; changing training procedures for local election officials; appropriating money; amending Minnesota Statutes 1998, sections 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; and 204B.28, subdivision 1.

Reported the same back with the following amendments:

Page 2, delete section 5

Amend the title as follows:

Page 1, line 3, delete "appropriating money;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 1348, A bill for an act relating to municipalities; clarifying an exception to tort liability; amending Minnesota Statutes 1998, section 466.03, subdivision 4.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Bradley from the Committee on Health and Human Services Policy to which was referred:

H. F. No. 1352, A bill for an act relating to children; child support and protection; changing certain child support procedures and requirements; making certain clarifications; authorizing creation of an account; modifying procedures for an emergency petition for domestic child abuse; authorizing counties to establish alternative responses to child maltreatment reports; modifying definitions in the Child Abuse Reporting Act; providing for the department of children, families, and learning to investigate allegations of child maltreatment in a school; providing for the department of health to investigate alleged child maltreatment by unlicensed home health care providers; providing for information sharing under the Child Abuse Reporting Act; providing for screening criteria for maltreatment reports and criteria for use of alternative programs; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 256.01, subdivision 2; 256.87, subdivision 1a; 256.978, subdivision 1; 257.62, subdivision 5; 257.75, subdivision 2; 260.015, subdivisions 2a and 28; 260.133, subdivision 2; 260.155, subdivisions 4 and 8; 260.191, subdivision 1b; 518.10; 518.551, by adding a subdivision; 518.57, subdivision 3; 518.5851, by adding a subdivision; 518.5853, by adding a subdivision; 518.64, subdivision 2; 548.09, subdivision 1; 548.091, subdivisions 1, 1a, 2a, 3a, 4, 10, 11, 12, and by adding a subdivision; 552.05, subdivision 10; 626.556, subdivisions 2, 3, 4, 7, 10b, 10d, 10e, 10f, 10j, 11, 11b, 11c, and by adding a subdivision; and 626.558, subdivision 2; Laws 1995, chapter 257, article 1, section 35, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 518; and 626; repealing Minnesota Statutes 1998, sections 256.979; 256.9791; and 548.091, subdivisions 3, 5, and 6.

Reported the same back with the following amendments:

Pages 7 to 15, delete section 2

Page 31, delete lines 8 to 10

Page 31, line 11, delete everything before "Minnesota"

Page 31, after line 14, insert:

"Section 1. Minnesota Statutes 1998, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(g) enter into contractual agreements with federally recognized Indian tribes with a reservation in Minnesota to the extent necessary for the tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

(2) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all

recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded. For children under the guardianship of the commissioner whose interests would be best served by adoptive placement, the commissioner may contract with a licensed child-placing agency to provide adoption services. A contract with a licensed child-placing agency must be designed to supplement existing county efforts and may not replace existing county programs, unless the replacement is agreed to by the county board and the appropriate exclusive bargaining representative or the commissioner has evidence that child placements of the county continue to be substantially below that of other counties. Funds encumbered and obligated under an agreement for a specific child shall remain available until the terms of the agreement are fulfilled or the agreement is terminated.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(b) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children, Minnesota family investment program-statewide, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance, MFIP-S, and AFDC programs, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to

the total of all counties' expenditures for the AFDC, MFIP-S, and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$1,000,000. When the balance in the account exceeds \$1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children according to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(17) Have the authority to establish and enforce the following county reporting requirements:

(a) The commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced.

(b) The county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner.

(c) If the required reports are not received by the deadlines established in clause (b), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received.

(d) A county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance.

(e) The final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period.

(f) The commissioner may not delay payments, withhold funds, or require repayment under paragraph (c) or (e) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under paragraph (c) or (e), the county board may appeal the action according to sections 14.57 to 14.69.

(g) Counties subject to withholding of funds under paragraph (c) or forfeiture or repayment of funds under paragraph (e) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under paragraph (c) or (e).

(18) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

(19) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department.

(20) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(21) Have the authority to administer a drug rebate program for drugs purchased pursuant to the senior citizen drug program established under section 256.955 after the beneficiary's satisfaction of any deductible established in the program. The commissioner shall require a rebate agreement from all manufacturers of covered drugs as defined in section 256B.0625, subdivision 13. For each drug, the amount of the rebate shall be equal to the basic rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8(c)(1). This basic rebate shall be applied to single-source and multiple-source drugs. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

Sec. 2. Minnesota Statutes 1998, section 256B.094, subdivision 3, is amended to read:

Subd. 3. [COORDINATION AND PROVISION OF SERVICES.] (a) In a county or reservation where a prepaid medical assistance provider has contracted under section 256B.031 or 256B.69 to provide mental health services, the case management provider shall coordinate with the prepaid provider to ensure that all necessary mental health services required under the contract are provided to recipients of case management services.

(b) When the case management provider determines that a prepaid provider is not providing mental health services as required under the contract, the case management provider shall assist the recipient to appeal the prepaid provider's denial pursuant to section 256.045, and may make other arrangements for provision of the covered services.

(c) The case management provider may bill the provider of prepaid health care services for any mental health services provided to a recipient of case management services which the county or tribal social services arranges for or provides and which are included in the prepaid provider's contract, and which were determined to be medically necessary as a result of an appeal pursuant to section 256.045. The prepaid provider must reimburse the mental health provider, at the prepaid provider's standard rate for that service, for any services delivered under this subdivision.

(d) If the county or tribal social services has not obtained prior authorization for this service, or an appeal results in a determination that the services were not medically necessary, the county or tribal social services may not seek reimbursement from the prepaid provider.

Sec. 3. Minnesota Statutes 1998, section 256B.094, subdivision 5, is amended to read:

Subd. 5. [CASE MANAGER.] To provide case management services, a case manager must be employed or contracted by and authorized by the case management provider to provide case management services and meet all requirements under section 256F.10.

Sec. 4. Minnesota Statutes 1998, section 256B.094, subdivision 6, is amended to read:

Subd. 6. [MEDICAL ASSISTANCE REIMBURSEMENT OF CASE MANAGEMENT SERVICES.] (a) Medical assistance reimbursement for services under this section shall be made on a monthly basis. Payment is based on face-to-face or telephone contacts between the case manager and the client, client's family, primary caregiver, legal representative, or other relevant person identified as necessary to the development or implementation of the goals of the individual service plan regarding the status of the client, the individual service plan, or the goals for the client. These contacts must meet the minimum standards in clauses (1) and (2):

(1) there must be a face-to-face contact at least once a month except as provided in clause (2); and

(2) for a client placed outside of the county of financial responsibility in an excluded time facility under section 256G.02, subdivision 6, or through the Interstate Compact on the Placement of Children, section 257.40, and the placement in either case is more than 60 miles beyond the county boundaries, there must be at least one contact per month and not more than two consecutive months without a face-to-face contact.

(b) Except as provided under paragraph (c), the payment rate is established using time study data on activities of provider service staff and reports required under sections 245.482, 256.01, subdivision 2, paragraph (17), and 256E.08, subdivision 8.

(c) For tribes payments may be in accordance with section 256B.0625 for child welfare targeted case management provided by Indian health services and facilities operated by a tribe or tribal organization.

(d) Payment for case management provided by county or tribal social services contracted vendors shall be based on a monthly rate negotiated by the host county or tribal social services. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribal social services may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribal social services, except to reimburse the county or tribal social services for advance funding provided by the county or tribal social services to the vendor.

(e) If the service is provided by a team that includes contracted vendors and county or tribal social services staff, the costs for county or tribal social services staff participation in the team shall be included in the rate for county or tribal social services provided services. In this case, the contracted vendor and the county or tribal social services may each receive separate payment for services provided by each entity in the same month. To prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles and services of the team members.

Separate payment rates may be established for different groups of providers to maximize reimbursement as determined by the commissioner. The payment rate will be reviewed annually and revised periodically to be consistent with the most recent time study and other data. Payment for services will be made upon submission of a valid claim and verification of proper documentation described in subdivision 7. Federal administrative revenue earned through the time study, or under paragraph (c), shall be distributed according to earnings, to counties, reservations, or groups of counties or reservations which have the same payment rate under this subdivision, and to the group of counties or reservations which are not certified providers under section 256F.10. The commissioner shall modify the requirements set out in Minnesota Rules, parts 9550.0300 to 9550.0370, as necessary to accomplish this.

Sec. 5. Minnesota Statutes 1998, section 256F.03, subdivision 5, is amended to read:

Subd. 5. [FAMILY-BASED SERVICES.] "Family-based services" means one or more of the services described in paragraphs (a) to ~~(f)~~ (e) provided to families primarily in their own home for a limited time.

(a) [CRISIS SERVICES.] "Crisis services" means professional services provided within 24 hours of referral to alleviate a family crisis and to offer an alternative to placing a child outside the family home. The services are intensive and time limited. The service may offer transition to other appropriate community-based services.

(b) [COUNSELING SERVICES.] "Counseling services" means professional family counseling provided to alleviate individual and family dysfunction; provide an alternative to placing a child outside the family home; or permit a child to return home. The duration, frequency, and intensity of the service is determined in the individual or family service plan.

(c) [LIFE MANAGEMENT SKILLS SERVICES.] "Life management skills services" means paraprofessional services that teach family members skills in such areas as parenting, budgeting, home management, and communication. The goal is to strengthen family skills as an alternative to placing a child outside the family home or to permit a child to return home. A social worker shall coordinate these services within the family case plan.

~~(d) [CASE COORDINATION SERVICES.] "Case coordination services" means professional services provided to an individual, family, or caretaker as an alternative to placing a child outside the family home, to permit a child to return home, or to stabilize the long-term or permanent placement of a child. Coordinated services are provided directly, are arranged, or are monitored to meet the needs of a child and family. The duration, frequency, and intensity of services is determined in the individual or family service plan.~~

~~(e)~~ [MENTAL HEALTH SERVICES.] "Mental health services" means the professional services defined in section 245.4871, subdivision 31.

~~(f)~~ (e) [EARLY INTERVENTION SERVICES.] "Early intervention services" means family-based intervention services designed to help at-risk families avoid crisis situations.

Sec. 6. Minnesota Statutes 1998, section 256F.05, subdivision 8, is amended to read:

Subd. 8. [USES OF FAMILY PRESERVATION FUND GRANTS.] (a) A county which has not demonstrated that year that its family preservation core services are developed as provided in subdivision 1a, must use its family preservation fund grant exclusively for family preservation services defined in section 256F.03, subdivision 5, paragraphs (a), (b), (c), and ~~(d)~~.

(b) A county which has demonstrated that year that its family preservation core services are developed becomes eligible either to continue using its family preservation fund grant as provided in paragraph (a), or to exercise the expanded service option under paragraph (c).

(c) The expanded service option permits an eligible county to use its family preservation fund grant for child welfare preventive services. For purposes of this section, child welfare preventive services are those services directed toward a specific child or family that further the goals of section 256F.01 and include assessments, family preservation services, service coordination, community-based treatment, crisis nursery services when the parents retain custody and there is no voluntary placement agreement with a child-placing agency, respite care except when it is provided under a medical assistance waiver, home-based services, and other related services. For purposes of this section, child welfare preventive services shall not include shelter care or other placement services under the authority of the court or public agency to address an emergency. To exercise this option, an eligible county must notify the commissioner in writing of its intention to do so ~~no later than 30 days into the quarter during which it intends to begin~~ or select this option in its county plan, as provided in section 256F.04, subdivision 2. Effective with the first day of ~~that quarter~~ the grant period in which this option is selected, the county must maintain its base level of expenditures for child welfare preventive services and use the family preservation fund to expand them. The base level of expenditures for a county shall be that established under section 256F.10, subdivision 7. For counties which have no such base established, a comparable base shall be established with the base year being the calendar year ending at least two calendar quarters before the first calendar quarter in which the county exercises its expanded service option. The commissioner shall, at the request of the counties, reduce, suspend, or eliminate either or both of a county's obligations to continue the base level of expenditures and to expand child welfare preventive services under extraordinary circumstances.

(d) Notwithstanding paragraph (a), a county that is participating in the child protection assessments or investigations community collaboration pilot program under section 626.5560, or in the concurrent permanency planning pilot program under section 257.0711, may use its family preservation fund grant for those programs.

Sec. 7. Minnesota Statutes 1998, section 256F.10, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Persons under 21 years of age who are eligible to receive medical assistance are eligible for child welfare targeted case management services under section 256B.094 and this section if they have received an assessment and have been determined by the local county or tribal social services agency to be:

- (1) at risk of placement or in placement as described in section 257.071, subdivision 1;
- (2) at risk of maltreatment or experiencing maltreatment as defined in section 626.556, subdivision 10e; or
- (3) in need of protection or services as defined in section 260.015, subdivision 2a.

Sec. 8. Minnesota Statutes 1998, section 256F.10, subdivision 4, is amended to read:

Subd. 4. [PROVIDER QUALIFICATIONS AND CERTIFICATION STANDARDS.] The commissioner must certify each provider before enrolling it as a child welfare targeted case management provider of services under section 256B.094 and this section. The certification process shall examine the provider's ability to meet the qualification requirements and certification standards in this subdivision and other federal and state requirements of this service. A certified child welfare targeted case management provider is an enrolled medical assistance provider who is determined by the commissioner to have all of the following:

- (1) the legal authority to provide public welfare under sections 393.01, subdivision 7, and 393.07 or a federally recognized Indian tribe;
- (2) the demonstrated capacity and experience to provide the components of case management to coordinate and link community resources needed by the eligible population;
- (3) administrative capacity and experience in serving the target population for whom it will provide services and in ensuring quality of services under state and federal requirements;

(4) the legal authority to provide complete investigative and protective services under section 626.556, subdivision 10, and child welfare and foster care services under section 393.07, subdivisions 1 and 2 or a federally recognized Indian tribe;

(5) a financial management system that provides accurate documentation of services and costs under state and federal requirements; and

(6) the capacity to document and maintain individual case records under state and federal requirements.

Sec. 9. Minnesota Statutes 1998, section 256F.10, subdivision 6, is amended to read:

Subd. 6. [DISTRIBUTION OF NEW FEDERAL REVENUE.] (a) Except for portion set aside in paragraph (b), the federal funds earned under this section and section 256B.094 by ~~counties providers~~ shall be paid to each ~~county provider~~ based on its earnings, and must be used by each ~~county provider~~ to expand preventive child welfare services.

If a county or tribal social services chooses to be a provider of child welfare targeted case management and if that county or tribal social services also joins a local children's mental health collaborative as authorized by the 1993 legislature, then the federal reimbursement received by the county or tribal social services for providing child welfare targeted case management services to children served by the local collaborative shall be transferred by the county or tribal social services to the integrated fund. The federal reimbursement transferred to the integrated fund by the county or tribal social services must not be used for residential care other than respite care described under subdivision 7, paragraph (d).

(b) The commissioner shall set aside a portion of the federal funds earned under this section to repay the special revenue maximization account under section 256.01, subdivision 2, clause (15). The repayment is limited to:

- (1) the costs of developing and implementing this section and sections 256.8711 and 256B.094;
- (2) programming the information systems; and
- (3) the lost federal revenue for the central office claim directly caused by the implementation of these sections.

Any unexpended funds from the set aside under this paragraph shall be distributed to ~~counties providers~~ according to paragraph (a).

Sec. 10. Minnesota Statutes 1998, section 256F.10, subdivision 7, is amended to read:

Subd. 7. [EXPANSION OF SERVICES AND BASE LEVEL OF EXPENDITURES.] (a) Counties and tribal social services must continue the base level of expenditures for preventive child welfare services from either or both of any state, county, or federal funding source, which, in the absence of federal funds earned under this section, would have been available for these services. The commissioner shall review the county or tribal social services expenditures annually using reports required under sections 245.482, 256.01, subdivision 2, paragraph 17, and 256E.08, subdivision 8, to ensure that the base level of expenditures for preventive child welfare services is continued from sources other than the federal funds earned under this section.

(b) The commissioner may reduce, suspend, or eliminate either or both of a county's or tribal social services' obligations to continue the base level of expenditures and to expand child welfare preventive services if the commissioner determines that one or more of the following conditions apply to that county or reservation:

- (1) imposition of levy limits that significantly reduce available social service funds;
- (2) reduction in the net tax capacity of the taxable property within a county or reservation that significantly reduces available social service funds;

(3) reduction in the number of children under age 19 in the county or reservation by 25 percent when compared with the number in the base year using the most recent data provided by the state demographer's office; or

(4) termination of the federal revenue earned under this section.

(c) The commissioner may suspend for one year either or both of a county's or tribal social services' obligations to continue the base level of expenditures and to expand child welfare preventive services if the commissioner determines that in the previous year one or more of the following conditions applied to that county or reservation:

(1) the total number of children in placement under sections 257.071 and 393.07, subdivisions 1 and 2, has been reduced by 50 percent from the total number in the base year; or

(2) the average number of children in placement under sections 257.071 and 393.07, subdivisions 1 and 2, on the last day of each month is equal to or less than one child per 1,000 children in the county or reservation.

(d) For the purposes of this section, child welfare preventive services are those services directed toward a specific child or family that further the goals of section 256F.01 and include assessments, family preservation services, service coordination, community-based treatment, crisis nursery services when the parents retain custody and there is no voluntary placement agreement with a child-placing agency, respite care except when it is provided under a medical assistance waiver, home-based services, and other related services. For the purposes of this section, child welfare preventive services shall not include shelter care placements under the authority of the court or public agency to address an emergency, residential services except for respite care, child care for the purposes of employment and training, adult services, services other than child welfare targeted case management when they are provided under medical assistance, placement services, or activities not directed toward a specific child or family. Respite care must be planned, routine care to support the continuing residence of the child with its family or long-term primary caretaker and must not be provided to address an emergency.

(e) For the counties and tribal social services beginning to claim federal reimbursement for services under this section and section 256B.094, the base year is the calendar year ending at least two calendar quarters before the first calendar quarter in which the county provider begins claiming reimbursement. For the purposes of this section, the base level of expenditures is the level of county or tribal social services expenditures in the base year for eligible child welfare preventive services described in this subdivision.

Sec. 11. Minnesota Statutes 1998, section 256F.10, subdivision 8, is amended to read:

Subd. 8. [PROVIDER RESPONSIBILITIES.] (a) Notwithstanding section 256B.19, subdivision 1, for the purposes of child welfare targeted case management under section 256B.094 and this section, the nonfederal share of costs shall be provided by the provider of child welfare targeted case management from sources other than federal funds or funds used to match other federal funds except when allowed by federal law or agreement.

(b) Provider expenditures eligible for federal reimbursement under this section must not be made from federal funds or funds used to match other federal funds except when allowed by federal law or agreement.

(c) The commissioner may suspend, reduce, or terminate the federal reimbursement to a provider that does not meet the reporting or other requirements of section 256B.094 and this section. The county or reservation is responsible for any federal disallowances. The county or reservation may share this responsibility with its contracted vendors.

Sec. 12. Minnesota Statutes 1998, section 256F.10, subdivision 10, is amended to read:

Subd. 10. [CENTRALIZED DISBURSEMENT OF MEDICAL ASSISTANCE PAYMENTS.] Notwithstanding section 256B.041, county provider payments for the cost of child welfare targeted case management services shall not be made to the state treasurer. For the purposes of child welfare targeted case management services under section 256B.094 and this section, the centralized disbursement of payments to providers under section 256B.041 consists only of federal earnings from services provided under section 256B.094 and this section.

Sec. 13. Minnesota Statutes 1998, section 257.071, subdivision 1, is amended to read:

Subdivision 1. [PLACEMENT; PLAN.] (a) A case plan shall be prepared within 30 days after any child is placed in a residential facility by court order or by the voluntary release of the child by the parent or parents.

For purposes of this section, a residential facility means any group home, family foster home or other publicly supported out-of-home residential facility, including any out-of-home residential facility under contract with the state, county or other political subdivision, or any agency thereof, to provide those services or foster care as defined in section 260.015, subdivision 7.

(b) When a child is in placement, the responsible local social services agency shall make diligent efforts to identify, locate, and, where appropriate, offer services to both parents of the child. If a noncustodial or nonadjudicated parent is willing and capable of providing for the day-to-day care of the child, the local social services agency may seek authority from the custodial parent or the court to have that parent assume day-to-day care of the child. If a parent is not an adjudicated parent, the local social services agency shall require the nonadjudicated parent to cooperate with paternity establishment procedures as part of the case plan.

(c) If, after assessment, the local social services agency determines that the child cannot be in the day-to-day care of either parent, the agency shall prepare a case plan addressing the conditions that each parent must mitigate before the child could be in that parent's day-to-day care.

(d) If, after the provision of services following a case plan under this section and ordered by the juvenile court, the child cannot return to the care of the parent from whom the child was removed or who had legal custody at the time the child was placed in foster care, the agency may petition on behalf of a noncustodial parent to establish legal custody with that parent under section 260.191, subdivision 3b. If paternity has not already been established, it may be established in the same proceeding in the manner provided for under this chapter.

The responsible social services agency may be relieved of the requirement to locate and offer services to both parents by the juvenile court upon a finding of good cause after the filing of a petition under section 260.131.

(e) For the purposes of this section, a case plan means a written document which is ordered by the court or which is prepared by the social ~~service~~ services agency responsible for the residential facility placement and is signed by the parent or parents, or other custodian, of the child, the child's legal guardian, the social ~~service~~ services agency responsible for the residential facility placement, and, if possible, the child. The document shall be explained to all persons involved in its implementation, including the child who has signed the document, and shall set forth:

(1) the specific reasons for the placement of the child in a residential facility, including a description of the problems or conditions in the home of the parent or parents which necessitated removal of the child from home;

(2) the specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (1), and the time period during which the actions are to be taken;

(3) the financial responsibilities and obligations, if any, of the parents for the support of the child during the period the child is in the residential facility;

(4) the visitation rights and obligations of the parent or parents or other relatives as defined in section 260.181, if such visitation is consistent with the best interest of the child, during the period the child is in the residential facility;

(5) the social and other supportive services to be provided to the parent or parents of the child, the child, and the residential facility during the period the child is in the residential facility;

(6) the date on which the child is expected to be returned to and safely maintained in the home of the parent or parents or placed for adoption or otherwise permanently removed from the care of the parent by court order;

(7) the nature of the effort to be made by the social ~~service~~ services agency responsible for the placement to reunite the family; ~~and~~

(8) notice to the parent or parents;

(i) that placement of the child in foster care may result in termination of parental rights but only after notice and a hearing as provided in chapter 260-; and

(ii) in cases where the agency has determined that both reasonable efforts to reunify the child with the parents, and reasonable efforts to place the child in a permanent home away from the parent that may become legally permanent are appropriate, notice of:

(A) time limits on the length of placement and of reunification services;

(B) the nature of the services available to the parent;

(C) the consequences to the parent and the child if the parent fails or is unable to use services to correct the circumstances that led to the child's placement;

(D) the first consideration for relative placement; and

(E) the benefit to the child in getting the child out of residential care as soon as possible, preferably by returning the child home, but if that is not possible, through legally permanent placement of the child away from the parent;

(9) a permanency hearing under section 260.191, subdivision 3b, or a termination of parental rights hearing under sections 260.221 to 260.245, where the agency asks the court to find that the child should be permanently placed away from the parent and includes documentation of the steps taken by the responsible social services agency to find an adoptive family or other legally permanent living arrangement for the child, to place the child with an adoptive family, a fit and willing relative through an award of permanent legal and physical custody, or in another planned and legally permanent living arrangement. The documentation must include child-specific recruitment efforts; and

(10) if the court has issued an order terminating the rights of both parents of the child or of the only known, living parent of the child, documentation of steps to finalize the adoption or legal guardianship of the child.

(f) The parent or parents and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or the child's legal guardian. The parent or parents may also receive assistance from any person or social ~~service~~ services agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved, the foster parents shall be fully informed of the provisions of the case plan and shall be provided a copy of the plan.

(g) When an agency accepts a child for placement, the agency shall determine whether the child has had a physical examination by or under the direction of a licensed physician within the 12 months immediately preceding the date when the child came into the agency's care. If there is documentation that the child has had such an examination within the last 12 months, the agency is responsible for seeing that the child has another physical examination within one year of the documented examination and annually in subsequent years. If the agency determines that the child has not had a physical examination within the 12 months immediately preceding placement, the agency shall ensure that the child has the examination within 30 days of coming into the agency's care and once a year in subsequent years.

Sec. 14. Minnesota Statutes 1998, section 257.071, subdivision 1d, is amended to read:

Subd. 1d. [RELATIVE SEARCH; NATURE.] (a) As soon as possible, but in any event within six months after a child is initially placed in a residential facility, the local social services agency shall identify any relatives of the child and notify them of the need for a foster care home for the child and of the possibility of the need for a permanent out-of-home placement of the child. Relatives should also be notified that a decision not to be a placement resource at the beginning of the case may affect the relative being considered for placement of the child with that relative later. The relatives must be notified that they must keep the local social services agency informed of their current address in order to receive notice that a permanent placement is being sought for the child. A relative who fails to provide a current address to the local social services agency forfeits the right to notice of the possibility of permanent placement. If the child's parent refuses to give the responsible social services agency information sufficient to identify relatives of the child, the agency shall determine whether the parent's refusal is in the child's best interests. If the agency determines the parent's refusal is not in the child's best interests, the agency shall file a petition under section 260.131, and shall ask the juvenile court to order the parent to provide the necessary information.

(b) Unless required under the Indian Child Welfare Act or relieved of this duty by the court because the child is placed with an appropriate relative who wishes to provide a permanent home for the child or the child is placed with a foster home that has committed to being the legally permanent placement for the child and the responsible social services agency approves of that foster home for permanent placement of the child, when the agency determines that it is necessary to prepare for the permanent placement determination hearing, or in anticipation of filing a termination of parental rights petition, the agency shall send notice to the relatives, any adult with whom the child is currently residing, any adult with whom the child has resided for one year or longer in the past, and any adults who have maintained a relationship or exercised visitation with the child as identified in the agency case plan. The notice must state that a permanent home is sought for the child and that the individuals receiving the notice may indicate to the agency their interest in providing a permanent home. The notice must state that within 30 days of receipt of the notice an individual receiving the notice must indicate to the agency the individual's interest in providing a permanent home for the child or that the individual may lose the opportunity to be considered for a permanent placement. This notice need not be sent if the child is placed with an appropriate relative who wishes to provide a permanent home for the child.

Sec. 15. Minnesota Statutes 1998, section 257.071, subdivision 4, is amended to read:

Subd. 4. [REVIEW OF DEVELOPMENTALLY DISABLED AND EMOTIONALLY HANDICAPPED CHILD PLACEMENTS.] If a developmentally disabled child, as that term is defined in United States Code, title 42, section 6001 (7), as amended through December 31, 1979, or a child diagnosed with an emotional handicap as defined in section 252.27, subdivision 1a, has been placed in a residential facility pursuant to a voluntary release by the child's parent or parents because of the child's handicapping conditions or need for long-term residential treatment or supervision, the social ~~service~~ services agency responsible for the placement shall bring a petition for review of the child's foster care status, pursuant to section 260.131, ~~subdivision 1a, rather than a~~ after the child has been in placement for six months. If a child is in placement due solely to the child's handicapping condition and custody of the child is not transferred to the responsible social services agency under section 260.191, subdivision 1, paragraph (a), clause (2), no petition as is required by section 260.191, subdivision 3b, after the child has been in foster care for six months or, in the case of a child with an emotional handicap, after the child has been in a residential facility for six months. Whenever a petition for review is brought pursuant to this subdivision, a guardian ad litem shall be appointed for the child.

Sec. 16. Minnesota Statutes 1998, section 257.85, subdivision 2, is amended to read:

Subd. 2. [SCOPE.] The provisions of this section apply to those situations in which the legal and physical custody of a child is established with a relative or important friend with whom the child has resided or had significant contact according to section 260.191, subdivision 3b, by a court order issued on or after July 1, 1997.

Sec. 17. Minnesota Statutes 1998, section 257.85, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "~~AFDC or MFIP standard~~" means the ~~monthly standard of need used to calculate assistance under the AFDC program, the transitional standard used to calculate assistance under the MFIP-S program, or, if neither of those is applicable permanent legal and physical custody of the child is given to a relative custodian residing outside of Minnesota, the analogous transitional standard or standard of need used to calculate assistance under the MFIP or MFIP-R programs~~ TANF program of the state where the relative custodian lives.

(b) "Local agency" means the local social ~~service services~~ agency with legal custody of a child prior to the transfer of permanent legal and physical custody ~~to a relative.~~

(c) "Permanent legal and physical custody" means permanent legal and physical custody ordered by a Minnesota juvenile court under section 260.191, subdivision 3b.

(d) "Relative" ~~means an individual, other than a parent, who is related to a child by blood, marriage, or adoption has the meaning given in section 260.015, subdivision 13.~~

(e) "Relative custodian" means a ~~relative of a child for whom the relative person who~~ has permanent legal and physical custody of a child. When siblings, including half-siblings and step siblings, are placed together in ~~the~~ permanent legal and physical custody ~~of a relative of one of the siblings~~, the person receiving permanent legal and physical custody of the siblings is considered a relative custodian of all of the siblings for purposes of this section.

(f) "Relative custody assistance agreement" means an agreement entered into between a local agency and ~~the~~ relative of a child person who has been or will be awarded permanent legal and physical custody of ~~the~~ a child.

(g) "Relative custody assistance payment" means a monthly cash grant made to a relative custodian pursuant to a relative custody assistance agreement and in an amount calculated under subdivision 7.

(h) "Remains in the physical custody of the relative custodian" means that the relative custodian is providing day-to-day care for the child and that the child lives with the relative custodian; absence from the relative custodian's home for a period of more than 120 days raises a presumption that the child no longer remains in the physical custody of the relative custodian.

Sec. 18. Minnesota Statutes 1998, section 257.85, subdivision 7, is amended to read:

Subd. 7. [AMOUNT OF RELATIVE CUSTODY ASSISTANCE PAYMENTS.] (a) The amount of a monthly relative custody assistance payment shall be determined according to the provisions of this paragraph.

(1) The total maximum assistance rate is equal to the base assistance rate plus, if applicable, the supplemental assistance rate.

(i) The base assistance rate is equal to the maximum amount that could be received as basic maintenance for a child of the same age under the adoption assistance program.

(ii) The local agency shall determine whether the child has physical, mental, emotional, or behavioral disabilities that require care, supervision, or structure beyond that ordinarily provided in a family setting to children of the same age such that the child would be eligible for supplemental maintenance payments under the adoption assistance program if an adoption assistance agreement were entered on the child's behalf. If the local agency determines that the child has such a disability, the supplemental assistance rate shall be the maximum amount of monthly supplemental maintenance payment that could be received on behalf of a child of the same age, disabilities, and circumstances under the adoption assistance program.

(2) The net maximum assistance rate is equal to the total maximum assistance rate from clause (1) less the following offsets:

(i) if the child is or will be part of an assistance unit receiving an ~~AFDC, MFIP-S, or other MFIP~~ grant or a grant from a similar program of another state, the portion of the ~~AFDC or MFIP~~ standard relating to the child as calculated under paragraph (b), clause (2);

(ii) Supplemental Security Income payments received by or on behalf of the child;

(iii) veteran's benefits received by or on behalf of the child; and

(iv) any other income of the child, including child support payments made on behalf of the child.

(3) The relative custody assistance payment to be made to the relative custodian shall be a percentage of the net maximum assistance rate calculated in clause (2) based upon the gross income of the relative custodian's family, including the child for whom the relative custodian has permanent legal and physical custody. In no case shall the amount of the relative custody assistance payment exceed that which the child could qualify for under the adoption assistance program if an adoption assistance agreement were entered on the child's behalf. The relative custody assistance payment shall be calculated as follows:

(i) if the relative custodian's gross family income is less than or equal to 200 percent of federal poverty guidelines, the relative custody assistance payment shall be the full amount of the net maximum assistance rate;

(ii) if the relative custodian's gross family income is greater than 200 percent and less than or equal to 225 percent of federal poverty guidelines, the relative custody assistance payment shall be 80 percent of the net maximum assistance rate;

(iii) if the relative custodian's gross family income is greater than 225 percent and less than or equal to 250 percent of federal poverty guidelines, the relative custody assistance payment shall be 60 percent of the net maximum assistance rate;

(iv) if the relative custodian's gross family income is greater than 250 percent and less than or equal to 275 percent of federal poverty guidelines, the relative custody assistance payment shall be 40 percent of the net maximum assistance rate;

(v) if the relative custodian's gross family income is greater than 275 percent and less than or equal to 300 percent of federal poverty guidelines, the relative custody assistance payment shall be 20 percent of the net maximum assistance rate; or

(vi) if the relative custodian's gross family income is greater than 300 percent of federal poverty guidelines, no relative custody assistance payment shall be made.

~~(b) This paragraph specifies the provisions pertaining to the relationship between relative custody assistance and AFDC, MFIP-S, or other MFIP programs. The following provisions cover the relationship between relative custody assistance and assistance programs:~~

(1) The relative custodian of a child for whom the relative custodian is receiving relative custody assistance is expected to seek whatever assistance is available for the child through ~~the AFDC, MFIP-S, or other MFIP~~, if the relative custodian resides in a state other than Minnesota, similar programs of that state. If a relative custodian fails to apply for assistance through ~~AFDC, MFIP-S, or other MFIP~~ program for which the child is eligible, the child's portion of the ~~AFDC or MFIP~~ standard will be calculated as if application had been made and assistance received;

(2) The portion of the ~~AFDC or MFIP~~ standard relating to each child for whom relative custody assistance is being received shall be calculated as follows:

(i) determine the total ~~AFDC or MFIP~~ standard for the assistance unit;

(ii) determine the amount that the ~~AFDC~~ or MFIP standard would have been if the assistance unit had not included the children for whom relative custody assistance is being received;

(iii) subtract the amount determined in item (ii) from the amount determined in item (i); and

(iv) divide the result in item (iii) by the number of children for whom relative custody assistance is being received that are part of the assistance unit; ~~or.~~

(3) If a child for whom relative custody assistance is being received is not eligible for assistance through ~~the AFDC~~, MFIP-S; or ~~other MFIP~~ similar programs of another state, the portion of ~~AFDC~~ or MFIP standard relating to that child shall be equal to zero.

Sec. 19. Minnesota Statutes 1998, section 257.85, subdivision 9, is amended to read:

Subd. 9. [RIGHT OF APPEAL.] A relative custodian who enters or seeks to enter into a relative custody assistance agreement with a local agency has the right to appeal to the commissioner according to section 256.045 when the local agency establishes, denies, terminates, or modifies the agreement. Upon appeal, the commissioner may review only:

(1) whether the local agency has met the legal requirements imposed by this chapter for establishing, denying, terminating, or modifying the agreement;

(2) whether the amount of the relative custody assistance payment was correctly calculated under the method in subdivision 7;

(3) whether the local agency paid for correct time periods under the relative custody assistance agreement;

(4) whether the child remains in the physical custody of the relative custodian;

(5) whether the local agency correctly ~~calculated~~ modified the amount of the supplemental assistance rate based on a change in the child's physical, mental, emotional, or behavioral needs, or based on the relative custodian's failure to document provide documentation, after the local agency has requested such documentation, that the continuing need for the supplemental assistance rate after the local agency has requested such documentation child continues to have physical, mental, emotional, or behavioral needs that support the current amount of relative custody assistance; and

(6) whether the local agency correctly ~~calculated~~ modified or terminated the amount of relative custody assistance based on a change in the gross income of the relative custodian's family or based on the relative custodian's failure to provide documentation of the gross income of the relative custodian's family after the local agency has requested such documentation.

Sec. 20. Minnesota Statutes 1998, section 257.85, subdivision 11, is amended to read:

Subd. 11. [FINANCIAL CONSIDERATIONS.] (a) Payment of relative custody assistance under a relative custody assistance agreement is subject to the availability of state funds and payments may be reduced or suspended on order of the commissioner if insufficient funds are available.

(b) Upon receipt from a local agency of a claim for reimbursement, the commissioner shall reimburse the local agency in an amount equal to 100 percent of the relative custody assistance payments provided to relative custodians. The local agency may not seek and the commissioner shall not provide reimbursement for the administrative costs associated with performing the duties described in subdivision 4.

(c) For the purposes of determining eligibility or payment amounts under ~~the AFDC, MFIP-S, and other MFIP programs;~~ relative custody assistance payments shall be ~~considered~~ excluded in determining the family's available income.

Sec. 21. Minnesota Statutes 1998, section 259.67, subdivision 6, is amended to read:

Subd. 6. [RIGHT OF APPEAL.] (a) The adoptive parents have the right to appeal to the commissioner pursuant to section 256.045, when the commissioner denies, discontinues, or modifies the agreement.

(b) Adoptive parents who believe that their adopted child was incorrectly denied adoption assistance, or who did not seek adoption assistance on the child's behalf because of being provided with inaccurate or insufficient information about the child or the adoption assistance program, may request a hearing under section 256.045. Notwithstanding subdivision 2, the purpose of the hearing shall be to determine whether, under standards established by the federal Department of Health and Human Services, the circumstances surrounding the child's adoption warrant making an adoption assistance agreement on behalf of the child after the final decree of adoption has been issued. The commissioner shall enter into an adoption assistance agreement on the child's behalf if it is determined that:

(1) at the time of the adoption and at the time the request for a hearing was submitted the child was eligible for adoption assistance under United States Code, title 42, chapter 7, subchapter IV, part E, sections 670 to 679a, at the time of the adoption ~~and at the time the request for a hearing was submitted but, because of extenuating circumstances, did not receive~~ or for state funded adoption assistance under subdivision 4; and

(2) an adoption assistance agreement was not entered into on behalf of the child before the final decree of adoption because of extenuating circumstances as the term is used in the standards established by the federal Department of Health and Human Service. An adoption assistance agreement made under this paragraph shall be effective the date the request for a hearing was received by the commissioner or the local agency.

Sec. 22. Minnesota Statutes 1998, section 259.67, subdivision 7, is amended to read:

Subd. 7. [REIMBURSEMENT OF COSTS.] (a) Subject to rules of the commissioner, and the provisions of this subdivision a ~~Minnesota-licensed~~ child-placing agency licensed in Minnesota or any other state, or local social services agency shall receive a reimbursement from the commissioner equal to 100 percent of the reasonable and appropriate cost of providing adoption services for a child certified as eligible for adoption assistance under subdivision 4. Such assistance may include adoptive family recruitment, counseling, and special training when needed. A ~~Minnesota-licensed~~ child-placing agency licensed in Minnesota or any other state shall receive reimbursement for adoption services it purchases for or directly provides to an eligible child. A local social services agency shall receive such reimbursement only for adoption services it purchases for an eligible child.

(b) A ~~Minnesota-licensed~~ child-placing agency licensed in Minnesota or any other state or local social services agency seeking reimbursement under this subdivision shall enter into a reimbursement agreement with the commissioner before providing adoption services for which reimbursement is sought. No reimbursement under this subdivision shall be made to an agency for services provided prior to entering a reimbursement agreement. Separate reimbursement agreements shall be made for each child and separate records shall be kept on each child for whom a reimbursement agreement is made. Funds encumbered and obligated under such an agreement for the child remain available until the terms of the agreement are fulfilled or the agreement is terminated.

(c) When a local social services agency uses a purchase of service agreement to provide services reimbursable under a reimbursement agreement, the commissioner may make reimbursement payments directly to the agency providing the service if direct reimbursement is specified by the purchase of service agreement, and if the request for reimbursement is submitted by the local social services agency along with a verification that the service was provided.

Sec. 23. Minnesota Statutes 1998, section 259.73, is amended to read:

259.73 [REIMBURSEMENT OF NONRECURRING ADOPTION EXPENSES.]

The commissioner of human services shall provide reimbursement of up to \$2,000 to the adoptive parent or parents for costs incurred in adopting a child with special needs. The commissioner shall determine the child's eligibility for adoption expense reimbursement under title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676. To be reimbursed, costs must be reasonable, necessary, and directly related to the legal adoption of the child.

Sec. 24. Minnesota Statutes 1998, section 259.85, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY CRITERIA.] A child may be certified by the local social ~~service~~ services agency as eligible for a postadoption service grant after a final decree of adoption ~~and before the child's 18th birthday~~ if:

- (~~a~~) (1) the child was a ward of the commissioner or a Minnesota licensed child-placing agency before adoption;
- (~~b~~) (2) the child had special needs at the time of adoption. For the purposes of this section, "special needs" means a child who had a physical, mental, emotional, or behavioral disability at the time of an adoption or has a preadoption background to which the current development of such disabilities can be attributed; ~~and~~
- (~~c~~) (3) the adoptive parents have exhausted all other available resources. Available resources include public income support programs, medical assistance, health insurance coverage, services available through community resources, and any other private or public benefits or resources available to the family or to the child to meet the child's special needs; and
- (4) the child is under 18 years of age or, if the child is under 22 years of age and remains dependent on the adoptive parent or parents for care and financial support and is enrolled in a secondary education program as a full-time student.

Sec. 25. Minnesota Statutes 1998, section 259.85, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATION STATEMENT.] The local social ~~service~~ services agency shall certify a child's eligibility for a postadoption service grant in writing to the commissioner. The certification statement shall include:

- (1) a description and history of the special needs upon which eligibility is based; ~~and~~
- (2) separate certification for each of the eligibility criteria under subdivision 2, that the criteria are met; and
- (3) applicable supporting documentation including:
 - (i) the child's individual service plan;
 - (ii) medical, psychological, or special education evaluations;
 - (iii) documentation that all other resources have been exhausted; and
 - (iv) an estimate of the costs necessary to meet the special needs of the child.

Sec. 26. Minnesota Statutes 1998, section 259.85, subdivision 5, is amended to read:

Subd. 5. [GRANT PAYMENTS.] The amount of the postadoption service grant payment shall be based on the special needs of the child and the determination that other resources to meet those special needs are not available. The amount of any grant payments shall be based on the severity of the child's disability and the effect of the disability on the family and must not exceed \$10,000 annually. Adoptive parents are eligible for grant payments until their child's 18th birthday, or if the child is under 22 years of age and remains dependent on the adoptive parent or parents for care and financial support and is enrolled in a secondary education program as a full-time student.

Permissible expenses that may be paid from grants shall be limited to:

- (1) medical expenses not covered by the family's health insurance or medical assistance;

- (2) therapeutic expenses, including individual and family therapy; and
- (3) nonmedical services, items, or equipment required to meet the special needs of the child.

The grants under this section shall not be used for maintenance for out-of-home placement of the child in substitute care.

Sec. 27. Minnesota Statutes 1998, section 259.89, is amended by adding a subdivision to read:

Subd. 6. [DETERMINATION OF ELIGIBILITY FOR ENROLLMENT OR MEMBERSHIP IN A FEDERALLY RECOGNIZED AMERICAN INDIAN TRIBE.] The state registrar shall provide a copy of an adopted person's original birth certificate to an authorized representative of a federally recognized American Indian tribe for the sole purpose of determining the adopted person's eligibility for enrollment or membership in the tribe.

Sec. 28. Minnesota Statutes 1998, section 260.012, is amended to read:

260.012 [DUTY TO ENSURE PLACEMENT PREVENTION AND FAMILY REUNIFICATION; REASONABLE EFFORTS.]

(a) ~~If~~ Once a child alleged to be in need of protection or services is under the court's jurisdiction, the court shall ensure that reasonable efforts including culturally appropriate services by the social ~~service~~ services agency are made to prevent placement or to eliminate the need for removal and to reunite the child with the child's family at the earliest possible time, consistent with the best interests, safety, and protection of the child. ~~The court may, upon motion and hearing, order the cessation of reasonable efforts if the court finds that provision of services or further services for the purpose of rehabilitation and reunification is futile and therefore unreasonable under the circumstances.~~ In determining reasonable efforts to be made with respect to a child and in making those reasonable efforts, the child's health and safety must be of paramount concern. Reasonable efforts for rehabilitation and reunification are not required ~~if~~ upon a determination by the court determines that:

(1) a termination of parental rights petition has been filed stating a prima facie case that:

- ~~(i) the parent has subjected the a child to egregious harm as defined in section 260.015, subdivision 29; or;~~
- ~~(ii) the parental rights of the parent to a sibling another child have been terminated involuntarily; or~~
- ~~(iii) the child is an abandoned infant under section 260.221, subdivision 1a, paragraph (a), clause (2);~~

(2) the county attorney has filed a determination not to proceed with a termination of parental rights petition on these grounds was made under section 260.221, subdivision 1b, paragraph (b), and a permanency hearing is held within 30 days of the determination; ~~or~~ or

~~(3) a termination of parental rights petition or other petition according to section 260.191, subdivision 3b, has been filed alleging a prima facie case that the provision of services or further services for the purpose of reunification is futile and therefore unreasonable under the circumstances.~~

In the case of an Indian child, in proceedings under sections 260.172, 260.191, and 260.221 the juvenile court must make findings and conclusions consistent with the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901 et seq., as to the provision of active efforts. If a child is under the court's delinquency jurisdiction, it shall be the duty of the court to ensure that reasonable efforts are made to reunite the child with the child's family at the earliest possible time, consistent with the best interests of the child and the safety of the public.

(b) "Reasonable efforts" means the exercise of due diligence by the responsible social ~~service~~ services agency to use appropriate and available services to meet the needs of the child and the child's family in order to prevent removal of the child from the child's family; or upon removal, services to eliminate the need for removal and reunite the family.

(1) Services may include those listed under section 256F.07, subdivision 3, and other appropriate services available in the community.

~~(2) At each stage of the proceedings where the court is required to review the appropriateness of the responsible social services agency's reasonable efforts, the social service services agency has the burden of demonstrating that it has made reasonable efforts, or that provision of services or further services for the purpose of rehabilitation and reunification is futile and therefore unreasonable under the circumstances; or that reasonable efforts aimed at reunification are not required under this section. The agency may meet this burden by stating facts in a sworn petition filed under section 260.131, or by filing an affidavit summarizing the agency's reasonable efforts or facts the agency believes demonstrate there is no need for reasonable efforts to reunify the parent and child.~~

~~(3) No reasonable efforts for reunification are required when the court makes a determination under paragraph (a) unless, after a hearing according to section 260.155, the court finds there is not clear and convincing evidence of the facts upon which the court based its prima facie determination. In this case, the court may proceed under section 260.235.~~ Reunification of a surviving child with a parent is not required if the parent has been convicted of:

~~(1) (i) a violation of, or an attempt or conspiracy to commit a violation of, sections 609.185 to 609.20; 609.222, subdivision 2; or 609.223 in regard to another child of the parent;~~

~~(2) (ii) a violation of section 609.222, subdivision 2; or 609.223, in regard to the surviving child; or~~

~~(3) (iii) a violation of, or an attempt or conspiracy to commit a violation of, United States Code, title 18, section 1111(a) or 1112(a), in regard to another child of the parent.~~

(c) The juvenile court, in proceedings under sections 260.172, 260.191, and 260.221 shall make findings and conclusions as to the provision of reasonable efforts. When determining whether reasonable efforts have been made, the court shall consider whether services to the child and family were:

(1) relevant to the safety and protection of the child;

(2) adequate to meet the needs of the child and family;

(3) culturally appropriate;

(4) available and accessible;

(5) consistent and timely; and

(6) realistic under the circumstances.

In the alternative, the court may determine that provision of services or further services for the purpose of rehabilitation is futile and therefore unreasonable under the circumstances or that reasonable efforts are not required as provided in paragraph (a).

(d) This section does not prevent out-of-home placement for treatment of a child with a mental disability when the child's diagnostic assessment or individual treatment plan indicates that appropriate and necessary treatment cannot be effectively provided outside of a residential or inpatient treatment program.

(e) If continuation of reasonable efforts described in paragraph (b) is determined by the court to be inconsistent with the permanency permanent plan for the child, or upon a determination under paragraph (a), reasonable efforts must be made to place the child in a timely manner in accordance with the permanency permanent plan ordered by the court and to complete whatever steps are necessary to finalize the permanency permanent plan for the child.

(f) Reasonable efforts to place a child for adoption or in another permanent placement may be made concurrently with reasonable efforts as described in paragraphs (a) and (b). When the responsible social services agency decides to concurrently make reasonable efforts for both reunification and permanent placement away from the parent under paragraphs (a) and (b), the agency shall disclose its decision and both plans for concurrent reasonable efforts to all parties and the court. When the agency discloses its decision to proceed on both plans for reunification and permanent placement away from the parent, the court's review of the agency's reasonable efforts shall include the agency's efforts under paragraphs (a) and (b)."

Page 33, after line 25, insert:

"Sec. 30. Minnesota Statutes 1998, section 260.015, subdivision 13, is amended to read:

Subd. 13. [RELATIVE.] "Relative" means a parent, stepparent, grandparent, brother, sister, uncle, or aunt of the minor. This relationship may be by blood or marriage. For an Indian child, relative includes members of the extended family as defined by the law or custom of the Indian child's tribe or, in the absence of laws or custom, nieces, nephews, or first or second cousins, as provided in the Indian Child Welfare Act of 1978, United States Code, title 25, section 1903. For purposes of dispositions, relative has the meaning given in section 260.181, subdivision 3: a child in need of protection or services proceedings, termination of parental rights proceedings, and permanency proceedings under section 260.191, subdivision 3b, relative means a person related to the child by blood, marriage, or adoption, or an individual who is an important friend with whom the child has resided or had significant contact."

Page 33, after line 32, insert:

"Sec. 32. Minnesota Statutes 1998, section 260.015, subdivision 29, is amended to read:

Subd. 29. [EGREGIOUS HARM.] "Egregious harm" means the infliction of bodily harm to a child or neglect of a child which demonstrates a grossly inadequate ability to provide minimally adequate parental care. The egregious harm need not have occurred in the state or in the county where a termination of parental rights action is otherwise properly venued. Egregious harm includes, but is not limited to:

(1) conduct towards a child that constitutes a violation of sections 609.185 to 609.21, 609.222, subdivision 2, 609.223, or any other similar law of any other state;

(2) the infliction of "substantial bodily harm" to a child, as defined in section 609.02, subdivision 7a;

(3) conduct towards a child that constitutes felony malicious punishment of a child under section 609.377;

(4) conduct towards a child that constitutes felony unreasonable restraint of a child under section 609.255, subdivision 3;

(5) conduct towards a child that constitutes felony neglect or endangerment of a child under section 609.378;

(6) conduct towards a child that constitutes assault under section 609.221, 609.222, or 609.223;

(7) conduct towards a child that constitutes solicitation, inducement, or promotion of, or receiving profit derived from prostitution under section 609.322;

(8) conduct toward a child that constitutes murder or voluntary manslaughter as defined by United States Code, title 18, section 1111(a) or 1112(a); ~~or~~

(9) conduct toward a child that constitutes aiding or abetting, attempting, conspiring, or soliciting to commit a murder or voluntary manslaughter that constitutes a violation of United States Code, title 18, section 1111(a) or 1112(a); or

(10) conduct toward a child that constitutes criminal sexual conduct under sections 609.342 to 609.345.

Sec. 33. Minnesota Statutes 1998, section 260.131, subdivision 1a, is amended to read:

Subd. 1a. [REVIEW OF FOSTER CARE STATUS.] The social ~~service~~ services agency responsible for the placement of a child in a residential facility, as defined in section 257.071, subdivision 1, pursuant to a voluntary release by the child's parent or parents may bring a petition in juvenile court to review the foster care status of the child in the manner provided in this section. The responsible social services agency shall file either a petition alleging the child to be in need of protection or services or a petition to terminate parental rights or other permanency petition under section 260.191, subdivision 3b.

(a) In the case of a child in voluntary placement according to section 257.071, subdivision 3, the petition shall be filed within 90 days of the date of the voluntary placement agreement and shall state the reasons why the child is in placement, the progress on the case plan required under section 257.071, subdivision 1, and the statutory basis for the petition under section 260.015, subdivision 2a, or 260.221 or 260.191, subdivision 3b.

(1) In the case of a petition filed under this paragraph, if all parties agree and the court finds it is in the best interests of the child, the court may find the petition states a prima facie case that:

(i) the child's needs are being met;

(ii) the placement of the child in foster care is in the best interests of the child; and

(iii) the child will be returned home in the next six months.

(2) If the court makes findings under paragraph (a), clause (1), the court shall approve the voluntary arrangement and continue the matter for up to six more months to ensure the child returns to the parents' home. The responsible social services agency shall:

(i) report to the court when the child returns home and the progress made by the parent on the case plan required under section 257.071, in which case the court shall dismiss jurisdiction;

(ii) report to the court that the child has not returned home, in which case the matter shall be returned to the court for further proceedings under section 260.155; or

(iii) if any party does not agree to continue the matter under paragraph (a), clause (1), and this paragraph, the matter shall proceed under section 260.155.

(b) In the case of a child in voluntary placement according to section 257.071, subdivision 4, the petition shall be filed within six months of the date of the voluntary placement agreement and shall state the date of the voluntary placement agreement, the nature of the child's developmental delay or emotional handicap, the plan for the ongoing care of the child, the parents' participation in the plan, and the statutory basis for the petition.

(1) In the case of petitions filed under this paragraph, the court may find, based on the contents of the sworn petition, and the agreement of all parties, including the child, where appropriate, that the voluntary arrangement is in the best interests of the child, approve the voluntary arrangement, and dismiss the matter from further jurisdiction. The court shall give notice to the responsible social services agency that the matter must be returned to the court for further review if the child remains in placement after 12 months.

(2) If any party, including the child, disagrees with the voluntary arrangement, the court shall proceed under section 260.155.

Sec. 34. Minnesota Statutes 1998, section 260.133, subdivision 1, is amended to read:

Subdivision 1. [PETITION.] The local welfare agency may bring an emergency petition on behalf of minor family or household members seeking relief from acts of domestic child abuse. The petition shall be brought according to section 260.131 and shall allege the existence of or immediate and present danger of domestic child abuse, ~~and shall~~

~~be accompanied by an affidavit made under oath stating the specific facts and circumstances from which relief is sought. The court has jurisdiction over the parties to a domestic child abuse matter notwithstanding that there is a parent in the child's household who is willing to enforce the court's order and accept services on behalf of the family."~~

Page 35, after line 1, insert:

"Sec. 36. Minnesota Statutes 1998, section 260.135, is amended by adding a subdivision to read:

Subd. 1a. [NOTICE.] After a petition has been filed alleging a child to be in need of protection or services and unless the persons named in clauses (1) to (4) voluntarily appear or are summoned according to subdivision 1, the court shall issue a notice to:

(1) an adjudicated or presumed father of the child;

(2) an alleged father of the child;

(3) a noncustodial mother; and

(4) a grandparent with the right to participate under section 260.155, subdivision 1a."

Page 37, after line 3, insert:

"Sec. 39. Minnesota Statutes 1998, section 260.172, subdivision 1, is amended to read:

Subdivision 1. [HEARING AND RELEASE REQUIREMENTS.] (a) If a child was taken into custody under section 260.165, subdivision 1, clause (a) or (c)(2), the court shall hold a hearing within 72 hours of the time the child was taken into custody, excluding Saturdays, Sundays, and holidays, to determine whether the child should continue in custody.

(b) In all other cases, the court shall hold a detention hearing:

(1) within 36 hours of the time the child was taken into custody, excluding Saturdays, Sundays, and holidays, if the child is being held at a juvenile secure detention facility or shelter care facility; or

(2) within 24 hours of the time the child was taken into custody, excluding Saturdays, Sundays, and holidays, if the child is being held at an adult jail or municipal lockup.

(c) Unless there is reason to believe that the child would endanger self or others, not return for a court hearing, run away from the child's parent, guardian, or custodian or otherwise not remain in the care or control of the person to whose lawful custody the child is released, or that the child's health or welfare would be immediately endangered, the child shall be released to the custody of a parent, guardian, custodian, or other suitable person, subject to reasonable conditions of release including, but not limited to, a requirement that the child undergo a chemical use assessment as provided in section 260.151, subdivision 1. In determining whether the child's health or welfare would be immediately endangered, the court shall consider whether the child would reside with a perpetrator of domestic child abuse. In a proceeding regarding a child in need of protection or services, the court, before determining whether a child should continue in custody, shall also make a determination, consistent with section 260.012 as to whether reasonable efforts, or in the case of an Indian child, active efforts, according to the Indian Child Welfare Act of 1978, United States Code, title 25, section 1912(d), were made to prevent placement or to reunite the child with the child's family, or that reasonable efforts were not possible. The court shall also determine whether there are available services that would prevent the need for further detention.

If the court finds the social services agency's preventive or reunification efforts have not been reasonable but further preventive or reunification efforts could not permit the child to safely remain at home, the court may nevertheless authorize or continue the removal of the child.

~~The court may determine (d) At the detention hearing, or at any time prior to an adjudicatory hearing, that reasonable efforts are not required because the facts, if proved, will demonstrate that the parent has subjected the child to egregious harm as defined in section 260.015, subdivision 29, or the parental rights of the parent to a sibling of the child have been terminated involuntarily; and upon notice and request of the county attorney, the court shall make the following determinations:~~

(1) whether a termination of parental rights petition has been filed stating a prima facie case that:

(i) the parent has subjected a child to egregious harm as defined in section 260.015, subdivision 29;

(ii) the parental rights of the parent to another child have been involuntarily terminated; or

(iii) the child is an abandoned infant under section 260.221, subdivision 1a, paragraph (a), clause (2);

(2) that the county attorney has determined not to proceed with a termination of parental rights petition under section 260.221, subdivision 1b; or

(3) whether a termination of parental rights petition or other petition according to section 260.191, subdivision 3b, has been filed alleging a prima facie case that the provision of services or further services for the purpose of rehabilitation and reunification is futile and therefore unreasonable under the circumstances.

If the court determines that the county attorney is not proceeding with a termination of parental rights petition under section 260.221, subdivision 1b, but is proceeding with a petition under section 260.191, subdivision 3b, the court shall schedule a permanency hearing within 30 days. If the county attorney has filed a petition under section 260.221, subdivision 1b, the court shall schedule a trial under section 260.155 within 90 days of the filing of the petition except when the county attorney determines that the criminal case shall proceed to trial first under section 260.191, subdivision 1b.

(e) If the court determines the child should be ordered into out-of-home placement and the child's parent refuses to give information to the responsible social services agency regarding the child's father or relatives of the child, the court may order the parent to disclose the names, addresses, telephone numbers, and other identifying information to the local social services agency for the purpose of complying with the requirements of sections 257.071, 257.072, and 260.135.

Sec. 40. Minnesota Statutes 1998, section 260.172, is amended by adding a subdivision to read:

Subd. 5. [CASE PLAN.] (a) A case plan required under section 257.071 shall be filed with the court within 30 days of the filing of a petition alleging the child to be in need of protection or services under section 260.131.

(b) Upon the filing of the case plan, the court may approve the case plan based on the allegations contained in the petition. A parent may agree to comply with the terms of the case plan filed with the court.

(c) Upon notice and motion by a parent who agrees to comply with the terms of a case plan, the court may modify the case and order the responsible social services agency to provide other or additional services for reunification, if reunification efforts are required, and the court determines the agency's case plan inadequate under section 260.012.

(d) Unless the parent agrees to comply with the terms of the case plan, the court may not order a parent to comply with the provisions of the case plan until the court makes a determination under section 260.191, subdivision 1.

Sec. 41. Minnesota Statutes 1998, section 260.191, subdivision 1, is amended to read:

Subdivision 1. [DISPOSITIONS.] (a) If the court finds that the child is in need of protection or services or neglected and in foster care, it shall enter an order making any of the following dispositions of the case:

(1) place the child under the protective supervision of the local social services agency or child-placing agency in the ~~child's own~~ home of a parent of the child under conditions prescribed by the court directed to the correction of the child's need for protection or services; or:

(i) the court may order the child into the home of a parent who does not otherwise have legal custody of the child, however, an order under this section does not confer legal custody on that parent;

(ii) if the court orders the child into the home of a father who is not adjudicated, he must cooperate with paternity establishment proceedings regarding the child in the appropriate jurisdiction as one of the conditions prescribed by the court for the child to continue in his home;

(iii) the court may order the child into the home of a noncustodial parent with conditions and may also order both the noncustodial and the custodial parent to comply with the requirements of a case plan under subdivision 1a;

(2) transfer legal custody to one of the following:

(i) a child-placing agency; or

(ii) the local social services agency.

In placing a child whose custody has been transferred under this paragraph, the agencies shall follow the ~~order of preference stated in~~ requirements of section 260.181, subdivision 3;

(3) if the child is in need of special treatment and care for reasons of physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails or is unable to provide this treatment or care, the court may order it provided. The court shall not transfer legal custody of the child for the purpose of obtaining special treatment or care solely because the parent is unable to provide the treatment or care. If the court's order for mental health treatment is based on a diagnosis made by a treatment professional, the court may order that the diagnosing professional not provide the treatment to the child if it finds that such an order is in the child's best interests; or

(4) if the court believes that the child has sufficient maturity and judgment and that it is in the best interests of the child, the court may order a child 16 years old or older to be allowed to live independently, either alone or with others as approved by the court under supervision the court considers appropriate, if the county board, after consultation with the court, has specifically authorized this dispositional alternative for a child.

(b) If the child was adjudicated in need of protection or services because the child is a runaway or habitual truant, the court may order any of the following dispositions in addition to or as alternatives to the dispositions authorized under paragraph (a):

(1) counsel the child or the child's parents, guardian, or custodian;

(2) place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court, including reasonable rules for the child's conduct and the conduct of the parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child; or with the consent of the commissioner of corrections, place the child in a group foster care facility which is under the commissioner's management and supervision;

(3) subject to the court's supervision, transfer legal custody of the child to one of the following:

(i) a reputable person of good moral character. No person may receive custody of two or more unrelated children unless licensed to operate a residential program under sections 245A.01 to 245A.16; or

(ii) a county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(4) require the child to pay a fine of up to \$100. The court shall order payment of the fine in a manner that will not impose undue financial hardship upon the child;

(5) require the child to participate in a community service project;

(6) order the child to undergo a chemical dependency evaluation and, if warranted by the evaluation, order participation by the child in a drug awareness program or an inpatient or outpatient chemical dependency treatment program;

(7) if the court believes that it is in the best interests of the child and of public safety that the child's driver's license or instruction permit be canceled, the court may order the commissioner of public safety to cancel the child's license or permit for any period up to the child's 18th birthday. If the child does not have a driver's license or permit, the court may order a denial of driving privileges for any period up to the child's 18th birthday. The court shall forward an order issued under this clause to the commissioner, who shall cancel the license or permit or deny driving privileges without a hearing for the period specified by the court. At any time before the expiration of the period of cancellation or denial, the court may, for good cause, order the commissioner of public safety to allow the child to apply for a license or permit, and the commissioner shall so authorize;

(8) order that the child's parent or legal guardian deliver the child to school at the beginning of each school day for a period of time specified by the court; or

(9) require the child to perform any other activities or participate in any other treatment programs deemed appropriate by the court.

To the extent practicable, the court shall enter a disposition order the same day it makes a finding that a child is in need of protection or services or neglected and in foster care, but in no event more than 15 days after the finding unless the court finds that the best interests of the child will be served by granting a delay. If the child was under eight years of age at the time the petition was filed, the disposition order must be entered within ten days of the finding and the court may not grant a delay unless good cause is shown and the court finds the best interests of the child will be served by the delay.

(c) If a child who is 14 years of age or older is adjudicated in need of protection or services because the child is a habitual truant and truancy procedures involving the child were previously dealt with by a school attendance review board or county attorney mediation program under section 260A.06 or 260A.07, the court shall order a cancellation or denial of driving privileges under paragraph (b), clause (7), for any period up to the child's 18th birthday.

(d) In the case of a child adjudicated in need of protection or services because the child has committed domestic abuse and been ordered excluded from the child's parent's home, the court shall dismiss jurisdiction if the court, at any time, finds the parent is able or willing to provide an alternative safe living arrangement for the child, as defined in Laws 1997, chapter 239, article 10, section 2."

Page 38, after line 5, insert:

"Sec. 43. Minnesota Statutes 1998, section 260.191, subdivision 3b, is amended to read:

Subd. 3b. [REVIEW OF COURT ORDERED PLACEMENTS; PERMANENT PLACEMENT DETERMINATION.] (a) Except for cases where the child is in placement due solely to the child's status as developmentally delayed under United States Code, title 42, section 6001(7), or emotionally handicapped under section 252.27, and where custody has not been transferred to the responsible social services agency, the court shall conduct a hearing to determine the permanent status of a child not later than 12 months after the child is placed out of the home of the parent, except that if the child was under eight years of age at the time the petition was filed, the hearing must be conducted no later than six months after the child is placed out of the home of the parent.

For purposes of this subdivision, the date of the child's placement out of the home of the parent is the earlier of the first court-ordered placement or 60 days after the date on which the child has been voluntarily placed out of the home.

For purposes of this subdivision, 12 months is calculated as follows:

(1) during the pendency of a petition alleging that a child is in need of protection or services, all time periods when a child is placed out of the home of the parent are cumulated;

(2) if a child has been placed out of the home of the parent within the previous five years ~~in connection with one or more prior petitions for a child in need of protection or services~~, the lengths of all prior time periods when the child was placed out of the home within the previous five years ~~and under the current petition~~, are cumulated. If a child under this clause has been out of the home for 12 months or more, the court, if it is in the best interests of the child and for compelling reasons, may extend the total time the child may continue out of the home under the current petition up to an additional six months before making a permanency determination.

(b) Unless the responsible social services agency recommends return of the child to the custodial parent or parents, not later than ~~ten~~ 30 days prior to this hearing, the responsible social ~~service~~ services agency shall file pleadings in juvenile court to establish the basis for the juvenile court to order permanent placement determination of the child according to paragraph (d). Notice of the hearing and copies of the pleadings must be provided pursuant to section 260.141. If a termination of parental rights petition is filed before the date required for the permanency planning determination, and there is a trial under section 260.155 scheduled on that petition within 90 days of the filing of the petition, no hearing need be conducted under this subdivision.

(c) At the conclusion of the hearing, the court shall ~~determine whether~~ order the child ~~is to be~~ returned home or, ~~if not, what order a permanent placement is consistent with~~ in the child's best interests. The "best interests of the child" means all relevant factors to be considered and evaluated.

~~(e)~~ (d) At a hearing under this subdivision, if the child was under eight years of age at the time the petition was filed alleging the child in need of protection or services, the court shall review the progress of the case and the case plan, including the provision of services. The court may order the local social ~~service~~ services agency to show cause why it should not file a termination of parental rights petition. Cause may include, but is not limited to, the following conditions:

(1) the parents or guardians have maintained regular contact with the child, the parents are complying with the court-ordered case plan, and the child would benefit from continuing this relationship;

(2) grounds for termination under section 260.221 do not exist; or

(3) the permanent plan for the child is transfer of permanent legal and physical custody to a relative. When the permanent plan for the child is transfer of permanent legal and physical custody to a relative, a petition supporting the plan shall be filed in juvenile court within 30 days of the hearing required under this subdivision and a hearing on the petition held within 30 days of the filing of the pleadings.

~~(d)~~ (e) If the child is not returned to the home, the court must order one of the following dispositions ~~available for permanent placement determination~~ are:

(1) permanent legal and physical custody to a relative in the best interests of the child. In transferring permanent legal and physical custody to a relative, the juvenile court shall follow the standards and procedures applicable under chapter 257 or 518. An order establishing permanent legal or physical custody under this subdivision must be filed with the family court. A transfer of legal and physical custody includes responsibility for the protection, education, care, and control of the child and decision making on behalf of the child. The social ~~service~~ services agency may petition on behalf of the proposed custodian;

(2) termination of parental rights ~~and adoption~~; unless the social service services agency shall file has already filed a petition for termination of parental rights under section 260.231, the court may order such a petition filed and all the requirements of sections 260.221 to 260.245 remain applicable. An adoption completed subsequent to a determination under this subdivision may include an agreement for communication or contact under section 259.58; or

(3) long-term foster care; transfer of legal custody and adoption are preferred permanency options for a child who cannot return home. The court may order a child into long-term foster care only if it finds that neither an award of legal and physical custody to a relative, nor termination of parental rights nor adoption is in the child's best interests. Further, the court may only order long-term foster care for the child under this section if it finds the following:

(i) the child has reached age 12 and reasonable efforts by the responsible social ~~service~~ services agency have failed to locate an adoptive family for the child; or

(ii) the child is a sibling of a child described in clause (i) and the siblings have a significant positive relationship and are ordered into the same long-term foster care home; or

(4) foster care for a specified period of time may be ordered only if:

(i) the sole basis for an adjudication that ~~a the child is in need of protection or services is that the child is a runaway, is an habitual truant, or committed a delinquent act before age ten~~ the child's behavior; and

(ii) the court finds that foster care for a specified period of time is in the best interests of the child.

(e) In ordering a permanent placement of a child, the court must be governed by the best interests of the child, including a review of the relationship between the child and relatives and the child and other important persons with whom the child has resided or had significant contact.

(f) Once a permanent placement determination has been made and permanent placement has been established, further court reviews and dispositional hearings are only necessary if the placement is made under paragraph (d), clause (4), review is otherwise required by federal law, an adoption has not yet been finalized, or there is a disruption of the permanent or long-term placement.

(g) An order under this subdivision must include the following detailed findings:

(1) how the child's best interests are served by the order;

(2) the nature and extent of the responsible social ~~service~~ services agency's reasonable efforts, or, in the case of an Indian child, active efforts, to reunify the child with the parent or parents;

(3) the parent's or parents' efforts and ability to use services to correct the conditions which led to the out-of-home placement; and

(4) whether the conditions which led to the out-of-home placement have been corrected so that the child can return home; and

(5) ~~if the child cannot be returned home, whether there is a substantial probability of the child being able to return home in the next six months.~~

(h) An order for permanent legal and physical custody of a child may be modified under sections 518.18 and 518.185. The social ~~service~~ services agency is a party to the proceeding and must receive notice. An order for long-term foster care is reviewable upon motion and a showing by the parent of a substantial change in the parent's circumstances such that the parent could provide appropriate care for the child and that removal of the child from the child's permanent placement and the return to the parent's care would be in the best interest of the child.

(i) The court shall issue an order required under this section within 15 days of the close of the proceedings. The court may extend issuing the order an additional 15 days when necessary in the interests of justice and the best interests of the child.

Sec. 44. Minnesota Statutes 1998, section 260.192, is amended to read:

260.192 [DISPOSITIONS; VOLUNTARY FOSTER CARE PLACEMENTS.]

Unless the court disposes of the petition under section 260.131, subdivision 1a, upon a petition for review of the foster care status of a child, the court may:

~~(a) In the case of a petition required to be filed under section 257.071, subdivision 3, find that the child's needs are being met, that the child's placement in foster care is in the best interests of the child, and that the child will be returned home in the next six months, in which case the court shall approve the voluntary arrangement and continue the matter for six months to assure the child returns to the parent's home.~~

~~(b) In the case of a petition required to be filed under section 257.071, subdivision 4, find that the child's needs are being met and that the child's placement in foster care is in the best interests of the child, in which case the court shall approve the voluntary arrangement. The court shall order the social service agency responsible for the placement to bring a petition under section 260.131, subdivision 1 or 1a, as appropriate, within 12 months.~~

~~(c) Find that the child's needs are not being met, in which case the court shall order the social service services agency or the parents to take whatever action is necessary and feasible to meet the child's needs, including, when appropriate, the provision by the social service services agency of services to the parents which would enable the child to live at home, and order a disposition under section 260.191.~~

~~(d) (b) Find that the child has been abandoned by parents financially or emotionally, or that the developmentally disabled child does not require out-of-home care because of the handicapping condition, in which case the court shall order the social service services agency to file an appropriate petition pursuant to sections 260.131, subdivision 1, or 260.231.~~

Nothing in this section shall be construed to prohibit bringing a petition pursuant to section 260.131, subdivision 1 or 2, sooner than required by court order pursuant to this section.

Sec. 45. Minnesota Statutes 1998, section 260.221, subdivision 1, is amended to read:

Subdivision 1. [VOLUNTARY AND INVOLUNTARY.] The juvenile court may upon petition, terminate all rights of a parent to a child:

(a) with the written consent of a parent who for good cause desires to terminate parental rights; or

(b) if it finds that one or more of the following conditions exist:

(1) that the parent has abandoned the child;

(2) that the parent has substantially, continuously, or repeatedly refused or neglected to comply with the duties imposed upon that parent by the parent and child relationship, including but not limited to providing the child with necessary food, clothing, shelter, education, and other care and control necessary for the child's physical, mental, or emotional health and development, if the parent is physically and financially able, and either reasonable efforts by the social service services agency have failed to correct the conditions that formed the basis of the petition or reasonable efforts would be futile and therefore unreasonable;

(3) that a parent has been ordered to contribute to the support of the child or financially aid in the child's birth and has continuously failed to do so without good cause. This clause shall not be construed to state a grounds for termination of parental rights of a noncustodial parent if that parent has not been ordered to or cannot financially contribute to the support of the child or aid in the child's birth;

(4) that a parent is palpably unfit to be a party to the parent and child relationship because of a consistent pattern of specific conduct before the child or of specific conditions directly relating to the parent and child relationship either of which are determined by the court to be of a duration or nature that renders the parent unable, for the reasonably foreseeable future, to care appropriately for the ongoing physical, mental, or emotional needs of the child. It is presumed that a parent is palpably unfit to be a party to the parent and child relationship upon a showing that:

(i) ~~the child was adjudicated in need of protection or services due to circumstances described in section 260.015, subdivision 2a, clause (1), (2), (3), (5), or (8); and~~

~~(ii) the parent's parental rights to one or more other children were involuntarily terminated under clause (1), (2), (4), or (7), or under clause (5) if the child was initially determined to be in need of protection or services due to circumstances described in section 260.015, subdivision 2a, clause (1), (2), (3), (5), or (8);~~

(5) that following ~~upon a determination of neglect or dependency, or of a child's need for protection or services~~ the child's placement out of the home, reasonable efforts, under the direction of the court, have failed to correct the conditions leading to the ~~determination~~ child's placement. It is presumed that reasonable efforts under this clause have failed upon a showing that:

(i) a child has resided out of the parental home under court order for a cumulative period of ~~more than one year within a five-year period following an adjudication of dependency, neglect, need for protection or services under section 260.015, subdivision 2a, clause (1), (2), (3), (6), (8), or (9), or neglected and in foster care, and an order for disposition under section 260.191, including adoption of the case plan required by section 257.071; 12 months within the preceding 22 months. In the case of a child under age eight at the time the petition was filed alleging the child to be in need of protection or services, the presumption arises when the child has resided out of the parental home under court order for six months unless the parent has maintained regular contact with the child and the parent is complying with the case plan;~~

(ii) the court has approved a case plan required under section 257.071 and filed with the court under section 260.172;

~~(iii) conditions leading to the determination will out-of-home placement have not been corrected within the reasonably foreseeable future. It is presumed that conditions leading to a child's out-of-home placement will have not been corrected in the reasonably foreseeable future upon a showing that the parent or parents have not substantially complied with the court's orders and a reasonable case plan, and the conditions which led to the out-of-home placement have not been corrected; and~~

~~(iii)~~ (iv) reasonable efforts have been made by the social ~~service~~ services agency to rehabilitate the parent and reunite the family.

This clause does not prohibit the termination of parental rights prior to one year, or in the case of a child under age eight, within six months after a child has been placed out of the home.

It is also presumed that reasonable efforts have failed under this clause upon a showing that:

(i) (A) the parent has been diagnosed as chemically dependent by a professional certified to make the diagnosis;

(ii) (B) the parent has been required by a case plan to participate in a chemical dependency treatment program;

(iii) (C) the treatment programs offered to the parent were culturally, linguistically, and clinically appropriate;

~~(iv)~~ (D) the parent has either failed two or more times to successfully complete a treatment program or has refused at two or more separate meetings with a caseworker to participate in a treatment program; and

~~(v)~~ (E) the parent continues to abuse chemicals.

~~Provided, that this presumption applies only to parents required by a case plan to participate in a chemical dependency treatment program on or after July 1, 1990;~~

(6) that a child has experienced egregious harm in the parent's care which is of a nature, duration, or chronicity that indicates a lack of regard for the child's well-being, such that a reasonable person would believe it contrary to the best interest of the child or of any child to be in the parent's care;

(7) that in the case of a child born to a mother who was not married to the child's father when the child was conceived nor when the child was born the person is not entitled to notice of an adoption hearing under section 259.49 and the person has not registered with the fathers' adoption registry under section 259.52;

(8) that the child is neglected and in foster care; or

(9) that the parent has been convicted of a crime listed in section 260.012, paragraph (b), clauses (1) to (3).

In an action involving an American Indian child, sections 257.35 to 257.3579 and the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923, control to the extent that the provisions of this section are inconsistent with those laws.

Sec. 46. Minnesota Statutes 1998, section 260.221, subdivision 1b, is amended to read:

Subd. 1b. [REQUIRED TERMINATION OF PARENTAL RIGHTS.] (a) The county attorney shall file a termination of parental rights petition within 30 days of the responsible social services agency determining that a child's placement in out-of-home care if the child has been subjected to egregious harm as defined in section 260.015, subdivision 29, is determined to be the sibling of another child of the parent who was subjected to egregious harm, or is an abandoned infant as defined in subdivision 1a, paragraph (a), clause (2). The local social services agency shall concurrently identify, recruit, process, and approve an adoptive family for the child. If a termination of parental rights petition has been filed by another party, the local social services agency shall be joined as a party to the petition. If criminal charges have been filed against a parent arising out of the conduct alleged to constitute egregious harm, the county attorney shall determine which matter should proceed to trial first, consistent with the best interests of the child and subject to the defendant's right to a speedy trial.

(b) This requirement does not apply if the county attorney determines and files with the court ~~its determination that:~~

(1) a petition for transfer of permanent legal and physical custody to a relative is in the best interests of the child or there is under section 260.191, subdivision 3b, including a determination that the transfer is in the best interests of the child; or

(2) a petition alleging the child, and where appropriate, the child's siblings, to be in need of protection or services accompanied by a case plan prepared by the responsible social services agency documenting a compelling reason documented by the local social services agency that why filing the a termination of parental rights petition would not be in the best interests of the child.

Sec. 47. Minnesota Statutes 1998, section 260.221, subdivision 1c, is amended to read:

Subd. 1c. [CURRENT FOSTER CARE CHILDREN.] Except for cases where the child is in placement due solely to the child's status as developmentally delayed under United States Code, title 42, section 6001(7), or emotionally handicapped under section 252.27, and where custody has not been transferred to the responsible social services agency, the county attorney shall file a termination of parental rights petition or ~~other a petition to support another permanent placement proceeding under section 260.191, subdivision 3b, for all children determined to be in need of protection or services~~ who are placed in out-of-home care for reasons other than care or treatment of the child's disability, and who are in out-of-home placement on April 21, 1998, and have been in out-of-home care for 15 of the most recent 22 months. This requirement does not apply if there is a compelling reason documented in a case

plan filed with the court for determining that filing a termination of parental rights petition or other permanency petition would not be in the best interests of the child or if the responsible social services agency has not provided reasonable efforts necessary for the safe return of the child, if reasonable efforts are required.

Sec. 48. Minnesota Statutes 1998, section 260.221, subdivision 3, is amended to read:

Subd. 3. [WHEN PRIOR FINDING REQUIRED.] For purposes of subdivision 1, clause (b), no prior judicial finding of ~~dependency, neglect,~~ need for protection or services, or neglected and in foster care is required, except as provided in subdivision 1, clause (b), item (5).

Sec. 49. Minnesota Statutes 1998, section 260.221, subdivision 5, is amended to read:

Subd. 5. [FINDINGS REGARDING REASONABLE EFFORTS.] In any proceeding under this section, the court shall make specific findings:

(1) regarding the nature and extent of efforts made by the social ~~service~~ services agency to rehabilitate the parent and reunite the family; or

~~(2) that provision of services or further services for the purpose of rehabilitation and reunification is futile and therefore unreasonable under the circumstances; or~~

~~(3) that reasonable efforts at reunification are not required as provided under section 260.012."~~

Page 38, line 27, delete ", or is"

Page 38, line 28, delete "at risk of experiencing,"

Page 38, line 30, after "including" insert "medically significant"

Page 38, line 33, after "attempt" insert ", as defined in section 609.17,"

Pages 40 to 44, delete section 8

Renumber the sections in sequence and correct internal references

Delete the title and insert:

"A bill for an act relating to children; child support and protection; changing certain child support procedures and requirements; making certain clarifications; authorizing creation of an account; modifying procedures for an emergency petition for domestic child abuse; authorizing counties to establish alternative responses to child maltreatment reports; modifying definitions in the child abuse reporting act; providing for the department of children, families, and learning to investigate allegations of child maltreatment in a school; providing for the department of health to investigate alleged child maltreatment by unlicensed home health care providers; providing for information sharing under the child abuse reporting act; providing for screening criteria for maltreatment reports and criteria for use of alternative programs; changing the child placement in foster care law; requiring searches for relatives after a child is placed in a residential facility; amending provisions in the adoption assistance program; amending adoption law; providing for review of foster care status; authorizing additional dispositions of children in need of protection or services; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 256.01, subdivision 2; 256.87, subdivision 1a; 256.978, subdivision 1; 256B.094 subdivisions 3, 5, and 6; 256F.03, subdivisions 5 and 8; 256F.10, subdivisions 1, 4, 6, 7, 8, and 10; 257.071, subdivisions 1, 1d, and 4; 257.62, subdivision 5; 257.75, subdivision 2; 257.85, subdivisions 2, 3, 7, 9, and 11; 259.67, subdivisions 6 and 7; 259.73; 259.85, subdivisions 2, 3, and 5; 259.89, by adding a subdivision; 260.012; 260.015, subdivisions 2a, 13, 28, and 29; 260.131, subdivision 1a; 260.133, subdivisions 1 and 2; 260.135, by adding a subdivision; 260.155, subdivisions 4 and 8; 260.172, subdivision 1, and by adding a subdivision; 260.191, subdivisions 1, 1b, and 3b; 260.192; 260.221,

subdivisions 1, 1b, 1c, 3, and 5; 518.10; 518.551, by adding a subdivision; 518.57, subdivision 3; 518.5851, by adding a subdivision; 518.5853, by adding a subdivision; 518.64, subdivision 2; 548.09, subdivision 1; 548.091, subdivisions 1, 1a, 2a, 3a, 4, 10, 11, 12, and by adding a subdivision; 552.05, subdivision 10; 626.556, subdivisions 3, 4, 7, 10b, 10d, 10e, 10f, 10j, 11, 11b, 11c, and by adding a subdivision; and 626.558, subdivision 2; Laws 1995, chapter 257, article 1, section 35, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 518; and 626; repealing Minnesota Statutes 1998, section 548.091, subdivisions 3, 5, and 6."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Health and Human Services Finance.

The report was adopted.

Ozment from the Committee on Environment and Natural Resources Policy to which was referred:

H. F. No. 1493, A bill for an act relating to water; changing the classification of public waters wetlands; amending Minnesota Statutes 1998, sections 84.085, subdivision 2; 103F.601, subdivision 1; 103G.005, subdivisions 14, 15, and 19; 103G.201; 103G.211; 103G.231, subdivision 3; 272.02, subdivision 1; and 645.44, subdivision 8a; repealing Minnesota Statutes 1998, sections 103G.005, subdivision 15a; 103G.221; 103G.225; 103G.231, subdivisions 1 and 2; and 103G.235.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 103G.005, subdivision 14, is amended to read:

Subd. 14. [ORDINARY HIGH WATER LEVEL.] "Ordinary high water level" means the boundary of waterbasins, watercourses, and public waters, ~~and public waters wetlands~~, and:

(1) the ordinary high water level is an elevation delineating the highest water level that has been maintained for a sufficient period of time to leave evidence upon the landscape, commonly the point where the natural vegetation changes from predominantly aquatic to predominantly terrestrial;

(2) for watercourses, the ordinary high water level is the elevation of the top of the bank of the channel; and

(3) for reservoirs and flowages, the ordinary high water level is the operating elevation of the normal summer pool.

Sec. 2. Minnesota Statutes 1998, section 103G.005, subdivision 15, is amended to read:

Subd. 15. [PUBLIC WATERS.] (a) "Public waters" means:

(1) waterbasins assigned a shoreland management classification by the commissioner under sections 103F.201 to 103F.221, ~~except wetlands less than 80 acres in size that are classified as natural environment lakes or waterbasins reclassified under section 103G.201;~~

(2) waters of the state that have been finally determined to be public waters or navigable waters by a court of competent jurisdiction;

(3) meandered lakes, excluding lakes that have been legally drained;

(4) waterbasins previously designated by the commissioner for management for a specific purpose such as trout lakes and game lakes pursuant to applicable laws;

(5) waterbasins designated as scientific and natural areas under section 84.033;

(6) waterbasins located within and totally surrounded by publicly owned lands;

(7) waterbasins where the state of Minnesota or the federal government holds title to any of the beds or shores, unless the owner declares that the water is not necessary for the purposes of the public ownership;

(8) waterbasins where there is a publicly owned and controlled access that is intended to provide for public access to the waterbasin;

(9) natural and altered watercourses with a total drainage area greater than two square miles;

(10) natural and altered watercourses designated by the commissioner as trout streams; and

(11) public waters wetlands, unless the statute expressly states otherwise.

(b) Public waters are not determined exclusively by the proprietorship of the underlying, overlying, or surrounding land or by whether it is a body or stream of water that was navigable in fact or susceptible of being used as a highway for commerce at the time this state was admitted to the union.

Sec. 3. Minnesota Statutes 1998, section 103G.005, subdivision 19, is amended to read:

Subd. 19. [WETLANDS.] (a) "Wetlands" means lands transitional between terrestrial and aquatic systems where the water table is usually at or near the surface or the land is covered by shallow water. For purposes of this definition, wetlands must have the following three attributes:

(1) have a predominance of hydric soils;

(2) are inundated or saturated by surface or ground water at a frequency and duration sufficient to support a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions; and

(3) under normal circumstances support a prevalence of such vegetation.

(b) For the purposes of this chapter, wetlands does not include public waters wetlands as defined in subdivision 15a.

Sec. 4. Minnesota Statutes 1998, section 103G.201, is amended to read:

103G.201 [PUBLIC WATERS INVENTORY.]

The commissioner shall prepare a public waters inventory map of each county that shows the waters of this state that are designated as public waters under the public waters inventory and classification procedures prescribed under Laws 1979, chapter 199. The public waters inventory map for each county must be filed with the auditor of the county. The commissioner is authorized to revise the list of public waters prescribed under Laws 1979, chapter 199, to reclassify those type 3, 4, and 5 wetlands previously identified as public waters wetlands under Laws 1979, chapter 199, as public waters or as wetlands under section 103G.005, subdivision 19. The commissioner may only reclassify public waters wetlands as public waters if:

(1) they are assigned a shoreland management classification by the commissioner under sections 103F.201 to 103F.22; or

(2) they are classified as lacustrine wetlands according to Classification of Wetlands and Deepwater Habitats of the United States (Cowardin, et al., 1979 edition). The commissioner shall file a copy of these changes with the auditor of the county and the local government unit. The reclassification is effective upon approval by the local government unit. The commissioner shall identify the boundary of public waters wetlands using the United States Army Corps of Engineers Wetland Delineation Manual (January 1987).

Sec. 5. [103G.2212] [CONTRACTOR'S RESPONSIBILITY WHEN WORK DRAINS OR FILLS WETLANDS.]

Subdivision 1. [CONDITIONS FOR EMPLOYEES AND AGENTS TO DRAIN OR FILL WETLANDS.] An agent or employee of another may not drain or fill a wetland, wholly or partially, unless the agent or employee has:

(1) obtained a signed statement from the property owner stating that the wetland replacement plan required for the work has been obtained or that a replacement plan is not required; and

(2) mailed a copy of the statement to the local government unit with jurisdiction over the wetland.

Subd. 2. [VIOLATION IS SEPARATE OFFENSE.] Violation of this section is a separate and independent offense from other violations of sections 103G.2212 to 103G.237.

Subd. 3. [FORM FOR COMPLIANCE WITH THIS SECTION.] The board shall develop a form to be distributed to contractors' associations, local government units, and soil and water conservation districts to comply with this section. The form must include:

(1) a listing of the activities for which a replacement plan is required;

(2) a description of the penalties for violating sections 103G.2212 to 103G.237;

(3) the telephone number to call for information on the responsible local government unit;

(4) a statement that national wetland inventory maps are on file with the soil and water conservation district office; and

(5) spaces for a description of the work and the names, mailing addresses, and telephone numbers of the person authorizing the work and the agent or employee proposing to undertake it.

Sec. 6. Minnesota Statutes 1998, section 103G.222, is amended to read:

103G.222 [REPLACEMENT OF WETLANDS AND PUBLIC WATERS WETLANDS.]

Subdivision 1. [REQUIREMENTS.] (a) Wetlands must not be drained or filled, wholly or partially, unless replaced by restoring or creating wetland areas of at least equal public value under a replacement plan approved as provided in section 103G.2242, a replacement plan under a local governmental unit's comprehensive wetland protection and management plan approved by the board under section 103G.2243, or, if a permit to mine is required under section 93.481, under a mining reclamation plan approved by the commissioner under the permit to mine. Mining reclamation plans shall apply the same principles and standards for replacing wetlands by restoration or creation of wetland areas that are applicable to mitigation plans approved as provided in section 103G.2242. Public value must be determined in accordance with section 103B.3355 or a comprehensive wetland protection and management plan established under section 103G.2243. Public waters wetlands must be replaced as provided in this section and sections 103G.221 and 103G.245.

(b) Replacement of wetlands and public waters wetlands must be guided by the following principles in descending order of priority:

(1) avoiding the direct or indirect impact of the activity that may destroy or diminish the wetland or public waters wetland;

(2) minimizing the impact by limiting the degree or magnitude of the wetland or public waters wetland activity and its implementation;

(3) rectifying the impact by repairing, rehabilitating, or restoring the affected wetland or public waters wetland environment;

(4) reducing or eliminating the impact over time by preservation and maintenance operations during the life of the activity;

(5) compensating for the impact by restoring a wetland or public waters wetland; and

(6) compensating for the impact by replacing or providing substitute wetland or public waters wetland resources or environments.

For a project involving the draining or filling of wetlands in an amount not exceeding 10,000 square feet more than the applicable amount in section 103G.2241, subdivision 9, paragraph (a), the local government unit may make an on-site sequencing determination without a written alternatives analysis from the applicant.

(c) If a wetland is located in a cultivated field, then replacement must be accomplished through restoration only without regard to the priority order in paragraph (b), provided that a deed restriction is placed on the altered wetland prohibiting nonagricultural use for at least ten years.

(d) Restoration and replacement of wetlands and public waters wetlands must be accomplished in accordance with the ecology of the landscape area affected.

(e) Replacement shall be within the same watershed or county as the impacted wetlands and public waters wetlands, as based on the ~~wetland~~ evaluation in section 103G.2242, subdivision 2, except that a greater than 80 percent area may accomplish replacement in less than 50 percent areas. Wetlands and public waters wetlands impacted by public transportation projects may be replaced statewide, except that wetlands and public waters wetlands impacted in a less than 50 percent area must be replaced in a less than 50 percent area, and wetlands and public waters wetlands impacted in the seven-county twin cities metropolitan area by public highways must be replaced:

(1) in the affected county, or, if no restoration opportunities exist in the county;

(2) in another seven-county twin cities metropolitan area county.

The board must maintain a public list of restoration opportunities within the metropolitan area. Disputes about restoration opportunities for wetland and public waters wetland replacement in a watershed or county may be appealed to the board's committee for dispute resolution. Replacement of wetlands and public waters wetlands may be accomplished under the rules for wetland banking as provided for under section 103G.2242.

(f) Except as provided in paragraph (g), for a wetland or public waters wetland located on nonagricultural land, replacement must be in the ratio of two acres of replaced wetland or public waters wetland for each acre of drained or filled wetland or public waters wetland.

(g) For a wetland or public waters wetland located on agricultural land or in a greater than 80 percent area, replacement must be in the ratio of one acre of replaced wetland or public waters wetland for each acre of drained or filled wetland or public waters wetland.

(h) Wetlands and public waters wetlands that are restored or created as a result of an approved replacement plan are subject to the provisions of this section for any subsequent drainage or filling.

(i) Except in a greater than 80 percent area, only wetlands that have been restored from previously drained or filled wetlands, wetlands created by excavation in nonwetlands, wetlands created by dikes or dams along public or private drainage ditches, or wetlands created by dikes or dams associated with the restoration of previously drained or filled wetlands may be used in a statewide banking program established in rules adopted under section 103G.2242, subdivision 1. Modification or conversion of nondegraded naturally occurring wetlands from one type to another are not eligible for enrollment in a statewide wetlands bank.

(j) The technical evaluation panel established under section 103G.2242, subdivision 2, shall ensure that sufficient time has occurred for the wetland to develop wetland characteristics of soils, vegetation, and hydrology before recommending that the wetland be deposited in the statewide wetland bank. If the technical evaluation panel has reason to believe that the wetland characteristics may change substantially, the panel shall postpone its recommendation until the wetland has stabilized.

(k) This section and sections 103G.223 to 103G.2242, 103G.2364, and 103G.2365 apply to the state and its departments and agencies.

(l) For projects involving draining or filling of wetlands or public waters wetlands associated with a new public transportation project in a greater than 80 percent area, public transportation authorities, other than the state department of transportation, may purchase credits from the state wetland bank established with proceeds from Laws 1994, chapter 643, section 26, subdivision 3, paragraph (c). Wetland banking credits may be purchased at the least of the following, but in no case shall the purchase price be less than \$400 per acre: (1) the cost to the state to establish the credits; (2) the average estimated market value of agricultural land in the township where the road project is located, as determined by the commissioner of revenue; or (3) the average value of the land in the immediate vicinity of the road project as determined by the county assessor. Public transportation authorities in a less than 80 percent area may purchase credits from the state at the cost to the state to establish credits.

(m) A replacement plan for wetlands is not required for individual projects that result in the filling or draining of wetlands for the repair, rehabilitation, reconstruction, or replacement of a currently serviceable existing state, city, county, or town public road necessary, as determined by the public transportation authority, to meet state or federal design or safety standards or requirements, excluding new roads or roads expanded solely for additional traffic capacity lanes. This paragraph only applies to authorities for public transportation projects that:

(1) minimize the amount of wetland filling or draining associated with the project and consider mitigating important site-specific wetland functions on-site; and

(2) submit ~~annual project specific reports by January 15~~ to the board, the technical evaluation panel, the commissioner of natural resources, and members of the public requesting a copy at least 30 days prior to construction that indicate the location, amount, and type of wetlands that have been filled or drained during the previous year and a projection of the location, amount, and type of wetlands to be filled or drained by the project or, alternatively, convene an annual meeting of the parties required to receive notice to review projects to be commenced during the upcoming year. Those required to receive notice of public transportation projects may appeal minimization, delineation, and on-site mitigation decisions made by the public transportation authority to the board according to the provisions of section 103G.2242, subdivision 9.

The technical evaluation panel shall review minimization and delineation decisions made by the public transportation authority and provide recommendations regarding on-site mitigation if requested to do so by the local government unit, a contiguous landowner, or a member of the technical evaluation panel.

Except for state public transportation projects, for which the state department of transportation is responsible, the board must replace the wetlands or public waters wetlands drained or filled by public transportation projects on existing roads in critical rural and urban watersheds.

Public transportation authorities at their discretion may deviate from federal and state design standards on existing road projects when practical and reasonable to avoid wetland or public waters wetland filling or draining, provided that public safety is not unreasonably compromised. The local road authority and its officers and employees are exempt from liability for any tort claim for injury to persons or property arising from travel on the highway and related to the deviation from the design standards for construction or reconstruction under this paragraph. This paragraph does not preclude an action for damages arising from negligence in construction or maintenance on a highway.

(n) If a landowner seeks approval of a replacement plan after the proposed project has already impacted the wetland, the local government unit may require the landowner to replace the impacted wetland at a ratio not to exceed twice the replacement ratio otherwise required.

(o) A local government unit may request the board to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. After receipt of satisfactory documentation from the local government, the board shall change the classification of a county or watershed. If requested by the local government unit, the board must assist in developing the documentation. Within 30 days of its action to approve a change of wetland classifications, the board shall publish a notice of the change in the Environmental Quality Board Monitor.

(p) One hundred citizens who reside within the jurisdiction of the local government unit may request the local government unit to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. In support of their petition, the citizens shall provide satisfactory documentation to the local government unit. The local government unit shall consider the petition and forward the request to the board under paragraph (o) or provide a reason why the petition is denied.

Subd. 2. [ROAD CREDIT FUNDING.] At least 50 percent of money appropriated for road repair wetland or public waters wetland replacement credit under this section must be used for wetland restoration in the seven-county metropolitan area.

The board shall give priority to restoration projects that will:

- (1) intensify land use that leads to more compact development or redevelopment;
- (2) encourage public infrastructure investments which connect urban neighborhoods and suburban communities, attract private sector investment in commercial or residential properties adjacent to the public improvement; or
- (3) complement projects receiving funding under section 473.253.

Sec. 7. Minnesota Statutes 1998, section 103G.2241, subdivision 2, is amended to read:

Subd. 2. [DRAINAGE.] (a) For the purposes of this subdivision, "public drainage system" means a drainage system as defined in section 103E.005, subdivision 12, and any ditch or tile lawfully connected to the drainage system.

(b) A replacement plan is not required for draining of type 1 wetlands, or up to five acres of type 2 or 6 wetlands, in an unincorporated area on land that has been assessed drainage benefits for a public drainage system, provided that:

- (1) during the 20-year period that ended January 1, 1992:
 - (i) there was an expenditure made from the drainage system account for the public drainage system;
 - (ii) the public drainage system was repaired or maintained as approved by the drainage authority; or
 - (iii) no repair or maintenance of the public drainage system was required under section 103E.705, subdivision 1, as determined by the public drainage authority; and

(2) the wetlands are not drained for conversion to:

(i) platted lots;

(ii) planned unit, commercial, or industrial developments; or

(iii) any development with more than one residential unit per 40 acres.

If wetlands drained under this paragraph are converted to uses prohibited under clause (2) during the ten-year period following drainage, the wetlands must be replaced under section 103G.222.

(c) A replacement plan or a public waters work permit is not required for draining or filling of wetlands or public waters wetlands, except for draining types 3, 4, and 5 wetlands or public waters wetlands that have been in existence for more than 25 years, resulting from maintenance and repair of existing public drainage systems.

(d) A replacement plan is not required for draining or filling of wetlands, except for draining wetlands that have been in existence for more than 25 years, resulting from maintenance and repair of existing drainage systems other than public drainage systems.

(e) A replacement plan is not required for draining or filling of wetlands resulting from activities conducted as part of a public drainage system improvement project that received final approval from the drainage authority before July 1, 1991, and after July 1, 1986, if:

(1) the approval remains valid;

(2) the project remains active; and

(3) no additional drainage will occur beyond that originally approved.

(f) The public drainage authority may, as part of the repair, install control structures, realign the ditch, construct dikes along the ditch, or make other modifications as necessary to prevent drainage of the wetland.

(g) Wetlands and public waters wetlands of all types that would be drained as a part of a public drainage repair project are eligible for the permanent wetlands preserve under section 103F.516. The board shall give priority to acquisition of easements on types 3, 4, and 5 wetlands and public waters wetlands that have been in existence for more than 25 years on public drainage systems and other wetlands that have the greatest risk of drainage from a public drainage repair project.

Sec. 8. Minnesota Statutes 1998, section 103G.2372, is amended to read:

103G.2372 [ENFORCEMENT.]

Subdivision 1. [COMMISSIONER OF NATURAL RESOURCES.] The commissioner of natural resources, conservation officers, and peace officers shall enforce laws preserving and protecting wetlands and public waters. The commissioner of natural resources, a conservation officer, or a peace officer may issue a cease and desist order to stop any illegal activity adversely affecting a wetland or public waters. In the order, or by separate order, the commissioner, conservation officer, or peace officer may require restoration or replacement of the wetland or public waters, as determined by the local soil and water conservation district for wetlands and the commissioner of natural resources for public waters.

Subd. 2. [MISDEMEANOR.] A violation of an order issued under subdivision 1 is a misdemeanor and must be prosecuted by the county attorney where the wetland or public waters is located or the illegal activity occurred.

Subd. 3. [RESTITUTION.] The court may, as part of sentencing, require a person convicted under subdivision 2 to restore or replace the wetland or public waters, as determined by the local soil and water conservation district for wetlands and the commissioner of natural resources for public waters.

Sec. 9. Minnesota Statutes 1998, section 103G.2373, is amended to read:

103G.2373 [ANNUAL WETLANDS AND PUBLIC WATERS WETLANDS REPORT.]

By March 1 of each year, the commissioner of natural resources and the board of water and soil resources shall jointly report to the committees of the legislature with jurisdiction over matters relating to agriculture, the environment, and natural resources on:

- (1) the status of implementation of state laws and programs relating to wetlands and public waters wetlands;
- (2) the quantity, quality, acreage, types, and public value of wetlands and public waters wetlands in the state; and
- (3) changes in the items in clause (2).

Sec. 10. Minnesota Statutes 1998, section 103G.245, subdivision 3, is amended to read:

Subd. 3. [PERMIT APPLICATION.] (a) Application for a public waters work permit must be in writing to the commissioner on forms prescribed by the commissioner. The commissioner may issue a state general permit to a governmental subdivision or to the general public for classes of activities having minimal impact upon public waters under which more than one project may be conducted under a single permit.

(b) By August 1, 1999, the commissioner shall issue a general public waters work permit that applies to public waters wetlands incorporating provisions from sections 103G.222 and 103G.2242. Changes to the general public waters work permit must be reported to the house and senate environment and natural resources committees within 30 days of issuance.

(c) Effective August 1, 1999, for purposes related to the rules authorized in sections 84.415; 103G.615, subdivision 3; and 116D.04, subdivision 2a, paragraph (a), "public waters wetland" means the permanently or semipermanently flooded areas of public waters wetlands as defined in section 103G.005, subdivision 15.

Sec. 11. Minnesota Statutes 1998, section 645.44, is amended by adding a subdivision to read:

Subd. 13a. [WETLANDS.] "Wetlands" means lands transitional between terrestrial and aquatic systems where the water table is usually at or near the surface or the land is covered by shallow water. For purposes of this definition, wetlands must have the following three attributes:

- (1) have a predominance of hydric soils;
- (2) be inundated or saturated by surface or ground water at a frequency and duration sufficient to support a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions; and
- (3) under normal circumstances, support a prevalence of such vegetation.

Sec. 12. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to natural resources; simplifying and consolidating wetland regulation; amending Minnesota Statutes 1998, sections 103G.005, subdivisions 14, 15, and 19; 103G.201; 103G.222; 103G.2241, subdivision 2; 103G.2372; 103G.2373; 103G.245, subdivision 3; and 645.44, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 103G."

With the recommendation that when so amended the bill pass.

The report was adopted.

Workman from the Committee on Transportation Policy to which was referred:

H. F. No. 1551, A bill for an act relating to transportation; modifying state contract requirements; allowing department of transportation to contract for land surveying; clarifying requirements for notaries and filing corrections to maps and plats relating to highways; providing for transfer of certain revolving loan accounts to transportation revolving loan fund; correcting trunk highway route description; modifying filing requirements for highway route location orders; increasing dollar amount for contracts negotiated by commissioner of transportation for highway construction or maintenance work; modifying provisions for estimates and agency costs relating to county state-aid highway and municipal state-aid street funds; modifying provision requiring certification for disbursement from state transportation fund; authorizing commissioner to convey excess rail bank corridor land to state agency or political subdivision; modifying provisions governing state grants for local airports; modifying deadlines for metropolitan transit performance evaluation reports by metropolitan council; making technical corrections; appropriating money; amending Minnesota Statutes 1998, sections 16C.05, subdivision 2; 16C.09; 160.085, subdivisions 1 and 1a; 161.04, subdivision 3, and by adding a subdivision; 161.115, subdivision 164; 161.16, subdivision 2; 161.32, subdivision 2; 162.06, subdivisions 1, 2, and 6; 162.12, subdivisions 1, 2, and 5; 174.02, by adding a subdivision; 174.50, subdivision 5; 222.63, subdivision 4; 360.0151, subdivision 2; 360.032, subdivision 1a; 360.305, subdivision 4; 446A.085, subdivisions 3 and 6; and 473.1466.

Reported the same back with the following amendments:

Page 2, line 8, reinstate the stricken "shall" and delete "will"

Page 2, line 9, strike the comma and insert "without specific, written approval by the commissioner according to established policy, procedures, and standards, or" and delete "(i)" and reinstate the stricken "provided for" and delete "allowed"

Page 2, lines 10 to 16, delete the new language and reinstate the stricken language

Page 3, line 7, strike the comma and insert "without specific, written approval by the commissioner according to established policy, procedures, and standards, or" and delete "(i)" and reinstate the stricken "provided for" and delete "allowed" and reinstate the stricken period

Page 3, lines 8 to 14, delete the new language and reinstate the stricken language

Page 9, after line 20, insert:

"Sec. 16. Minnesota Statutes 1998, section 169.87, subdivision 2, is amended to read:

Subd. 2. [SEASONAL LOAD RESTRICTIONS.] Except for portland cement concrete roads, ~~from March 20 to May 15~~ of between the dates set by the commissioner of transportation each year, the weight on any single axle shall not exceed five tons on a county ~~or highway, town road, or city street~~ that has not been restricted as provided in subdivision 1. The gross weight on consecutive axles shall not exceed the gross weight allowed in section 169.825 multiplied by a factor of five divided by nine. This reduction shall not apply to the gross vehicle weight."

Page 10, after line 15, insert:

"Sec. 19. Minnesota Statutes 1998, section 221.0314, subdivision 9a, is amended to read:

Subd. 9a. [HOURS OF SERVICE EXEMPTIONS.] The federal regulations incorporated in subdivision 9 for maximum driving and on-duty time do not apply to drivers engaged in the interstate or intrastate transportation of:

(1) agricultural commodities or farm supplies for agricultural purposes in Minnesota during the planting and harvesting seasons from March 15 to December 15 of each year; or

(2) sugar beets during the harvesting season for sugar beets from September 1 to ~~March~~ May 15 of each year;

if the transportation is limited to an area within a 100-air-mile radius from the source of the commodities or the distribution point for the farm supplies.

Sec. 20. Minnesota Statutes 1998, section 221.033, is amended by adding a subdivision to read:

Subd. 2c. [AGE OF PETROLEUM TANK TRUCK DRIVER.] A driver of a motorized tank truck vehicle having a capacity of less than 3,500 gallons, who is engaged in the intrastate transportation of petroleum products, must be at least 18 years of age."

Page 15, after line 6, insert:

"Sec. 27. Minnesota Statutes 1998, section 466.03, is amended by adding a subdivision to read:

Subd. 19. [USE OF LAND HELD UNDER SECTION 473.167.] Any claim based on the condition, use, or maintenance of land acquired and held by the municipality under section 473.167. Nothing in this subdivision limits the liability of a municipality for conduct that would entitle a trespasser to damages against a private person."

Page 15, after line 23, insert:

"Sec. 29. [REPEALER.]

Minnesota Statutes 1998, section 169.832, subdivision 13, is repealed."

Page 15, line 25, delete "and" and after "8," insert "and 20,"

Page 15, line 26, delete "16, and 19 to 23," and insert "17, and 22 to 26,"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 17, after the semicolon, insert "modifying seasonal load restrictions on certain roadways; modifying hours of service exemption for transporting sugar beets; requiring petroleum tank truck driver to be at least 18 years old;"

Page 1, line 20, after the semicolon, insert "restricting liability related to land acquired by municipality for highway purposes;"

Page 1, line 29, after the semicolon, insert "169.87, subdivision 2;"

Page 1, line 30, after the second semicolon, insert "221.0314, subdivision 9a; 221.033, by adding a subdivision;"

Page 1, line 33, after the semicolon, insert "466.03, by adding a subdivision;" and before the period, insert "; repealing Minnesota Statutes 1998, section 169.832, subdivision 13"

With the recommendation that when so amended the bill pass.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 1631, A bill for an act relating to health; establishing protocol for occupational exposure to bloodborne pathogens in certain settings; providing criminal penalties; amending Minnesota Statutes 1998, sections 13.99, subdivision 38, and by adding a subdivision; 72A.20, subdivision 29; 144.4804, by adding a subdivision; 214.18, subdivision 5, and by adding a subdivision; 214.19; 214.20; 214.22; 214.23, subdivisions 1 and 2; 214.25, subdivision 2; and 611A.19, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 144; and 243; repealing Minnesota Statutes 1998, sections 144.761; 144.762; 144.763; 144.764; 144.765; 144.766; 144.767; 144.768; 144.769; and 144.7691.

Reported the same back with the following amendments:

Page 14, delete lines 14 to 24

Page 14, line 25, delete "Subd. 2." and insert "Subdivision 1."

Page 14, line 28, delete "3" and insert "2"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 1834, A bill for an act relating to state government; authorizing payment by electronic means; proposing coding for new law in Minnesota Statutes, chapter 16A.

Reported the same back with the following amendments:

Page 2, line 10, after the period, insert "An agency imposing a convenience fee must notify the person using the credit services of the fee before the transaction is processed."

Page 2, line 16, after "data" insert "not"

Page 2, after line 19, insert:

"Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

With the recommendation that when so amended the bill pass.

The report was adopted.

Leppik from the Committee on Higher Education Finance to which was referred:

H. F. No. 1877, A bill for an act relating to public employees; ratifying certain labor agreements and compensation plans; providing for transfer of vacation and sick leave for certain employees; authorizing commissioner of employee relations to establish special salary rates for certain employees; modifying per diem provision for special mediators; modifying definition of public employee; modifying procedures for the listing of arbitrators; making technical changes; amending Minnesota Statutes 1998, sections 3.096; 43A.17, subdivision 4; 179.02, subdivision 2; 179A.03, subdivision 14; 179A.04, subdivision 3; 179A.10, subdivision 1; and 179A.16, subdivision 2; repealing Minnesota Statutes 1998, section 43A.17, subdivision 12.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Davids from the Committee on Commerce to which was referred:

H. F. No. 1932, A bill for an act relating to insurance; regulating rental vehicle coverages; amending Minnesota Statutes 1998, section 72A.125, subdivisions 1 and 2.

Reported the same back with the following amendments:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 1998, section 60K.03, subdivision 7, is amended to read:

Subd. 7. [EXCEPTIONS.] The following are exempt from the general licensing requirements prescribed by this section:

- (1) agents of township mutuals who are exempted pursuant to section 60K.04;
- (2) fraternal benefit society representatives exempted pursuant to section 60K.05;
- (3) any regular salaried officer or employee of a licensed insurer, without license or other qualification, may act on behalf of that licensed insurer in the negotiation of insurance for that insurer, provided that a licensed agent must participate in the sale of the insurance;
- (4) employers and their officers or employees, and the trustees or employees of any trust plan, to the extent that the employers, officers, employees, or trustees are engaged in the administration or operation of any program of employee benefits for the employees of the employers or employees of their subsidiaries or affiliates involving the use of insurance issued by a licensed insurance company; provided that the activities of the officers, employees and trustees are incidental to clerical or administrative duties and their compensation does not vary with the volume of insurance or applications for insurance;
- (5) employees of a creditor who enroll debtors for credit life, credit accident and health, or credit involuntary unemployment insurance; provided the employees receive no commission or fee for it;
- (6) clerical or administrative employees of an insurance agent who take insurance applications or receive premiums in the office of their employer, if the activities are incidental to clerical or administrative duties and the employee's compensation does not vary with the volume of the applications or premiums;
- (7) rental vehicle companies and their employees in connection with the offer of ~~rental vehicle personal accident~~ insurance authorized under section 72A.125;

(8) employees of a retailer who enroll purchasers for credit insurance associated with a retail purchase; provided the employees receive no commission, fee, bonus, or other form of compensation for it; and

(9) representatives of prepaid legal service plans in connection with the sale and marketing of these plans."

Page 2, line 14, after the period, insert "An auto rental company offering insurance products for sale shall conduct a training program for its agents or employees, which must be submitted to the commissioner for approval."

Page 3, line 22, strike "repeatedly"

Reorder the sections in sequence

Amend the title as follows:

Page 1, line 3, delete "section" and insert "sections 60K.03, subdivision 7; and"

With the recommendation that when so amended the bill pass.

The report was adopted.

Daids from the Committee on Commerce to which was referred:

H. F. No. 1940, A bill for an act relating to utilities; modifying requirements for renewable energy development funding; specifying that certain required expenditures are recoverable; amending Minnesota Statutes 1998, sections 116C.779; and 216B.1645.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 116C.779, is amended to read:

116C.779 [FUNDING FOR RENEWABLE DEVELOPMENT.]

(a) The public utility that operates the Prairie Island nuclear generating plant must transfer to a renewable development account \$500,000 each year for each dry cask containing spent fuel that is located at the independent spent fuel storage installation at Prairie Island after January 1, 1999. The fund transfer must be made if waste is stored in a cask for any part of a year. Funds in the account ~~can only~~ may be expended only for development of renewable energy sources. Preference must be given to development of renewable energy source projects located within the state.

(b) Expenditures from the account may only be made after approval by order of the public utilities commission upon a petition by the public utility.

Sec. 2. Minnesota Statutes 1998, section 216B.1645, is amended to read:

216B.1645 [POWER PURCHASE CONTRACT OR INVESTMENT.]

Upon the petition of a public utility, the public utilities commission shall approve or disapprove power purchase contracts ~~or~~ investments, or expenditures entered into or made by the utility to satisfy the wind and biomass mandates contained in sections 216B.2423 and 216B.2424, or to develop renewable energy sources from the account required in section 116C.779. The expenses incurred by the utility over the duration of the approved contract or

useful life of the investment and expenditures made pursuant to section 116C.779 shall be recoverable from the ratepayers of the utility, to the extent they are not offset by utility revenues attributable to the contracts ~~or~~ investments, or expenditures. Upon petition by a public utility, the commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover the expenses or costs approved by the commission. Nothing in this section shall be construed to determine the manner or extent to which revenues derived from other generation facilities of the utility may be considered in determining the recovery of the approved cost or expenses associated with the mandated contracts ~~or~~ investments, or expenditures in the event there is retail competition for electric energy.

Sec. 3. Minnesota Statutes 1998, section 216B.2423, is amended by adding a subdivision to read:

Subd. 2a. [SITE PREFERENCE.] The public utilities commission shall ensure that a utility subject to the requirements of subdivision 1, clause (2), shall implement that clause with a preference for wind energy conversion systems within the state. This preference shall not prevent the utility from constructing or contracting to construct wind energy conversion systems outside the state, if the public utilities commission determines that selection of a facility within the state conflicts with the requirements of section 216B.03.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to utilities; modifying requirements for renewable energy development funding; specifying that certain required expenditures are recoverable; providing a siting preference for certain wind energy facilities; amending Minnesota Statutes 1998, sections 116C.779; 216B.1645; and 216B.2423, by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 1950, A bill for an act relating to agriculture; establishing a citizens advisory council on food; requiring a report; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [CITIZENS ADVISORY COUNCIL ON FOOD.]

Subdivision 1. [MEMBERSHIP.] The citizens advisory council on food consists of the commissioners of agriculture; children, families, and learning; health; and human services, or the commissioners' designees; and 12 persons appointed by the governor. At least four of the appointed members must be residents of rural communities, and at least four must be small-scale farmers, people living in poverty, or people of color, with each of those groups having at least one representative.

Subd. 2. [DUTIES.] The citizens advisory council on food shall analyze, discuss, debate, and recommend policies related to Minnesota's food system including mandates.

Subd. 3. [REPORT.] By January 10, 2001, the citizens advisory council on food shall prepare a written report to the legislature and the governor compiling the data, and other factual evidence it has discovered and recommending solutions to identified problems.

Subd. 4. [STAFF.] The governor's office shall provide staff for the council.

Subd. 5. [EXPIRATION.] The citizens advisory council on food expires on March 15, 2001.

Sec. 2. [APPROPRIATION.]

\$...... is appropriated from the general fund to the commissioner of agriculture for purposes of section 1. This appropriation is available until June 30, 2001."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Agriculture and Rural Development Finance.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 2021, A bill for an act relating to the environment; regulating limited well/boring contractors and the installation of vertical heat exchangers; amending Minnesota Statutes 1998, sections 103I.005, subdivisions 12, 13, and 20; 103I.101, subdivisions 2 and 5; 103I.105; 103I.205, subdivisions 2 and 4; 103I.301, subdivisions 2 and 3; 103I.501; 103I.531; and 103I.641, subdivisions 1 and 3.

Reported the same back with the following amendments:

Page 1, line 25, reinstate the stricken "sealed"

Page 1, line 27, after "earth" insert "with no discharge"

Page 5, line 26, after the third comma, insert "section 103I.401, subdivision 2,"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 2023, A bill for an act relating to occupational regulation; requiring proponents of new or expanded regulation to provide certain information in writing to the chairs of the standing committees; proposing coding for new law in Minnesota Statutes, chapter 214.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Seagren from the Committee on K-12 Education Finance to which was referred:

H. F. No. 2058, A bill for an act relating to government data; providing for access to, and cost of access to, on-line data; classifying data; clarifying the status of data on parents held by educational entities; eliminating inconsistent language; authorizing dissemination of personnel data; authorizing sharing of certain data for tax administration purposes; modifying notice requirements for students; requiring the revisor of statutes to reorganize and recodify data practices law; amending Minnesota Statutes 1998, sections 13.03, subdivision 3; 13.04, subdivisions 2 and 3; 13.32, subdivision 2; 13.43, by adding a subdivision; 15.17, subdivisions 1 and 2; 141.30; 181.932, subdivision 2; 270B.14, subdivision 1; 273.124, subdivision 13; and 504.23; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Statutes 1998, section 13.72, subdivision 2.

Reported the same back with the following amendments:

Page 3, delete section 2

Page 17, line 22, delete "17 and 18" and insert "16 and 17"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, delete everything after the semicolon

Page 1, line 9, delete "for students;"

Page 1, line 12, delete "subdivisions 2 and" and insert "subdivision"

Without further recommendation.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 2143, A bill for an act relating to state government; directing the commissioner of administration to study the feasibility and potential benefits of establishing a state travel office.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on State Government Finance.

The report was adopted.

Larsen, P., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 2159, A bill for an act relating to the city of Jackson; extending the duration of a tax increment financing district.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Taxes without further recommendation.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 2229, A bill for an act relating to marriage; providing for a reduced marriage license fee for couples who obtain premarital counseling; amending Minnesota Statutes 1998, section 517.08, subdivisions 1b and 1c.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 517.08, subdivision 1b, is amended to read:

Subd. 1b. [TERM OF LICENSE; FEE; PREMARITAL EDUCATION.] (a) The court administrator shall examine upon oath the party applying for a license relative to the legality of the contemplated marriage. If at the expiration of a five-day period, on being satisfied that there is no legal impediment to it, the court administrator shall issue the license, containing the full names of the parties before and after marriage, and county and state of residence, with the district court seal attached, and make a record of the date of issuance. The license shall be valid for a period of six months. In case of emergency or extraordinary circumstances, a judge of the district court of the county in which the application is made, may authorize the license to be issued at any time before the expiration of the five days. Except as provided in paragraph (b), the court administrator shall collect from the applicant a fee of \$70 for administering the oath, issuing, recording, and filing all papers required, and preparing and transmitting to the state registrar of vital statistics the reports of marriage required by this section. If the license should not be used within the period of six months due to illness or other extenuating circumstances, it may be surrendered to the court administrator for cancellation, and in that case a new license shall issue upon request of the parties of the original license without fee. A court administrator who knowingly issues or signs a marriage license in any manner other than as provided in this section shall pay to the parties aggrieved an amount not to exceed \$1,000.

(b) The marriage license fee for parties who have completed at least 12 hours of premarital education is \$20. In order to qualify for the reduced fee, the parties must submit an affidavit stating that they have received premarital education from a licensed or ordained minister of any religious denomination or designees thereof or a person authorized to practice marriage and family therapy under section 148B.33. The education must include a discussion of the seriousness of marriage, the teaching of conflict management skills, and of the desirability of seeking marital counseling in times of marital difficulties.

Sec. 2. Minnesota Statutes 1998, section 517.08, subdivision 1c, is amended to read:

Subd. 1c. [DISPOSITION OF LICENSE FEE.] Of the marriage license fee collected pursuant to subdivision 1b, paragraph (a), the court administrator shall pay \$55 to the state treasurer to be deposited as follows:

(1) \$50 in the general fund;

(2) \$3 in the special revenue fund to be appropriated to the commissioner of children, families, and learning for supervised visitation facilities under section 119A.37; and

(3) \$2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255.

Of the \$20 fee under subdivision 1b, paragraph (b), \$15 must be retained by the county and the remainder must be distributed as provided in clauses (2) and (3)."

Amend the title as follows:

Page 1, line 4, delete "counseling" and insert "education"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Leppik from the Committee on Higher Education Finance to which was referred:

H. F. No. 2236, A bill for an act relating to education, giving the board of trustees of the Minnesota state colleges and universities certain authority with respect to property transactions, construction, repairs, and improvements; appropriating money; amending Minnesota Statutes 1998, sections 136F.36, subdivisions 1, 3, and by adding subdivisions; 136F.60; and 136F.64, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 136F.36, is amended by adding a subdivision to read:

Subd. 4. [STORAGE AND RETENTION OF DOCUMENTS.] Notwithstanding section 16A.58, the board may store and retain at the respective technical college original documents from carpentry program transactions, including but not limited to deeds, abstracts of title, and certificates of title.

Sec. 2. Minnesota Statutes 1998, section 136F.60, is amended by adding a subdivision to read:

Subd. 3. [EASEMENTS.] The board may grant permanent or temporary easements over, under, or across any land under its jurisdiction for reasonable purposes determined by the board. These may include such purposes as installing telephone or power lines, laying cable or wiring, and installing pipelines. Easements may not be granted for constructing streets or roads without specific legislative authorization.

Sec. 3. Minnesota Statutes 1998, section 136F.64, is amended by adding a subdivision to read:

Subd. 4. [MINOR PROJECTS.] Minor capital projects and repairs do not require specific legislative authority if they have a project cost not exceeding \$250,000.

The chairs of the finance committee in the senate, and the ways and means and capital investment committees of the house, must be notified in writing before the board incurs any contractual obligations for projects under this subdivision that cost more than \$100,000."

Delete the title and insert:

"A bill for an act relating to education; providing for storage and retention of certain documents by the board of trustees of the Minnesota state colleges and universities; authorizing the granting of easements over board land; authorizing certain minor capital projects and repairs by the board without specific legislative authority; amending Minnesota Statutes 1998, sections 136F.36, by adding a subdivision; 136F.60, by adding a subdivision; and 136F.64, by adding a subdivision.

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Capital Investment.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 2337, A bill for an act relating to civil actions; limiting liability from year 2000 failures; proposing coding for new law as Minnesota Statutes, chapter 604B.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

S. F. No. 71, A bill for an act relating to administrative procedure; changing certain requirements for notifying the legislature of proposed rulemaking; amending Minnesota Statutes 1998, section 14.116.

Reported the same back with the following amendments:

Page 1, lines 11 and 12, reinstate the stricken "make reasonable efforts to"

Page 1, line 21, delete "two" and insert "seven"

Page 2, after line 1, insert:

"Sec. 2. [RULES REMAIN IN EFFECT.]

Notwithstanding Minnesota Statutes, section 14.05, subdivision 1; 645.36; or other law to the contrary, the rules adopted under the authority of Minnesota Statutes 1996, section 299A.01, subdivision 6, paragraph (a), remain in effect on and after July 1, 1997, until further amended or repealed.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment. Section 2 applies retroactively to July 1, 1997."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing that certain rules remain in effect;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Larsen, P., from the Committee on Local Government and Metropolitan Affairs to which was referred:

S. F. No. 376, A bill for an act relating to the Western Lake Superior sanitary district and the Moose Lake-Windemere sanitary sewer district; modifying board members' compensation; amending Minnesota Statutes 1998, section 458D.03, subdivision 9; Laws 1974, chapter 400, section 4, subdivision 9, as amended.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Davids from the Committee on Commerce to which was referred:

S. F. No. 441, A bill for an act relating to crime prevention; modifying the criminal penalties for certain crimes to provide more uniformity; creating a pretrial diversion program for writers of dishonored checks; amending Minnesota Statutes 1998, sections 332.50, subdivision 2; 609.52, subdivision 3; 609.535, subdivision 2a; 609.631, subdivision 4; and 609.821, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 628.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Lindner from the Committee on Jobs and Economic Development Policy to which was referred:

S. F. No. 540, A bill for an act relating to economic development; authorizing the use of enterprise zone incentive grants for certain purposes by Minneapolis and St. Paul; amending Minnesota Statutes 1998, section 469.305, subdivision 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

McElroy from the Committee on Jobs and Economic Development Finance to which was referred:

S. F. No. 567, A bill for an act relating to community development; clarifying and restating the powers of the rural policy and development center; amending Minnesota Statutes 1998, section 116J.421, subdivision 3, and by adding subdivisions.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

McElroy from the Committee on Jobs and Economic Development Finance to which was referred:

S. F. No. 685, A bill for an act relating to telecommunications; deregulating coin-operated or public pay telephones under state law; authorizing the public utilities commission to assess administrative penalties for anticompetitive activities by telecommunication providers; amending Minnesota Statutes 1998, section 237.5799; proposing coding for new law in Minnesota Statutes, chapter 237.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [237.036] [COIN-OPERATED OR PUBLIC PAY TELEPHONES.]

(a) Neither commission approval nor a commission certificate is required to:

(1) site a coin-operated or public pay telephone in the state; or

(2) implement changes in service, services offered, rates, or location regarding a coin-operated or public pay telephone. Registration under section 237.64 is required to own or operate a coin-operated or public pay telephone in the state.

(b) This section does not change the authority of other state or local government entities to regulate aspects of coin-operated or public pay telephone ownership, location, or operation; however, an entity may not regulate aspects of these services that it did not regulate prior to the effective date of this section. The commission shall retain the authority delegated to it under federal and state law to protect the public interest with regard to coin-operated or public pay telephones.

(c) Owners and operators of coin-operated or public pay telephones are exempt from sections 237.06, 237.07, 237.075, 237.09, 237.23, 237.295, and 237.39 and the annual reporting requirement of section 237.11.

(d) The commission shall require owners of coin-operated or public pay telephones to provide: (1) immediate, coin-free access to 911 emergency services; (2) accurate location and class of service information to enhanced 911 databases; and (3) free access to the telecommunication relay service for the communication impaired. Owners of coin-operated or public pay telephones must post at each coin-operated or public pay telephone location:

(1) customer service and complaint information, including the name, address, and telephone number of the owner of the coin-operated or public pay telephone and the operator service handling calls from the coin-operated or public pay telephone; the identities of the local exchange carrier handling local calls and the telecommunications carriers handling long-distance calls; a toll-free number of the appropriate telephone company for the resolution of complaints; and the toll-free number of the public utilities commission; and

(2) a toll-free number at which consumers can obtain pricing information regarding rates, charges, terms, and conditions of local and long-distance calls.

Sec. 2. Minnesota Statutes 1998, section 237.081, is amended by adding a subdivision to read:

Subd. 1b. [FRIVOLOUS COMPLAINTS PROHIBITED.] No person may file a complaint with the commission under this chapter unless the person has reasonable grounds to believe that the complaint is well grounded in fact and warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law. No person may file a complaint for an improper purpose, such as to harass.

Sec. 3. [237.462] [COMPETITIVE ENFORCEMENT; ADMINISTRATIVE PENALTIES TO PROMOTE AND PROTECT LOCAL TELEPHONE COMPETITION.]

Subdivision 1. [AUTHORITY TO ISSUE PENALTY ORDERS.] After a proceeding under section 237.081, the commission may issue an order administratively assessing monetary penalties for knowing and intentional violations of:

(1) sections 237.09, 237.121, and 237.16 and any rules adopted under those sections;

(2) any standards, limitations, or conditions established in a commission order pursuant to sections 237.09, 237.121, and 237.16;

(3) an approved interconnection agreement; and

(4) any duty or obligation of a telephone company, a telecommunications carrier, or a telecommunications provider imposed upon such telephone company, telecommunications carrier, or telecommunications provider by section 251, paragraph (a), (b), or (c) of the Telecommunications Act of 1996 that relates to service provided in the state. The penalty order must be issued as provided in this section.

Subd. 2. [FRIVOLOUS COMPLAINT PENALTY.] After an opportunity for notice and comment, the commission may issue an order administratively assessing a monetary penalty under this section, assessing expenses reasonably attributable to the complaint including the costs of any investigation and proceeding, or both, against any person who files a complaint if the commission finds the complaint is filed in violation of section 237.081, subdivision 1b.

Subd. 3. [AMOUNT OF PENALTY; CONSIDERATIONS.] (a) The commission may issue an order assessing a penalty of between \$100 and \$100,000 per day for each violation. The amount of penalty assessed per violation per day against a party found to be in violation shall be limited by the number of local exchange telephone service subscribers in the state of the party as follows:

(1) 0 - 50,000 subscribers, up to \$5,000 per day per violation;

(2) 50,000 - 100,000 subscribers, up to \$10,000 per day per violation;

(3) 100,001 - 200,000 subscribers, up to \$20,000 per day per violation;

(4) 200,001 - 300,000 subscribers, up to \$30,000 per day per violation;

(5) 300,001 - 400,000 subscribers, up to \$40,000 per day per violation;

(6) 400,001 - 500,000 subscribers, up to \$50,000 per day per violation; and

(7) over 500,000 subscribers, up to \$100,000 per day per violation.

(b) In determining the amount of a penalty, the commission shall consider:

(1) the willfulness or intent of the violation;

(2) the gravity of the violation, including the harm to customers or competitors;

(3) the history of past violations, including the gravity of past violations, similarity of previous violations to the current violation to be penalized, number of previous violations, the response of the person to the most recent previous violation identified, and the time lapsed since the last violation;

(4) the number of violations;

(5) the economic benefit gained by the person committing the violation;

(6) any corrective action taken or planned by the person committing the violation; and

(7) other factors that justice may require, as determined by the commission. The commission shall specifically identify any additional factors in the commission's order.

Subd. 4. [BURDEN OF PROOF.] The commission may not assess a penalty under this section unless the record in the proceeding establishes by a preponderance of the evidence that the penalty is justified based on the factors identified in subdivision 3.

Subd. 5. [CONTENTS OF ORDER.] An order assessing an administrative penalty under this section shall include:

(1) a concise statement of the facts alleged to constitute a violation;

(2) a reference to the section of the statute, rule, or order that has been violated;

(3) a statement of the amount of the administrative penalty to be imposed and the factors upon which the penalty is based; and

(4) a statement of the person's right to review of the order.

Subd. 6. [PENALTY STAYED.] A penalty imposed under this section shall not be payable sooner than 31 days after the commission issues its final order assessing the penalty. The person subject to the penalty may appeal the commission's penalty order under sections 14.63 to 14.68. If the person does appeal the commission's penalty order, the penalty shall not be payable until either the Minnesota court of appeals issues a decision sustaining the commission's penalty order or the person withdraws the appeal.

Subd. 7. [EXPEDITED PROCEEDING.] (a) The commission may order an expedited proceeding under section 237.61 and this subdivision, in lieu of a contested case under chapter 14, to develop an evidentiary record in any proceeding that involves contested issues of material fact either upon request of a person filing a complaint or upon the commission's own motion if the complaint alleges a violation of:

(1) section 237.09, 237.121, or 237.16 or any rules adopted under those sections;

(2) any standard, limitation, or condition established in a commission order pursuant to section 237.09, 237.121, or 237.16;

(3) an approved interconnection agreement; or

(4) a duty or obligation of a telephone company, a telecommunications carrier, or a telecommunications provider imposed upon such telephone company, telecommunications carrier, or telecommunications provider by section 251, paragraph (a), (b), or (c) of the Telecommunications Act of 1996 that relates to service provided in the state. The commission may order an expedited proceeding under this subdivision if the commission finds an expedited proceeding is in the public interest, regardless of whether all parties agree to the expedited proceeding. In determining whether to grant an expedited proceeding, the commission may consider any evidence of impairment of the provision of telecommunications service to subscribers in the state or impairment of the provision of any service or network element subject to the jurisdiction of the commission.

(b) Any request for an expedited proceeding under this subdivision must be noted in the title of the complaint. The complaint shall also state the specific circumstances that the complaining party believes warrant an expedited proceeding under this subdivision. The complaining party shall serve the complaint along with any written discovery requests by hand delivery and facsimile on the party against whom the complaint is filed, the department of public service, and the office of the attorney general on the same day the complaint is filed with the commission.

(c) The party responding to a complaint that includes a request for an expedited proceeding under this subdivision shall file an answer within 15 days after receiving the complaint. The responding party shall state in the answer the party's position on the request for an expedited proceeding. The responding party shall serve with the answer any objections to any written discovery requests as well as any written discovery requests the responding party wishes to serve on the complaining party. Except for stating any objections, the responding party is not required to answer any written discovery requests under this subdivision until a time established at a prehearing conference. The responding party shall serve a copy of the answer and any discovery requests and objections on the complaining party, the department of public service, and office of the attorney general by hand delivery and facsimile on the same day as the answer is filed with the commission.

(d) Within 15 days of receiving the answer to a complaint for which an expedited proceeding is requested, the commission shall determine whether the complaint warrants an expedited proceeding. If the commission decides to grant a request by a complaining party or if the commission orders an expedited proceeding on its own motion, the commission shall conduct within seven days of the decision a prehearing conference to schedule the evidentiary hearing. During the prehearing conference, the commission shall establish a discovery schedule that requires all discovery to be completed no later than three days before the start of the hearing. An evidentiary hearing under this subdivision must commence no later than 45 days after the commission's decision to order an expedited proceeding. A quorum of the commission shall preside at any evidentiary hearing under this subdivision unless all the parties to the proceeding agree otherwise.

(e) All pleadings submitted under this subdivision must be verified and all oral statements of fact made in a hearing or deposition under this subdivision must be made under oath or affirmation.

(f) The commission shall issue a written decision and final order on the complaint within 15 days after the close of the evidentiary hearing under this subdivision. On the day of issuance, the commission shall notify the parties by facsimile that a final order has been issued and shall provide each party with a copy of the final order.

(g) The commission may extend any time periods under this subdivision if all parties to the proceeding agree to the extension or if the commission finds the extension is necessary to ensure a just resolution of the complaint.

Subd. 8. [TEMPORARY, EMERGENCY RELIEF PENDING DISPUTE RESOLUTION.] (a) A person filing a complaint may include in the complaint a request that the commission issue an order granting temporary, emergency relief under paragraph (c) if the complaint alleges a violation of:

(1) section 237.09, 237.121, or 237.16 or any rules adopted under those sections;

(2) any standard, limitation, or condition established in a commission order pursuant to section 237.09, 237.121, or 237.16;

(3) an approved interconnection agreement; or

(4) a duty or obligation of a telephone company, a telecommunications carrier, or a telecommunications provider imposed upon such a telephone company, telecommunications carrier, or telecommunications provider by section 251, paragraph (a), (b), or (c) of the Telecommunications Act of 1996 that relates to service provided in the state. Any request for temporary, emergency relief under this subdivision must be noted in the title of the complaint. The complaining party shall provide a copy of the complaint requesting temporary, emergency relief by hand delivery and facsimile to the party alleged to be in violation on the same day a complaint requesting such relief is filed with the commission. The commission shall issue a decision upon such a request within 20 days of the filing of the complaint.

(b) The commission may also order temporary, emergency relief on its own motion for an alleged violation of one or more of the provisions of paragraph (a), clauses (1) to (4) in accordance with this subdivision.

(c) After notice and an opportunity for comment, the commission may grant an order for temporary, emergency relief under this subdivision upon a verified factual showing that:

(1) the party seeking relief will likely succeed on the merits;

(2) the order is necessary to protect the public's interest in fair and reasonable competition or to prevent irreparable harm to a provider of or a subscriber to local exchange telephone service in the state; and

(3) the relief sought is technically feasible.

An order for temporary, emergency relief must include a finding that the requirements of this subdivision have been fulfilled.

(d) In an order granting temporary, emergency relief, the commission shall require the responding party to act or refrain from acting as the commission deems necessary to avoid, prevent, or mitigate the complained-of harm to subscribers or local exchange telephone service providers resulting from the alleged violation of one or more of the provisions in paragraph (a), clauses (1) to (4). The commission must give the responding party a reasonable period of time to comply with the order.

(e) A party may seek review, reconsideration, or rehearing of a temporary, emergency relief order prior to a final decision on the complaint by the commission.

(f) If there is a material issue of fact and the commission issues an order based on written pleadings without an evidentiary hearing, the order may not remain in effect for more than 30 days prior to which time the commission shall hold an evidentiary hearing to determine whether the order for temporary, emergency relief should be continued, modified, or reversed. Otherwise, an order for temporary, emergency relief shall remain in effect until a final order is issued by the commission unless the commission or a court issues an order or decision reversing the order for temporary, emergency relief.

Subd. 9. [ENFORCEMENT.] The attorney general, on behalf of the state, may proceed to enforce and collect penalties that are due and payable under this section in any manner provided to the attorney general by other law.

Subd. 10. [CUMULATIVE REMEDIES.] The attorney general may not seek civil penalties under section 237.461 for the same violations for which the commission has issued an order imposing administrative monetary penalties under this section. The imposition of administrative penalties in accordance with this section is in addition to all other remedies available under statutory or common law. The payment of a penalty does not preclude the use of other enforcement provisions, under which penalties are not assessed, in connection with the violation or violations for which the penalty was assessed.

Subd. 11. [PENALTY PROCEEDS DEPOSITED IN GENERAL FUND.] The proceeds of any penalty assessed under this section paid to the state shall be deposited in the general fund.

Subd. 12. [PRIVATE REMEDIES.] Nothing in this section affects the ability of a telephone company, telecommunications provider, telecommunications carrier, or subscriber to bring a private cause of action in court against a provider of local exchange telephone service based on conduct for which a penalty is imposed under this section.

Subd. 13. [APPLICATION.] This section applies to any telecommunications provider, telephone company, or telecommunications carrier that offers local exchange telephone service within the service territory of a telephone company with 50,000 subscribers or more, regardless of where the violation occurs.

Sec. 4. Minnesota Statutes 1998, section 237.5799, is amended to read:

237.5799 [EXPIRATION OF COMPETITIVE SERVICE LAWS.]

Sections 237.58, ~~237.59~~, 237.60, subdivisions 1, 2, and 5, ~~237.61~~; 237.62, and 237.625, ~~237.63~~, ~~237.64~~, ~~237.65~~, and ~~237.68~~ expire on August 1, 1999.

Sec. 5. [SUNSET.]

Section 3 and Minnesota Statutes 1998, sections 237.63, 237.65, and 237.68 expire on December 31, 2004.

Sec. 6. [EFFECTIVE DATE.]

This act is effective immediately upon enactment and does not apply to dockets pending on the date of enactment."

Delete the title and insert:

"A bill for an act relating to telecommunications; deregulating coin-operated or public pay telephones under state law; prohibiting frivolous complaints; authorizing the public utilities commission to assess administrative penalties for anticompetitive activities by telecommunication providers and for frivolous complaints; amending Minnesota Statutes 1998, sections 237.081, by adding a subdivision; and 237.5799; proposing coding for new law in Minnesota Statutes, chapter 237."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

McElroy from the Committee on Jobs and Economic Development Finance to which was referred:

S. F. No. 1330, A bill for an act relating to financial institutions; regulating fees, charges, and time periods; authorizing certain part-time banking locations; authorizing reverse stock splits; making corrections and conforming changes; amending Minnesota Statutes 1998, sections 46.041, subdivisions 1 and 3; 46.048, subdivisions 1 and 2b; 46.131, subdivision 10; 47.0156; 47.101, subdivision 3; 47.20, subdivision 6b; 47.203; 47.204, subdivision 1; 47.27, subdivision 3; 47.52; 47.54, subdivisions 2 and 3; 47.59, subdivision 12; 47.60, subdivision 3; 48.15, subdivisions 2a and 3; 48A.15, subdivision 1; 49.36, subdivision 1; 52.01; 53.03, subdivisions 1, 6, and 7; 55.04, subdivision 2; 56.02; 56.131, subdivision 1; 59A.03, subdivision 2; 168.67; 168.71; 303.25, subdivision 5; 332.15, subdivisions 2 and 3; 332.17; and 332.30; proposing coding for new law in Minnesota Statutes, chapters 48; 52; and 334.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 46.041, subdivision 1, is amended to read:

Subdivision 1. [FILING; FEE; PUBLIC INSPECTION.] The incorporators of a bank proposed to be organized under the laws of this state shall execute and acknowledge a written application in the form prescribed by the commissioner of commerce. The application must be signed by two or more of the incorporators and request a certificate authorizing the proposed bank to transact business at the place and in the name stated in the application. The applicant shall file the application with the department with a ~~\$1,000~~ \$8,000 filing fee ~~and a \$500 investigation fee.~~ The commissioner may waive the fee for a bank to be located in a low- or moderate-income area as defined in Code of Federal Regulations, title 12, part 25(1), (n)(1) and (n)(2) and where no other depository institution operates an office. If the proposed bank is being organized in connection with a reorganization or merger of an existing bank, the filing fee is \$2,000. The fees must be turned over by the commissioner to the state treasurer and credited to the general fund. The application file must be public, with the exception of financial data on individuals which is private under the Minnesota Government Data Practices Act and data defined as trade secret information under section 13.37, subdivision 1, paragraph (b), which must be given nonpublic classification upon written request by the applicant.

Sec. 2. Minnesota Statutes 1998, section 46.041, subdivision 3, is amended to read:

Subd. 3. [COMMENTS, REQUESTS FOR HEARING.] Within ~~24~~ 15 days after the notice of application has been published, any person may submit to the commissioner either or both written comments on an application and a written request for a hearing on the application. The request must state the nature of the issues or facts to be presented and the reasons why written submissions would be insufficient to make an adequate presentation to the commissioner. Comments challenging the legality of an application should be submitted separately in writing.

Written requests for hearing must be evaluated by the commissioner who may grant or deny the request. A hearing must generally be granted only if it is determined that written submissions would be inadequate or that a hearing would otherwise be beneficial to the decision-making process. A hearing may be limited to issues considered material by the commissioner.

If a request for a hearing has been denied, the commissioner shall notify the applicant and all interested persons stating the reasons for denial. Interested parties may submit to the commissioner with simultaneous copies to the applicant additional written comments on the application within 14 days after the date of the notice of denial. The applicant shall be provided an additional seven days after the 14-day deadline has expired within which to respond to any comments submitted within the 14-day period. A copy of any response submitted by the applicant shall also be mailed simultaneously by the applicant to the interested parties. The commissioner may waive the additional seven-day comment period if so requested by the applicant.

Sec. 3. Minnesota Statutes 1998, section 46.048, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] Whenever a change in the outstanding voting stock of a banking institution will result in control or in a change in the control of the banking institution, the person acquiring control of the banking institution, including an out-of-state bank holding company, shall file notice of the proposed acquisition of control with the commissioner of commerce at least 60 days before the actual effective date of the change, except that the commissioner may extend the 60-day period an additional 30 days if in the commissioner's judgment any material information submitted is substantially inaccurate or the acquiring party has not furnished all the information required. The notice must be accompanied by a filing fee of \$3,000 payable to the commissioner of commerce, unless the person filing the notice has been associated with the banking institution as an officer or director for at least three years, in which case the filing fee is \$1,000. No filing fee is required of a person required to file a notice because of a stock redemption or other transaction by others that caused the change in control. As used in this section, the term "control" means the power to directly or indirectly direct or cause the direction of the management or policies of the banking institution. A change in ownership of capital stock that would result in direct or indirect ownership by a stockholder or an affiliated group of stockholders of less than 25 percent of the outstanding capital stock is not

considered a change of control. If there is any doubt as to whether a change in the outstanding voting stock is sufficient to result in control or to effect a change in the control, the doubt shall be resolved in favor of reporting the facts to the commissioner. The commissioner shall use the criteria established by the Financial Institution Regulatory and Interest Rate Control Act of 1978, United States Code, title 12, section 1817(j), and the regulations adopted under it, when reviewing the acquisition and determining if the acquisition should or should not be disapproved. Within three days after making the decision to disapprove a proposed acquisition, the commissioner shall notify the acquiring party in writing of the disapproval. The notice must provide a statement of the basis for the disapproval.

Sec. 4. Minnesota Statutes 1998, section 46.048, subdivision 2b, is amended to read:

Subd. 2b. [NOTICE.] Upon the filing of a notice:

(1) an acquiring party shall publish once in a newspaper of general circulation notice of the proposed acquisition in a form acceptable to the commissioner; and

(2) the commissioner shall accept public comment on a notice for a period of not less than ~~30~~ 21 days from the date of the publication required by clause (1).

Sec. 5. Minnesota Statutes 1998, section 46.131, subdivision 10, is amended to read:

Subd. 10. Each financial institution described in subdivision 2 shall pay a fee of ~~\$25~~ \$50 to the commissioner of commerce upon application to the commissioner for approval of a change in its certificate, charter, articles of incorporation, bylaws, powers or license. Money collected by the commissioner under this subdivision shall be deposited in the general fund.

Sec. 6. Minnesota Statutes 1998, section 47.0156, is amended to read:

47.0156 [CLOSING EFFECTING A PERMANENT CESSATION OF BUSINESS.]

The permanent closing of a financial institution as defined in section 47.015 or 47.0151 for purposes, or with a result, other than authorized in sections 47.015 to 47.0155 is unlawful unless at least ~~90~~ 60 days' written notice is given to the commissioner.

Sec. 7. Minnesota Statutes 1998, section 47.101, subdivision 3, is amended to read:

Subd. 3. [APPLICATIONS TO DEPARTMENT OF COMMERCE.] An application by a banking institution to relocate its main office other than those provided for in subdivision 2 shall be accompanied by a filing fee of \$3,000 payable to the commissioner of commerce and approved or disapproved by the commissioner of commerce as provided for in sections 46.041 and 46.044.

Sec. 8. Minnesota Statutes 1998, section 47.20, subdivision 6b, is amended to read:

Subd. 6b. [DELINQUENCY OR LATE PAYMENT FEES.] ~~Charges or fees for late payments on conventional loans shall be governed by chapter 51A for all lenders. A lender making a conventional loan may assess and collect fees for late payments according to the provision of section 47.59.~~

Sec. 9. Minnesota Statutes 1998, section 47.203, is amended to read:

47.203 [FEDERAL PREEMPTION OVERRIDE.]

The provisions of Public Law Number 96-221, title V, part A, section 501(a)(1) (United States Code, title 12, section 1735f-7a), do not apply with respect to a loan, mortgage, credit sale or advance made in this state after June 2, 1981, nor with respect to a loan, mortgage, credit sale or advance secured by real property located in this state and made after June 2, 1981.

Sec. 10. Minnesota Statutes 1998, section 47.204, subdivision 1, is amended to read:

Subdivision 1. [NO USURY LIMITS.] Notwithstanding any law to the contrary, no limitation on the rate or amount of interest, discount points, finance charges, or other charges shall apply to a loan, mortgage, credit sale, or advance which would have been exempt from the laws of this state pursuant to Public Law Number 96-221, title V, part A, section 501 (United States Code, title 12, section 1735f-7a), as amended as of June 2, 1981, but for section 47.203 and which is made in this state after June 2, 1981.

Sec. 11. [47.207] [PRIVATE MORTGAGE INSURANCE.]

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

(a) "Current fair market value" means the value of the mortgagor's property determined by an appraisal conducted within 90 days of a mortgagor's written request for cancellation of private mortgage insurance. The appraisal shall be conducted by a real estate appraiser, licensed or certified by a state or federal agency, who is reasonably acceptable to the servicer. The appraisal may be conducted at either the request of the lender, mortgagor, or servicer. The mortgagor is responsible for the cost of the appraisal.

(b) "Lender" means a person who makes or holds a residential mortgage loan.

(c) "Private mortgage insurance" means insurance paid for by the mortgagor, including any mortgage guaranty insurance, against the nonpayment of, or default on, a residential mortgage loan, other than mortgage insurance made available under the federal National Housing Act, United States Code, title 38, or title V of the federal Housing Act of 1949. "Private mortgage insurance" does not mean lender-paid mortgage insurance.

(d) "Residential mortgage loan" means a loan secured by either: (1) a mortgage on residential real property; or (2) by certificates of stock or other evidence of ownership interest in and proprietary lease from corporations, partnerships, or other forms of business organizations formed for the purpose of cooperative ownership of residential real property.

(e) "Servicer" means a person who, through any medium or mode of communication, engages in the collection or remittance for, or the right or obligation to collect or remit for, a lender, mortgagee, note owner, noteholder, or for a person's own account, of payments, interest, principal, and escrow items such as insurance and taxes for property subject to a residential mortgage loan.

Subd. 2. [RIGHT TO CANCEL PRIVATE MORTGAGE INSURANCE.] With respect to an existing or future residential mortgage loan, a mortgagor shall have the right to elect, in writing, to cancel private mortgage insurance in connection with a residential mortgage loan if all of the following terms and conditions have been met:

(1) the current unpaid principal balance of the mortgage is 80 percent or less of the current fair market value of the property;

(2) the mortgagor has not:

(i) been 60 days or longer past due on a mortgage payment during the 12-month period beginning 24 months before the date on which the servicer receives the mortgagor's written request for cancellation; or

(ii) been 30 days or longer past due on a mortgage payment during the 12 months preceding the date on which the servicer receives the mortgagor's written request for cancellation;

(3) the mortgage was made at least 24 months prior to the receipt of a request for cancellation;

(4) the property securing the mortgage loan is owner-occupied; and

(5) the mortgage has not been pooled with other mortgages in order to constitute, in whole or in part, collateral for bonds issued by the state of Minnesota or any political subdivision of the state of Minnesota or of any agency of any political subdivision of the state of Minnesota.

Subd. 3. [NOTICE OF RIGHT TO CANCEL PRIVATE MORTGAGE INSURANCE.] (a) With respect to each existing or future residential mortgage loan, a servicer must provide an annual written notice to the mortgagor currently paying premiums for private mortgage insurance. The notice must be in 12-point type or greater and appear substantially as follows:

NOTICE OF RIGHT TO CANCEL PRIVATE MORTGAGE INSURANCE

If you currently pay private mortgage insurance premiums, you may have the right under federal law or Minnesota law to cancel the insurance and stop paying premiums. This would **reduce your total monthly payment.**

You may have the right to cancel private mortgage insurance if the principal balance of your loan is 80 percent or less of the current market value of your home. Under Minnesota law, the value of your property can be determined by a professional appraisal. You need to pay for this appraisal, but in most cases you will be able to recover this cost in less than a year if your mortgage insurance is canceled.

If you wish to learn whether you are eligible to cancel this insurance, please contact us at (enter address and phone number of servicer).

(b) The notice required by this subdivision must be on its own page, but a disclosure notice concerning private mortgage insurance required by federal law may be included on the same page as the disclosure notice required by this subdivision. The page containing the notice required by this subdivision may be included with other disclosures or notices required by federal law that are sent to the mortgagor.

(c) If the mortgage has been pooled with other mortgages in order to constitute, in whole or in part, collateral for bonds issued by the state of Minnesota or any political subdivision of the state of Minnesota or of any agency of any political subdivision of the state of Minnesota and notice of right to cancel private mortgage insurance is required under federal law, no notice under this subdivision is required.

Subd. 4. [SERVICER RESPONSE TO CANCELLATION REQUEST.] (a) Within 30 days of receipt of a mortgagor's written request to cancel private mortgage insurance, a servicer shall:

(1) provide a written notice to the insurer to cancel the private mortgage insurance and written notice to the mortgagor that a request for cancellation has been sent to the insurer if the servicer determines that the private mortgage insurance should be canceled;

(2) provide a written response to the mortgagor identifying all additional information needed from the mortgagor if the servicer reasonably needs more information from the mortgagor to determine whether the mortgagor is eligible for cancellation of private mortgage insurance; or

(3) provide a written notice to the mortgagor of the reasons for the servicer's refusal to cancel the private mortgage insurance if the servicer determines that the mortgagor does not meet the requirements for cancellation of private mortgage insurance.

(b) If a lender, or any other person involved in the mortgage transaction, receives a written request for cancellation of private mortgage insurance, the lender or other person shall promptly forward the mortgagor's request for cancellation to the servicer, if the servicer is known to the lender or other person. If the servicer is not known to the lender or other person, the lender or other person shall advise the mortgagor to contact the company to which the mortgagor sends the monthly payment.

Subd. 5. [LENDER CHARGES; RETURN OF UNEARNED PREMIUM.] (a) A lender requiring or offering private mortgage insurance shall make available to the borrower or other person paying the insurance premium the same premium payment plans as are available to the lender in paying the private mortgage insurance premium.

(b) Any refund or rebate for unearned private mortgage insurance premiums shall be paid to the mortgagor or other person actually providing the funds for payment of the premium.

(c) A lender or servicer shall not charge the mortgagor a fee or other consideration for cancellation of the private mortgage insurance or for any of the acts required by this section, except that the lender or servicer shall have the right to recover the cost of an appraisal if the mortgagor elects to have the lender or servicer perform or arrange for the appraisal.

Subd. 6. [INTERPRETATION.] Nothing in this section shall be deemed to be inconsistent with the federal Homeowner's Protection Act of 1998, codified at United States Code, title 12, sections 4901 to 4910, within the meaning of "inconsistent" as used in section 9 of that act, codified at United States Code, title 12, section 4908.

Sec. 12. Minnesota Statutes 1998, section 47.27, subdivision 3, is amended to read:

Subd. 3. "Savings association" shall have the meaning set forth in section ~~51.01~~ 51A.02, subdivision ~~2~~ 7.

Sec. 13. Minnesota Statutes 1998, section 47.54, subdivision 2, is amended to read:

Subd. 2. [APPROVAL ORDER.] If no objection is received by the commissioner within ~~21~~ 15 days after the publication and mailing of the notices, the commissioner shall issue an order approving the application without a hearing if it is found that (a) the applicant bank meets current industry standards of capital adequacy, management quality, and asset condition, (b) the establishment of the proposed detached facility will improve the quality or increase the availability of banking services in the community to be served, and (c) the establishment of the proposed detached facility will not have an undue adverse effect upon the solvency of existing financial institutions in the community to be served. Otherwise, the commissioner shall deny the application. Any proceedings for judicial review of an order of the commissioner issued under this subdivision without a contested case hearing shall be conducted pursuant to the provisions of the Administrative Procedure Act relating to judicial review of agency decisions, sections 14.63 to 14.69, and the scope of judicial review in such proceedings shall be as provided therein. Nothing herein shall be construed as requiring the commissioner to conduct a contested case hearing if no written objection is timely received by the commissioner from a bank within three miles of the proposed location of the detached facility.

Sec. 14. Minnesota Statutes 1998, section 47.54, subdivision 3, is amended to read:

Subd. 3. [OBJECTIONS; HEARING.] If any bank within three miles of the proposed location of the detached facility objects in writing within ~~21~~ 15 days, the commissioner shall consider the objection. If the objection also requests a hearing, the objector must include the nature of the issues or facts to be presented and the reasons why written submissions would be insufficient to make an adequate presentation to the commissioner. Comments challenging the legality of an application should be submitted separately in writing.

Written requests for hearing must be evaluated by the commissioner who may grant or deny the request. A hearing must generally be granted only if it is determined that written submissions would be inadequate or that a hearing would otherwise be beneficial to the decision-making process. A hearing may be limited to issues considered material by the commissioner.

If a request for a hearing has been denied, the commissioner shall notify the applicant and all interested persons stating the reasons for denial. Interested parties may submit to the commissioner with simultaneous copies to the applicant additional written comments on the application within 14 days after the date of the notice of denial. The applicant shall be provided an additional seven days after the 14-day deadline has expired within which to respond to any comments submitted within the 14-day period. A copy of any response submitted by the applicant shall also be mailed simultaneously by the applicant to the interested parties. The commissioner may waive the additional seven-day comment period if so requested by the applicant.

Sec. 15. Minnesota Statutes 1998, section 47.59, subdivision 12, is amended to read:

Subd. 12. [CONSUMER PROTECTIONS.] (a) Financial institutions shall comply with the requirements of the federal Truth in Lending Act, United States Code, title 15, sections 1601 to 1693, as the same may be amended from time to time, in connection with a consumer loan or credit sale for a consumer purpose where the federal Truth in Lending Act is applicable. A financial institution shall give the following disclosure to the borrower in writing at the time an open-end credit account is established if the financial institution imposes a loan fee, points, or similar charge that relates to the opening of the account which is not included in the annual percentage rate given pursuant to the federal Truth in Lending Act: "YOU HAVE BEEN ASSESSED FINANCE CHARGES, OR POINTS, WHICH ARE NOT INCLUDED IN THE ANNUAL PERCENTAGE RATE. THESE CHARGES MAY BE REFUNDED, IN WHOLE OR IN PART, IF YOU DO NOT USE YOUR LINE OF CREDIT OR IF YOU REPAY YOUR LINE OF CREDIT EARLY. THESE CHARGES INCREASE THE COST OF YOUR CREDIT."

(b) Financial institutions shall comply with the following consumer protection provisions in connection with a consumer loan or credit sale for a consumer purpose: sections 325G.02 to 325G.05; 325G.06 to 325G.11; 325G.15 to 325G.22; and 325G.29 to 325G.36, and Code of Federal Regulations, title 12, part 535, where those statutes or regulations are applicable.

(c) An assignment of a consumer's earnings by the consumer to a financial institution as payment or as security for payment of a debt arising out of a consumer loan or consumer credit sale is unenforceable by the financial institution except where the assignment: (1) by its terms is revocable at the will of the consumer; (2) is a payroll deduction plan or preauthorized payment plan, beginning at the time of the transaction, in which the consumer authorizes a series of wage deductions as a method of making each payment; or (3) applies only to wages or other earnings already earned at the time of the assignment.

Sec. 16. Minnesota Statutes 1998, section 47.60, subdivision 3, is amended to read:

Subd. 3. [FILING.] Before a person other than a financial institution as defined by section 47.59 engages in the business of making consumer small loans, the person shall file with the commissioner as a consumer small loan lender. The filing must be on a form prescribed by the commissioner together with a fee of ~~\$150~~ \$250 for each place of business and contain the following information in addition to the information required by the commissioner:

(1) evidence that the filer has available for the operation of the business at the location specified, liquid assets of at least \$50,000; and

(2) a biographical statement on the principal person responsible for the operation and management of the business to be certified.

Revocation of the filing and the right to engage in the business of a consumer small loan lender is the same as in the case of a regulated lender license in section 56.09.

Sec. 17. Minnesota Statutes 1998, section 48.15, subdivision 2a, is amended to read:

Subd. 2a. [AUTHORIZED ACTIVITIES.] The commissioner may authorize a state bank to undertake any activities, exercise any powers, or make any investments that are authorized ~~activities, powers, or investments by chapter 50~~, as of August 1, 1995, for any state savings bank ~~doing business in this state~~, or that become authorized ~~activities, powers, or investments by chapter 50~~, for state savings banks after August 1, 1995. The commissioner may not authorize state banks to engage in any banking activity prohibited by the laws of this state.

Sec. 18. Minnesota Statutes 1998, section 48.15, subdivision 3, is amended to read:

Subd. 3. [LIMITS ON AUTHORITY TO ACT AS PAYING AGENT FOR PUBLIC ISSUERS.] No such bank shall act as paying agent of any municipality or other public issuer of obligations, other than an issuer within whose corporate limits the principal office of the bank is situated, unless the bank is authorized to execute the powers conferred in section ~~48.38~~ 48A.07.

Sec. 19. Minnesota Statutes 1998, section 48.24, subdivision 7, is amended to read:

Subd. 7. Obligations of any ~~person, copartnership, limited liability company, association, or corporation individual or organization, however organized,~~ in the form of notes or drafts secured by shipping documents or instruments transferring or securing title covering feeder livestock which is free from all other encumbrances, when the market value of the livestock securing the obligation at the time of the making of the loan is not less than 115 percentum of the face amount of the notes covered by such documents, shall be subject under this subdivision to a limitation of 20 percent of capital and surplus in addition to 20 percent of capital and surplus as included in provisions of subdivision 1. Feeder livestock loans as referred to in this subdivision is defined to include only obligations secured by liens or giving title to cattle, sheep, goats, hogs or poultry being fattened for market, but excluding dairy cattle, milk goats, poultry used for production of eggs, or barnyard or work animals.

Sec. 20. Minnesota Statutes 1998, section 48.24, is amended by adding a subdivision to read:

Subd. 10. [GRAIN FORWARD SALE CONTRACTS; LENDING LIMITS.] Obligations of any individual or organization, however organized, where the note is secured by a perfected first lien on stored grain and a perfected assignment of the proceeds of a forward contract for sale of the grain (1) with a recognized commodity buyer or broker, reasonably satisfactory to the bank, (2) where the delivery of grain under the contract will occur within 270 days, (3) where the grain is insured for full value against loss by fire or other casualty, and (4) where the value of the forward contract exceeds 115 percent of the face amount of the secured note, is subject under this subdivision to a limitation of ten percent of capital and surplus in addition to the 20 percent of capital and surplus as included in subdivision 1.

Sec. 21. Minnesota Statutes 1998, section 48A.15, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] A trust company organized under the laws of this state or a state bank and trust may, after completing the notification procedure required by this subdivision, establish and maintain a trust service office at any office in this state or of any other state or national bank. A state bank may, after completing the notification procedure required by this subdivision, permit a trust company organized under the laws of this state or a state bank and trust or a national bank in this state that is authorized to exercise trust powers to establish and maintain a trust service office at any of its banking offices.

The trust company or state bank and trust and a state bank at which a trust service office is to be established according to this section shall jointly file, on forms provided by the commissioner, a notification of intent to establish a trust service office. The notification must be accompanied by a filing fee of \$100 payable to the commissioner, to be deposited in the general fund of the state. No trust service office shall be established according to this section if disallowed by order of the commissioner within ~~45~~ 30 days of the filing of a complete and acceptable notification of intent to establish a trust service office. An order of the commissioner to disallow the establishment of a trust service office under this section is subject to judicial review under sections 14.63 to 14.69.

Sec. 22. Minnesota Statutes 1998, section 49.36, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] This consolidation or merger agreement and certified copy of the proceedings of the meetings of the respective boards of directors, at which the making of the agreement was authorized, must be submitted to the commissioner of commerce for approval with a fee of ~~\$250~~ \$2,000 payable to the commissioner of commerce. The agreement shall not be effective until so approved by the commissioner. The commissioner shall take action after the documents are submitted, and is entitled to further information from any party to the transaction as may be requested by the commissioner, or as may be obtained upon a hearing directed by the commissioner.

Sec. 23. Minnesota Statutes 1998, section 52.01, is amended to read:

52.01 [ORGANIZATION.]

Any seven residents of the state may apply to the commissioner of commerce for permission to organize a credit union.

A credit union is a cooperative society, incorporated for the twofold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident purposes.

A credit union is organized in the following manner:

(1) The applicants execute, in duplicate, a certificate of organization by the terms of which they agree to be bound, which shall state:

(a) the name and location of the proposed credit union;

(b) the names and addresses of the subscribers to the certificate and the number of shares subscribed by each;

(2) The applicants submit the following in the form prescribed by the commissioner of commerce:

(a) a statement of the common bond of the proposed credit union;

(b) the number of potential members;

(c) the geographic dispersion of the potential members;

(d) evidence of interest, including willingness of potential members to assume responsibility for leadership and service;

(e) a two-year forecast of probable levels of assets, shares and deposits, and income and expense;

(f) the availability of other credit union services to the potential members;

(g) other information the commissioner requires;

(3) They next prepare and adopt bylaws for the general governance of the credit union consistent with the provisions of this chapter, and execute them in duplicate;

(4) The certificate and the bylaws, both executed in duplicate, are forwarded to the commissioner of commerce with a ~~\$100 application fee~~ \$1,000 application fee, which may be waived by the commissioner for a credit union to be located in a low- or moderate-income area as defined in Code of Federal Regulations, title 12, part 25(1), (n)(1) and (n)(2) and where no other depository institution operates an office;

(5) The commissioner of commerce shall, within 60 days of the receipt of the certificate, the information required by paragraph (2), and the bylaws determine whether they comply with the provisions of this chapter, and whether or not the organization of the credit union in question would benefit its members, be economically feasible, and be consistent with the purposes of this chapter;

(6) Thereupon the commissioner of commerce shall notify the applicants of the decision. If it is favorable, the commissioner shall upon receipt of a commitment for insurance of accounts as required by section 52.24, subdivision 2, issue a certificate of approval, attached to the duplicate certificate of organization, and return them with the duplicate bylaws to the applicants. If it is unfavorable, the applicants may, within 60 days after the decision, appeal for a review in a court of competent jurisdiction;

(7) The applicants shall thereupon file the duplicate of the certificate of organization, with the certificate of approval attached thereto, with the secretary of state, who shall make a record of the certificate and return it, with a certificate of record attached thereto, to the commissioner of commerce for permanent records; and

(8) Thereupon the applicants shall be a credit union incorporated in accordance with the provisions of this chapter.

In order to simplify the organization of credit unions, the commissioner of commerce shall prepare approved forms of certificate of organization and bylaws, consistent with this chapter, which may be used by credit union incorporators for their guidance, and on written application of seven residents of the state, shall supply them without charge with a blank certificate of organization and a copy of the form of suggested bylaws.

Sec. 24. Minnesota Statutes 1998, section 52.05, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] Any ~~25~~ 15 persons representing a group may apply to the commissioner, advising the commissioner of the common bond of the group and its number of potential members, for a determination whether it is feasible for the group to form a credit union. Upon a determination that it is not feasible to organize because the number of potential members is too small, the applicants will be certified by the commissioner as eligible to petition for membership in an existing credit union capable of serving the group. If the credit union so petitioned resolves to accept the group into membership, it shall follow the bylaw amendment and approval procedure set forth in section 52.02.

The commissioner shall adopt rules to implement this subdivision. These rules must provide that:

(1) for the purpose of this subdivision, groups with a potential membership of less than 1,500 will be considered too small to be feasible as a separate credit union, unless there are compelling reasons to the contrary, relevant to the objectives of this subdivision;

(2) groups with a potential membership in excess of 1,500 will be considered in light of all circumstances relevant to the objectives of this subdivision; and

(3) all group applications, except for applications from groups made up of members of existing credit unions or groups made up of people who have a common employer which qualifies them for membership in an existing credit union, will be considered separately from any consideration of the membership provisions of existing credit unions; except that, groups made up of members of an existing credit union may be certified under this subdivision with the agreement of the credit union.

Sec. 25. Minnesota Statutes 1998, section 53.03, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION, FEE, NOTICE.] Any corporation hereafter organized as an industrial loan and thrift company, shall, after compliance with the requirements set forth in sections 53.01 and 53.02, file a written application with the department of commerce for a certificate of authorization. A corporation that will not sell or issue thrift certificates for investment as permitted by this chapter need not comply with subdivision 2b. The application must be in the form prescribed by the department of commerce. The application must be made in the name of the corporation, executed and acknowledged by an officer designated by the board of directors of the corporation, requesting a certificate authorizing the corporation to transact business as an industrial loan and thrift company, at the place and in the name stated in the application. At the time of filing the application the applicant shall pay ~~a \$1,000 filing fee and a \$500 investigation fee~~ \$1,500 filing fee if the corporation will not sell or issue thrift certificates for investment, and a filing fee of \$8,000 if the corporation will sell or issue thrift certificates for investment. The fees must be turned over by the commissioner to the state treasurer and credited to the general fund. The applicant shall also submit a copy of the bylaws of the corporation, its articles of incorporation and all amendments thereto at that time. An application for powers under subdivision 2b must also require that a notice of the filing of the application must be published once within 30 days of the receipt of the form prescribed by the department of commerce, at the expense of the applicant, in a qualified newspaper published in the municipality in which the proposed industrial loan and thrift company is to be located, or, if there be none, in a qualified newspaper likely to give notice in the municipality in which the company is proposed to be located. If the department of commerce receives a written objection to the application from any person within ~~21~~ 15 days of the notice having been fully published, the commissioner shall proceed in the same manner as required under section 46.041, subdivisions 3 and 4, relating to state banks.

Sec. 26. Minnesota Statutes 1998, section 53.03, subdivision 6, is amended to read:

Subd. 6. [AMENDED CERTIFICATES, THRIFT CERTIFICATES FOR INVESTMENT, APPLICATION, FEE, NOTICE.] Upon approval by the commissioner of commerce of a commitment for insurance or guarantee of certificates to be held for investment as required in section 53.10, subdivision 3, an industrial loan and thrift company may apply to the department of commerce for an amended certificate of authorization and consent to sell and issue thrift certificates for investment.

The application, in triplicate, must be in the form prescribed by the department of commerce and filed in its office. At the time of filing the application, the applicant shall pay a filing fee of ~~\$500~~ \$8,000 and if an application is contested, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application, payable to the state treasurer and credited by the treasurer to the general fund, must be paid by the applicant and 50 percent equally by the intervening parties. A notice of the filing of the application must be published once within 30 days of the receipt of the form prescribed by the department of commerce, at the expense of the applicant, in a newspaper published in the municipality in which the place of business under the application is located, or if there is none, in a newspaper published at the county seat of the county in which the place of business is located. Not more than one place of business maintained under a certificate of authorization may be the subject of an application.

Sec. 27. Minnesota Statutes 1998, section 53.03, subdivision 7, is amended to read:

Subd. 7. [OBJECTION TO APPLICATION.] Upon receiving written objection to the application from any person within ~~20~~ 15 days of the notice having been fully published, the department of commerce shall order a contested case hearing to be conducted on the application.

Sec. 28. Minnesota Statutes 1998, section 55.04, subdivision 2, is amended to read:

Subd. 2. [APPLICATION FOR LICENSE.] Application for license shall be in writing, under oath, and in the form prescribed by the commissioner of commerce, and contain the name and address, both of the residence and place of business, of the applicant, and if the applicant is a partnership or unincorporated association, of every member thereof, and if a corporation, of each officer and director thereof; also the county and municipality, with street and number, if any, where the business is to be conducted; and further information the commissioner of commerce requires. The applicant at the time of making application shall pay to the commissioner the sum of \$250 as a fee for investigating the application, and the additional sum of \$150 as an annual license fee for a period terminating on the last day of the current calendar year. ~~If the application is filed after June 30 in any year the additional sum shall be only \$75.~~

Sec. 29. Minnesota Statutes 1998, section 56.02, is amended to read:

56.02 [APPLICATION FEE.]

Application for license shall be in writing, under oath, and in the form prescribed by the commissioner, and contain the name and the address, both of the residence and place of business, of the applicant and, if the applicant is a copartnership or association, of every member thereof, and if a corporation, of each officer and director thereof; also the county and municipality, with street and number, if any, where the business is to be conducted, and such further information as the commissioner may require. The applicant at the time of making application, shall pay to the commissioner the sum of ~~\$250~~ \$500 as a fee for investigating the application, and the additional sum of ~~\$150~~ \$250 as an annual license fee for a period terminating on the last day of the current calendar year; ~~provided, that if the application is filed after June 30 in any year the additional sum shall be only \$75.~~ In addition to the annual license fee, every licensee hereunder shall pay to the commissioner the actual costs of each examination, as provided for in section 56.10. All moneys collected by the commissioner under this chapter shall be turned over to the state treasurer and credited by the treasurer to the general fund of the state.

Every applicant shall also prove, in form satisfactory to the commissioner, that the applicant has available for the operation of the business at the location specified in the application, liquid assets of at least \$50,000.

Sec. 30. Minnesota Statutes 1998, section 56.131, subdivision 1, is amended to read:

Subdivision 1. [INTEREST RATES AND CHARGES.] (a) On any loan in a principal amount not exceeding \$100,000 or 15 percent of a Minnesota corporate licensee's capital stock and surplus as defined in section 53.015, if greater, a licensee may contract for and receive interest, finance charges, and other charges as provided in section 47.59.

(b) Loans may be interest-bearing or precomputed.

(c) Notwithstanding section 47.59 to the contrary, to compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day is considered 1/30 of a month when calculation is made for a fraction of a calendar month. A year is 12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month.

In the alternative, for interest-bearing loans, a licensee may charge interest at the rate of 1/365 of the agreed annual rate for each actual day elapsed.

(d) With respect to interest-bearing loans and notwithstanding section 47.59:

(1) Interest must be computed on unpaid principal balances outstanding from time to time, for the time outstanding. Each payment must be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest must not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (e), clause (3). The resulting loan contract is deemed a new and separate loan transaction for all purposes.

(e) With respect to precomputed loans and notwithstanding section 47.59 to the contrary:

(1) Loans must be repayable in substantially equal and consecutive monthly installments of principal and interest combined, except that the first installment period may be more or less than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days and must be reduced by the amount of interest for the number of days less than one month to the first installment payment; and monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and precomputed interest until the loan is fully paid. Payments must be applied in the order in which they become due.

(3) If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgment is entered.

(4) Following the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under ~~clause (7)~~ paragraph (g), may charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the single annual percentage rate permitted by this subdivision until fully paid.

(5) With respect to a loan secured by an interest in real estate, and having a maturity of more than 60 months, the original schedule of installment payments must fully amortize the principal and interest on the loan. The original schedule of installment payments for any other loan secured by an interest in real estate must provide for payment amounts that are sufficient to pay all interest scheduled to be due on the loan.

~~(6)~~ (f) A licensee may contract for and collect a delinquency charge as provided for in section 47.59, subdivision 6, paragraph (a), clause (4).

~~(7)~~ (g) A licensee may grant extensions, deferments, or conversions to interest-bearing as provided in section 47.59, subdivision 5.

Sec. 31. Minnesota Statutes 1998, section 58.06, subdivision 2, is amended to read:

Subd. 2. [APPLICATION CONTENTS.] The application must contain the name and complete business address or addresses of the license applicant. If the license applicant is a partnership, limited liability partnership, association, limited liability company, corporation, or other form of business organization, the application must contain the names and complete business addresses of each partner, member, director, and principal officer. The application must also include a description of the activities of the license applicant, in the detail and for the periods the commissioner may require. The application must also include all of the following:

(a) an affirmation under oath that the applicant:

(1) will maintain competent staff and adequate staffing levels, through direct employees or otherwise, to meet the requirements of this chapter;

(2) will advise the commissioner of any material changes to the information submitted in the most recent application within ten days of the change;

(3) will advise the commissioner in writing immediately of any bankruptcy petitions filed against or by the applicant or licensee;

(4) is financially solvent ~~and in compliance with net worth requirements;~~

(5) complies with federal and state tax laws;

(6) complies with sections 345.31 to 345.60, the Minnesota unclaimed property law; and

(7) is, or that a person in control of the license applicant is, at least 18 years of age;

(b) information as to the mortgage lending, servicing, or brokering experience of the applicant and persons in control of the applicant;

(c) information as to criminal convictions, excluding traffic violations, of persons in control of the license applicant;

(d) whether a court of competent jurisdiction has found that the applicant or persons in control of the applicant have engaged in conduct evidencing gross negligence, fraud, misrepresentation, or deceit in performing an act for which a license is required under this chapter;

(e) whether the applicant or persons in control of the applicant have been the subject of: an order of suspension or revocation, cease and desist order, or injunctive order, or order barring involvement in an industry or profession issued by this or another state or federal regulatory agency or by the Secretary of Housing and Urban Development within the ten-year period immediately preceding submission of the application; and

(f) other information required by the commissioner.

Sec. 32. Minnesota Statutes 1998, section 58.08, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT OF RESIDENTIAL MORTGAGE ORIGINATORS.] A residential mortgage originator licensee engaging in servicing a residential mortgage loan shall continuously maintain a surety bond or irrevocable letter of credit in an amount not less than \$50,000 in a form approved by the commissioner, issued by an insurance company or bank authorized to do so in this state. The bond must be available for the recovery of expenses, fines, and fees levied by the commissioner under this chapter relating to servicing, and for losses or damages incurred by borrowers as the result of a licensee's servicing-related noncompliance with the requirements of this chapter, sections 325D.43 to 325D.48, and 325F.67 to 325F.69, or breach of contract.

The bond or irrevocable letter of credit must be submitted with the originator's license application, and evidence of continued coverage must be submitted with each renewal. Any change in the bond or letter of credit must be submitted for approval by the commissioner, within ten days of its execution.

Sec. 33. Minnesota Statutes 1998, section 59A.03, subdivision 2, is amended to read:

Subd. 2. The applicant at the time of making application, shall pay to the commissioner the sum of \$250 as a fee for investigating the application, and the additional sum of ~~\$100~~ \$200 as an annual licensee fee for a period terminating on May 31 of each year. In addition to the annual license fee, every licensee shall pay to the commissioner the actual costs of each examination as may be required to be conducted under the terms of sections 59A.01 to 59A.15.

Sec. 34. Minnesota Statutes 1998, section 118A.01, subdivision 2, is amended to read:

Subd. 2. [GOVERNMENT ENTITY.] "Government entity" means a county, city, town, school district, hospital district, public authority, public corporation, public commission, special district, any other political subdivision, except an entity whose investment authority is specified under chapter 11A or 356A.

For the purposes of sections 118A.02 and 118A.03 only, the term includes an American Indian tribal government entity located within a federally recognized American Indian reservation.

Sec. 35. Minnesota Statutes 1998, section 168.67, is amended to read:

168.67 [SALES FINANCE COMPANY; LICENSE, FEES, REFUND.]

(a) No person shall engage in the business of a sales finance company in this state without a license therefor as provided in sections 168.66 to 168.77 provided, however, that no bank, trust company, savings bank, savings association, or credit union, whether state or federally chartered, industrial loan and thrift company, or licensee under the Minnesota Regulated Loan Act authorized to do business in this state shall be required to obtain a license under sections 168.66 to 168.77.

(b) The application for a license shall be in writing, under oath and in the form prescribed by the administrator. The application shall contain the name of the applicant; date of incorporation, if incorporated; the address where the business is or is to be conducted and similar information as to any branch office of the applicant; the name and resident address of the owner or partners, or, if a corporation or association, of the directors, trustees and principal officers, and other pertinent information the administrator requires.

(c) The licensee fee for the fiscal year beginning July 1 and ending June 30 of the following year, or any part thereof shall be the sum of ~~\$150~~ \$250 for the principal place of business of the licensee, and the sum of ~~\$75~~ \$125 for each branch of the licensee, maintained in this state. Any licensee who proves to the satisfaction of the administrator, by affidavit or other proof satisfactory to the administrator, that during the 12 calendar months of the immediately preceding fiscal year, for which the license has been paid that the licensee has not held retail installment contracts exceeding \$15,000 in amount, shall be entitled to a refund of that portion of each license fee paid in excess of \$25. The administrator shall certify to the commissioner of finance that the licensee is entitled to a refund, and

payment thereof shall be made by the state treasurer. The amount necessary to pay for the refundment of the license fee is appropriated out of the general fund. All license fees received by the administrator under sections 168.66 to 168.77 shall be deposited with the state treasurer.

(d) Each license shall specify the location of the office or branch and must be conspicuously displayed there. In case the location be changed, the administrator shall endorse the change of location on the license.

(e) Upon the filing of such application, and the payment of the fee, the administrator shall issue a license to the applicant to engage in the business of a sales finance company under and in accordance with the provisions of sections 168.66 to 168.77 for a period which shall expire the last day of June next following the date of its issuance. The license shall not be transferable or assignable. No licensee shall transact any business provided for by sections 168.66 to 168.77 under any other name.

Sec. 36. Minnesota Statutes 1998, section 168.71, is amended to read:

168.71 [MOTOR VEHICLE RETAIL INSTALLMENT CONTRACT.]

(a)(1) Every retail installment contract shall be in writing, shall contain all the agreements of the parties, shall be signed by the retail buyer and seller, and a copy signed by the retail buyer shall be furnished to such retail buyer at the time the retail buyer executes the contract. The copy signed by both the retail buyer and retail seller shall be provided to the retail buyer within seven days after delivery of the vehicle. With respect to any contract executed prior to August 1, 1996, which has not been paid in full by the retail buyer, the retail seller shall provide such retail buyer a copy signed by both the retail buyer and retail seller within 120 days after August 1, 1996.

(2) No provisions for confession of judgment or power of attorney therefor contained in any retail installment contract or contained in a separate agreement relating thereto, shall be valid or enforceable.

(3) The holder of a precomputed retail installment contract may, if the contract so provides, collect a delinquency and collection charge on each installment in arrears for a period not less than ten days in an amount not in excess of five percent of each installment or \$5, whichever is greater. In addition to such delinquency and collection charge, the retail installment contract, whether interest-bearing or precomputed, may provide for the payment of attorneys' fees not exceeding 15 percent of the amount due and payable under such contract where such contract is referred to an attorney not a salaried employee of the holder of the contract for collection plus the court costs.

(4) Unless written notice has been given to the retail buyer of actual or intended assignment of a retail installment contract, payment thereunder or tender thereof made by the retail buyer to the last known holder of such contract shall be binding upon all subsequent holders or assignees.

(5) Upon written request from the retail buyer, the holder of the retail installment contract shall give or forward to the retail buyer a written statement of the dates and amounts of payments and the total amount unpaid under such contract. A retail buyer shall be given a written receipt for any payment when made in cash.

(b) The retail installment contract shall contain the following items:

(1) the cash sale price of the motor vehicle which is the subject matter of the retail installment contract;

(2) the total amount of the retail buyer's down payment, whether made in money or goods, or partly in money or partly in goods;

(3) the difference between items one and two;

(4) the charge, if any, included in the transaction to pay the balance of an existing purchase money motor vehicle lien which exceeds the value of the trade-in amount, or for any insurance and other benefits not included in clause (1), specifying the types of coverage and taxes, fees, and charges that actually are or will be paid to public officials or government agencies, including those for perfecting, releasing, or satisfying a security interest if such taxes, fees, or charges are not included in clause (1);

(5) principal balance, which is the sum of items three and four;

(6) the amount of the finance charge;

(7) the total of payments payable by the retail buyer to the retail seller and the number of installment payments required and the amount of each installment expressed in dollars or percentages, and date of each payment necessary finally to pay the total of payments which is the sum of item five and item six.

Provided, however, that said items one to seven inclusive need not be stated in the terms, sequence or order set forth above. Provided further, that clauses (6) and (7) may be disclosed on the assumption that all scheduled payments under the contract will be made when due.

In lieu of the above clauses, the retail seller may give the retail buyer disclosures which satisfy the requirements of the Federal Truth-In-Lending Act in effect as of the time of the contract, notwithstanding whether or not that act applies to the transaction.

(c) Every retail seller or sales finance company, if a charge for insurance on the motor vehicle is included in a retail installment contract shall within 30 days after execution of the retail installment contract send or cause to be sent to the retail buyer a policy or policies or certificate of insurance, which insurance shall be written by a company authorized to do business in this state, clearly setting forth the amount of the premium, the kind or kinds of insurance and the scope of the coverage and all the terms, exceptions, limitations, restrictions and conditions of the contract or contracts of the insurance. The buyer of a motor vehicle under a retail installment contract shall have the privilege of purchasing such insurance from an agent or broker of the buyer's own selection and selecting an insurance company mutually acceptable to the seller and the buyer; provided, however, that the inclusion of the cost of the insurance premium in the retail installment contract when the buyer selects the agent, broker or company, shall be optional with the seller.

(d) Any sales finance company hereunder may purchase or acquire from any retail seller any retail installment contract on such terms and conditions as may be mutually agreed upon between them.

(e) An acknowledgment by the retail buyer of the delivery of any such copy or notice as required in subsection (a) contained in the body of the statement or contract shall be conclusive proof of delivery in any action or proceeding by or against any assignee of a retail installment contract.

Sec. 37. Minnesota Statutes 1998, section 303.25, subdivision 5, is amended to read:

Subd. 5. [SOLICITATION OF BUSINESS.] A foreign trust ~~association may not maintain an office within this state, but it~~ may solicit business within this state if banking or trust associations or corporations organized under the laws of this state or national banking associations maintaining their principal offices in this state may solicit business in the state in which the foreign trust association maintains its principal office. For purposes of this subdivision, solicitation of business includes the activities authorized for state or national banking associations exercising fiduciary powers maintaining their principal offices in this state considered a representative trust office established under section ~~48.476~~ 48A.14. A foreign trust association must follow the procedures in section 48A.18 to establish a trust office and the procedures in section 48A.19 to establish a representative trust office.

Sec. 38. Minnesota Statutes 1998, section 332.15, subdivision 2, is amended to read:

Subd. 2. [LICENSE FOR EACH LOCATION.] Each person operating a debt prorating service shall obtain a license for each location and place of business, including each branch office. Such person shall submit a separate application for each place of business. The full license fee shall be payable only for one such place of business. For each additional place of business the license fee shall be ~~\$25~~ \$100.

Sec. 39. Minnesota Statutes 1998, section 332.15, subdivision 3, is amended to read:

Subd. 3. [FEES.] Each applicant, at the time of making such application, shall pay to the commissioner the sum of ~~\$50~~ \$100 as a fee for investigation of the applicant, and the additional sum of ~~\$100~~ \$250 as a license fee. If the application is denied, said license fee shall be returned to the applicant.

Sec. 40. Minnesota Statutes 1998, section 332.17, is amended to read:

332.17 [RENEWAL OF LICENSE.]

Each licensee under the provisions of sections 332.12 to 332.29 shall, not more than 60 nor less than 30 days before its license is to expire, make application to the commissioner for renewal of its license. Such application for renewal shall be on a form prescribed by the commissioner and shall be accompanied by payment of the sum of ~~\$25~~ \$250 as a fee for investigation of the renewal applicant, the additional sum of ~~\$100~~ \$250 as a license fee, and a bond as required in the case of an original application. The commissioner may investigate the licensee and determine its continued fitness as in the case of an original application. If the commissioner shall renew the license, said renewal shall be effective for one year from the date on which the previous license expired.

Sec. 41. Minnesota Statutes 1998, section 332.30, is amended to read:

332.30 [ACCELERATED MORTGAGE PAYMENT PROVIDER; BOND REQUIREMENTS.]

(a) Before beginning business in this state, an accelerated mortgage payment provider, as defined in section 332.13, subdivision 2, clause (10), shall submit to the commissioner of commerce an authorization fee of \$250 and either:

(1) a surety bond in which the accelerated mortgage payment provider is the obligor, in an amount determined by the commissioner; or

(2) if the commissioner agrees to accept it, a deposit:

(i) in cash in an amount equivalent to the bond amount; or

(ii) of authorized securities, as defined in section 50.14, with an aggregate market value equal to the bond amount. The cash or securities must be deposited with the state treasurer.

(b) The amount of the bond required by the commissioner shall vary with the amount of Minnesota client funds held or to be held by the obligor. For new businesses, the bond must be no less than \$100,000, except as provided in section 332.301. The commissioner may increase the required bond amount upon 30 days' notice to the accelerated mortgage payment provider.

(c) If a bond is submitted, it must name as surety an insurance company authorized to transact fidelity and surety business in this state. The bond must run to the state of Minnesota for the use of the state and of any person who may have a claim against the obligor arising out of the obligor's activities as an accelerated mortgage payment provider. The bond must be conditioned that the obligor will not commit any fraudulent act and will faithfully conform to and abide by the provisions of accelerated mortgage payment agreements with Minnesota residents.

If an accelerated mortgage payment provider has failed to account to a mortgagor or distribute funds to the mortgagee as required by an accelerated mortgage payment agreement, the mortgagor or the mortgagor's legal representative or receiver or the commissioner shall have, in addition to any other legal remedies, a right of action in the name of the debtor on the bond or the security given pursuant to this section.

Sec. 42. [334.21] [MOTOR VEHICLE LEASE AGREEMENTS.]

A motor vehicle lease agreement may include the outstanding balance from a prior motor vehicle loan or lease.

Sec. 43. [CHISAGO LAKES TOWNSHIP; DETACHED BANKING FACILITY.]

With the prior approval of the commissioner of commerce, a bank operating its principal office in Marine on St. Croix may establish and maintain not more than one detached facility in Chisago Lakes township. A bank desiring to establish such a detached facility must follow the approval procedure prescribed in Minnesota Statutes, section 47.54. The establishment of a detached facility under this section is subject to Minnesota Statutes, sections 47.51 to 47.57, except to the extent those sections are inconsistent with this section.

Sec. 44. [REPEALER.]

(a) Minnesota Statutes 1998, section 47.20, subdivision 14, is repealed.

(b) Minnesota Statutes 1998, section 58.07, is repealed.

Sec. 45. [EFFECTIVE DATE.]

Sections 1 to 7, 12 to 14, 16, 18, 21 to 23, 25 to 29, 33, 35, and 37 to 41 are effective July 1, 1999. Sections 11 and 44, paragraph (a), are effective July 29, 1999. Section 43 takes effect the day after compliance by the governing body of Chisago Lakes township with Minnesota Statutes, section 645.021, subdivision 3. Sections 8 to 10, 12, 15, 17, 31, 32, and 44, paragraph (b), are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to financial institutions; regulating fees, charges, investments, and time periods; regulating mortgage insurance and loans; modifying the application requirements for credit unions; making corrections and conforming changes; regulating deposit and investment of local public funds; modifying a definition; authorizing a detached facility in Chisago Lakes Township; amending Minnesota Statutes 1998, sections 46.041, subdivisions 1 and 3; 46.048, subdivisions 1 and 2b; 46.131, subdivision 10; 47.0156; 47.101, subdivision 3; 47.20, subdivision 6b; 47.203; 47.204, subdivision 1; 47.27, subdivision 3; 47.54, subdivisions 2 and 3; 47.59, subdivision 12; 47.60, subdivision 3; 48.15, subdivisions 2a and 3; 48.24, subdivision 7, and by adding a subdivision; 48A.15, subdivision 1; 49.36, subdivision 1; 52.01; 52.05, subdivision 2; 53.03, subdivisions 1, 6, and 7; 55.04, subdivision 2; 56.02; 56.131, subdivision 1; 58.06, subdivision 2; 58.08, subdivision 1; 59A.03, subdivision 2; 118A.01, subdivision 2; 168.67; 168.71; 303.25, subdivision 5; 332.15, subdivisions 2 and 3; 332.17; and 332.30; proposing coding for new law in Minnesota Statutes, chapters 47; and 334; repealing Minnesota Statutes 1998, sections 47.20, subdivision 14; and 58.07."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 238, 483, 489, 578, 598, 629, 700, 718, 805, 1067, 1077, 1309, 1346, 1348, 1493, 1551, 1631, 1834, 1932, 1940, 2021, 2023, 2058 and 2337 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 973, 71, 376, 441, 540, 567 and 1330 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Larsen, P.; Wejcman; Gray; Mariani and Greenfield introduced:

H. F. No. 2347, A bill for an act relating to health; appropriating money for prevention and treatment of sexually transmitted infections, HIV prevention initiatives for greater Minnesota, HIV disease case management services, and HIV and substance abuse prevention.

The bill was read for the first time and referred to the Committee on Health and Human Services Finance.

Larsen, P., introduced:

H. F. No. 2348, A bill for an act relating to taxation; providing an automatic income tax rebate to taxpayers; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 16A; repealing Minnesota Statutes 1998, section 16A.152, subdivision 2.

The bill was read for the first time and referred to the Committee on Taxes.

Schumacher introduced:

H. F. No. 2349, A bill for an act relating to state lands; authorizing private sale of certain state land.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Broecker introduced:

H. F. No. 2350, A bill for an act relating to human services; providing funding to one ICF/MR for costs related to field audit disallowances and providing exemptions from the spend-up limit; appropriating money.

The bill was read for the first time and referred to the Committee on Health and Human Services Finance.

Abrams introduced:

H. F. No. 2351, A bill for an act relating to taxation; authorizing the commissioner of revenue to enter into agreements with Indian tribes regarding petroleum tank cleanup fees and inspection fees; amending Minnesota Statutes 1998, section 270.60, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

Abrams introduced:

H. F. No. 2352, A bill for an act relating to taxation; reenacting certain provisions of Laws 1997, chapter 231, relating to tax classification provisions for certain housing facilities, tax increment financing, and tax abatement and providing for retroactive application.

The bill was read for the first time and referred to the Committee on Taxes.

Greiling introduced:

H. F. No. 2353, A bill for an act relating to taxation; property; extending the education homestead credit to qualifying low-income rental housing; amending Minnesota Statutes 1998, sections 273.126, subdivisions 1 and 3; 273.1382, subdivision 1; and 462A.071, subdivisions 1 and 6; repealing Minnesota Statutes 1998, section 273.1382, subdivision 1a.

The bill was read for the first time and referred to the Committee on Taxes.

Greiling, McGuire, Erhardt and Wagenius introduced:

H. F. No. 2354, A bill for an act relating to taxation; property; increasing the market value of certain homes eligible for valuation exclusion for certain improvements; amending Minnesota Statutes 1998, section 273.11, subdivision 16.

The bill was read for the first time and referred to the Committee on Taxes.

Howes introduced:

H. F. No. 2355, A bill for an act relating to game and fish; authorizing an exemption from the fishing license requirement for certain persons; amending Minnesota Statutes 1998, section 97A.445, subdivision 2.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 525, A bill for an act relating to Anoka county; providing for city administration of the dangerous dog registration system.

H. F. No. 240, A bill for an act relating to sheriffs; authorizing sheriffs to expend money from the sheriff's contingent fund for investigating DWI-related violations; amending Minnesota Statutes 1998, section 387.213.

H. F. No. 216, A bill for an act relating to corrections; clarifying the law authorizing transfer of prisoners between jails and workhouses; amending Minnesota Statutes 1998, section 643.01.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 614, A bill for an act relating to health; expanding the reserve corridor for community integrated service networks; modifying the definition of review organization; amending Minnesota Statutes 1998, sections 62N.28, subdivision 5; and 145.61, subdivision 5.

H. F. No. 583, A bill for an act relating to insurance; regulating investments by township mutual insurance companies; amending Minnesota Statutes 1998, section 67A.231.

H. F. No. 1066, A bill for an act relating to insurance; township mutual insurance companies; regulating the territories of operation; amending Minnesota Statutes 1998, section 67A.01.

H. F. No. 1660, A bill for an act relating to health occupations; exempting persons employed by a nonprofit organization performing duties that are incidental to research from the unlawful practice of medicine; amending Minnesota Statutes 1998, section 147.09.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 1565, A bill for an act relating to the military; expanding eligibility for certain state service; amending Minnesota Statutes 1998, sections 190.08, subdivision 3; 192.19; and 193.29, subdivisions 1, 2, and 3.

H. F. No. 1216, A bill for an act relating to occupations and professions; modifying practical examination requirements for chiropractors licensed in other states; amending Minnesota Statutes 1998, section 148.06, subdivision 1.

H. F. No. 1556, A bill for an act relating to state government; extending the civil service pilot project in the housing finance agency; amending Laws 1993, chapter 301, section 1, subdivision 4; and Laws 1995, chapter 248, article 12, section 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

NOTICE OF INTENTION TO MOVE RECONSIDERATION

Entenza gave notice of intention to move reconsideration of the vote whereby the Pawlenty motion prevailed to lay on the table the Entenza reconsideration motion, relating to the Message from the Senate regarding H. F. No. 50.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 521, 1609 and 1368.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 521, A bill for an act relating to insurance; requiring no-fault automobile insurance medical benefits to include sign interpreting and language translation; making technical changes; amending Minnesota Statutes 1998, section 65B.44, subdivision 2.

The bill was read for the first time.

Dawkins moved that S. F. No. 521 and H. F. No. 684, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1609, A bill for an act relating to local government; providing exemption for governmental units to jointly or cooperatively contract in amounts estimated not to exceed \$25,000; amending Minnesota Statutes 1998, section 471.59, subdivision 1.

The bill was read for the first time.

Hausman moved that S. F. No. 1609 and H. F. No. 1544, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1368, A bill for an act relating to commerce; regulating contracts for architects, engineers, surveyors, landscape architects, geoscientists, and interior designers; amending Minnesota Statutes 1998, sections 16C.08, subdivision 5; and 337.10, subdivision 4.

The bill was read for the first time.

Gerlach moved that S. F. No. 1368 and H. F. No. 1622, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

FISCAL CALENDAR

Pursuant to rule 1.22, Bishop requested immediate consideration of H. F. No. 878.

H. F. No. 878 was reported to the House.

Entenza, Greiling, Kelliher and Rest moved to amend H. F. No. 878, the second engrossment, as follows:

Page 1, line 16, delete "600,000" and insert "1,000,000"

Page 2, line 24, delete "600,000" and insert "1,000,000"

Page 2, line 25, delete "\$600,000" and insert "\$1,000,000"

Adjust totals and numbers accordingly

A roll call was requested and properly seconded.

The question was taken on the Entenza et al amendment and the roll was called.

Pursuant to rule 2.05, the Speaker excused Pawlenty from voting on the Entenza et al amendment to H. F. No. 878, the second engrossment.

There were 22 yeas and 100 nays as follows:

Those who voted in the affirmative were:

Carlson	Gleason	Jaros	Leighton	Pugh	Wejzman
Carruthers	Gray	Kahn	Luther	Rest	Wenzel
Entenza	Greenfield	Kelliher	Murphy	Skoglund	
Folliard	Greiling	Koskinen	Peterson	Wagenius	

Those who voted in the negative were:

Abeler	Dorman	Howes	Mahoney	Paymar	Swenson
Abrams	Dorn	Huntley	Mares	Pelowski	Sykora
Anderson, B.	Erhardt	Jennings	Mariani	Reuter	Tingelstad
Anderson, I.	Erickson	Johnson	Marko	Rhodes	Tomassoni
Bakk	Finseth	Juhnke	McElroy	Rifenberg	Trimble
Bishop	Fuller	Kalis	McGuire	Rostberg	Tuma
Boudreau	Gerlach	Kielkucki	Molnau	Rukavina	Tunheim
Bradley	Gunther	Knoblach	Mulder	Schumacher	Vandever
Broecker	Haake	Krinkie	Ness	Seagren	Westerberg
Buesgens	Haas	Kubly	Nornes	Seifert, J.	Westrom
Cassell	Hackbarth	Kuisle	Olson	Seifert, M.	Wilkin
Chaudhary	Harder	Larsen, P.	Opatz	Skoe	Winter
Clark, J.	Hasskamp	Larson, D.	Osskopp	Smith	Wolf
Daggett	Hausman	Lenczewski	Osthoff	Solberg	Workman
Davids	Hilty	Leppik	Otremba	Stanek	Spk. Sviggum
Dehler	Holberg	Lieder	Ozment	Stang	
Dempsey	Holsten	Lindner	Paulsen	Storm	

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

Trimble moved to amend H. F. No. 878, the second engrossment, as follows:

Page 2, line 33, after "2000" insert ", if the board restores two free days a month"

A roll call was requested and properly seconded.

The question was taken on the Trimble amendment and the roll was called.

Pursuant to rule 2.05, the Speaker excused Pawlenty from voting on the Trimble amendment to H. F. No. 878, the second engrossment.

There were 58 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Clark, K.	Gray	Huntley	Kahn	Larsen, P.
Bakk	Dorn	Greenfield	Jaros	Kalis	Larson, D.
Carlson	Entenza	Greiling	Jennings	Kelliher	Leighton
Carruthers	Folliard	Hasskamp	Johnson	Koskinen	Lenczewski
Chaudhary	Gleason	Hilty	Juhnke	Kubly	Lieder

Luther	McGuire	Paymar	Rukavina	Solberg	Wejcman
Mahoney	Murphy	Pelowski	Schumacher	Tomassoni	Wenzel
Mariani	Opatz	Peterson	Skoe	Trimble	Winter
Marko	Osthoff	Pugh	Skoglund	Tunheim	
McCollum	Otremba	Rest	Smith	Wagenius	

Those who voted in the negative were:

Abeler	Davids	Haas	Leppik	Paulsen	Swenson
Abrams	Dehler	Hackbarth	Lindner	Reuter	Sykora
Anderson, B.	Dempsey	Harder	Mares	Rhodes	Tingelstad
Bishop	Dorman	Hausman	McElroy	Rifenberg	Tuma
Boudreau	Erhardt	Holberg	Molnau	Rostberg	Vandever
Bradley	Erickson	Holsten	Mulder	Seagren	Westerberg
Broecker	Finseth	Howes	Ness	Seifert, J.	Westrom
Buesgens	Fuller	Kielkucki	Nornes	Seifert, M.	Wilkin
Cassell	Gerlach	Knoblach	Olson	Stanek	Wolf
Clark, J.	Gunther	Krinkie	Osskopp	Stang	Workman
Daggett	Haake	Kuisle	Ozment	Storm	Spk. Sviggum

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

Wagenius was excused between the hours of 3:30 p.m. and 5:45 p.m.

H. F. No. 878, A bill for an act relating to public administration; making deficiency appropriations for state government operations; imposing certain conditions and directions; appropriating money.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Pursuant to rule 2.05, the Speaker excused Pawlenty from voting on final passage of H. F. No. 878, the second engrossment.

There were 49 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Hackbarth	McElroy	Seagren	Westrom
Abrams	Dempsey	Harder	Molnau	Seifert, J.	Wolf
Boudreau	Dorman	Holsten	Mulder	Seifert, M.	Workman
Bradley	Erhardt	Howes	Ness	Stanek	Spk. Sviggum
Broecker	Erickson	Kielkucki	Nornes	Stang	
Cassell	Finseth	Knoblach	Ozment	Storm	
Clark, J.	Gunther	Larsen, P.	Paulsen	Swenson	
Daggett	Haake	Leppik	Reuter	Sykora	
Davids	Haas	Mares	Rhodes	Vandever	

Those who voted in the negative were:

Anderson, B.	Buesgens	Chaudhary	Entenza	Gerlach	Greenfield
Bakk	Carlson	Clark, K.	Folliard	Gleason	Greiling
Bishop	Carruthers	Dorn	Fuller	Gray	Hasskamp

Hausman	Kelliher	Luther	Opatz	Rostberg	Tuma
Hilty	Koskinen	Mahoney	Osskopp	Rukavina	Tunheim
Holberg	Krinkie	Mariani	Osthoff	Schumacher	Wejcman
Huntley	Kubly	Marko	Otremba	Skoe	Westerberg
Jaros	Kuisle	McCollum	Paymar	Skoglund	Wilkin
Jennings	Larson, D.	McGuire	Pelowski	Smith	Winter
Johnson	Leighton	Mullery	Peterson	Solberg	
Juhnke	Lenczewski	Munger	Pugh	Tingelstad	
Kahn	Lieder	Murphy	Rest	Tomassoni	
Kalis	Lindner	Olson	Rifenberg	Trimble	

The bill was not passed.

CONSENT CALENDAR

S. F. No. 1173, A bill for an act relating to water; approving the granting of a permit for the consumptive use of groundwater pursuant to Minnesota Statutes, section 103G.265, subdivision 3.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Holsten	Lieder	Otremba	Stanek
Abrams	Entenza	Howes	Lindner	Ozment	Stang
Anderson, B.	Erhardt	Huntley	Luther	Paulsen	Storm
Anderson, I.	Erickson	Jaros	Mahoney	Pawlenty	Swenson
Bakk	Finseth	Jennings	Mares	Paymar	Sykora
Bishop	Folliard	Johnson	Mariani	Pelowski	Tingelstad
Boudreau	Fuller	Juhnke	Marko	Peterson	Tomassoni
Bradley	Gerlach	Kahn	McCollum	Pugh	Trimble
Broecker	Gleason	Kalis	McElroy	Rest	Tuma
Buesgens	Gray	Kelliher	McGuire	Reuter	Tunheim
Carlson	Greenfield	Kielkucki	Molnau	Rhodes	Vandever
Carruthers	Greiling	Knoblach	Mulder	Rifenberg	Wejcman
Cassell	Gunther	Koskinen	Mullery	Rostberg	Wenzel
Chaudhary	Haake	Krinkie	Munger	Rukavina	Westerberg
Clark, J.	Haas	Kubly	Murphy	Schumacher	Westrom
Clark, K.	Hackbarth	Kuisle	Ness	Seagren	Wilkin
Daggett	Harder	Larsen, P.	Nornes	Seifert, J.	Winter
Dauids	Hasskamp	Larson, D.	Olson	Seifert, M.	Wolf
Dehler	Hausman	Leighton	Opatz	Skoe	Workman
Dempsey	Hilty	Lenczewski	Osskopp	Smith	Spk. Sviggum
Dorman	Holberg	Leppik	Osthoff	Solberg	

The bill was passed and its title agreed to.

H. F. No. 67, A bill for an act relating to crime; imposing penalties for killing or injuring a search and rescue dog; amending Minnesota Statutes 1998, section 609.596.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Howes	Luther	Pawlenty	Swenson
Abrams	Erhardt	Huntley	Mahoney	Paymar	Sykora
Anderson, B.	Erickson	Jaros	Mares	Pelowski	Tingelstad
Anderson, I.	Finseth	Jennings	Mariani	Peterson	Tomassoni
Bakk	Folliard	Johnson	Marko	Pugh	Trimble
Bishop	Fuller	Juhnke	McCollum	Rest	Tuma
Boudreau	Gerlach	Kahn	McGuire	Reuter	Tunheim
Bradley	Gleason	Kalis	Molnau	Rhodes	Vandev eer
Broecker	Gray	Kelliher	Mulder	Rostberg	Wejcm an
Buesgens	Greenfield	Kielkucki	Mullery	Rukavina	Wenzel
Carlson	Greiling	Knoblach	Munger	Schumacher	Westerberg
Carruthers	Gunther	Koskinen	Murphy	Seagren	Westrom
Cassell	Haake	Krinkie	Ness	Seifert, J.	Wilkin
Clark, J.	Haas	Kubly	Nornes	Seifert, M.	Winter
Clark, K.	Hackbarth	Kuisele	Olson	Skoe	Wolf
Daggett	Harder	Larsen, P.	Opatz	Skoglund	Workman
Davids	Hasskamp	Larson, D.	Osskopp	Smith	Spk. Sviggum
Dehler	Hausman	Leighton	Osthoff	Solberg	
Dempsey	Hilty	Leppik	Otremba	Stanek	
Dorman	Holberg	Lieder	Ozment	Stang	
Dorn	Holsten	Lindner	Paulsen	Storm	

The bill was passed and its title agreed to.

S. F. No. 803, A bill for an act relating to game and fish; requiring a fishing guide license on the St. Louis river estuary; amending Minnesota Statutes 1998, sections 97A.475, subdivision 15; and 97C.311, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Broecker	Daggett	Erickson	Gunther	Holberg
Abrams	Buesgens	Davids	Finseth	Haake	Holsten
Anderson, B.	Carlson	Dehler	Folliard	Haas	Howes
Anderson, I.	Carruthers	Dempsey	Fuller	Hackbarth	Huntley
Bakk	Cassell	Dorman	Gleason	Harder	Jaros
Bishop	Chaudhary	Dorn	Gray	Hasskamp	Jennings
Boudreau	Clark, J.	Entenza	Greenfield	Hausman	Johnson
Bradley	Clark, K.	Erhardt	Greiling	Hilty	Juhnke

Kahn	Leppik	Mullery	Paymar	Seifert, M.	Tuma
Kalis	Lieder	Munger	Pelowski	Skoe	Tunheim
Kelliher	Lindner	Murphy	Peterson	Skoglund	Vandever
Kielkucki	Luther	Ness	Pugh	Smith	Wejman
Knoblach	Mahoney	Nornes	Rest	Solberg	Wenzel
Koskinen	Mares	Olson	Reuter	Stanek	Westerberg
Krinkie	Mariani	Opatz	Rhodes	Stang	Westrom
Kubly	Marko	Osskopp	Rifenberg	Storm	Wilkin
Kuisle	McCollum	Osthoff	Rostberg	Swenson	Winter
Larsen, P.	McElroy	Otremba	Rukavina	Sykora	Wolf
Larsen, D.	McGuire	Ozment	Schumacher	Tingelstad	Workman
Leighton	Molnau	Paulsen	Seagren	Tomassoni	Spk. Sviggum
Lenczewski	Mulder	Pawlenty	Seifert, J.	Trimble	

The bill was passed and its title agreed to.

Molnau moved that the remaining bills on the Consent Calendar be continued. The motion prevailed.

CALENDAR FOR THE DAY

S. F. No. 984, A bill for an act relating to professions; modifying enforcement provisions for the board of psychology; proposing coding for new law in Minnesota Statutes, chapter 148.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Howes	Lindner	Ozment	Stanek
Abrams	Entenza	Huntley	Luther	Paulsen	Stang
Anderson, B.	Erhardt	Jaros	Mahoney	Pawlenty	Storm
Anderson, I.	Erickson	Jennings	Mares	Paymar	Swenson
Bakk	Finseth	Johnson	Mariani	Pelowski	Sykora
Bishop	Fuller	Juhnke	Marko	Peterson	Tingelstad
Boudreau	Gerlach	Kahn	McCollum	Pugh	Tomassoni
Bradley	Gleason	Kalis	McElroy	Rest	Trimble
Broecker	Gray	Kelliher	McGuire	Reuter	Tuma
Buesgens	Greenfield	Kielkucki	Molnau	Rhodes	Tunheim
Carlson	Greiling	Knoblach	Mulder	Rifenberg	Vandever
Carruthers	Gunther	Koskinen	Mullery	Rostberg	Wejman
Cassell	Haake	Krinkie	Munger	Rukavina	Wenzel
Chaudhary	Haas	Kubly	Murphy	Schumacher	Westerberg
Clark, J.	Hackbarth	Kuisle	Ness	Seagren	Westrom
Clark, K.	Harder	Larsen, P.	Nornes	Seifert, J.	Wilkin
Daggett	Hasskamp	Larsen, D.	Olson	Seifert, M.	Winter
Davids	Hausman	Leighton	Opatz	Skoe	Wolf
Dehler	Hilty	Lenczewski	Osskopp	Skoglund	Workman
Dempsey	Holberg	Leppik	Osthoff	Smith	Spk. Sviggum
Dorman	Holsten	Lieder	Otremba	Solberg	

The bill was passed and its title agreed to.

H. F. No. 790 was reported to the House.

Pawlenty moved that H. F. No. 790 be continued on the Calendar for the Day. The motion prevailed.

S. F. No. 257 was reported to the House.

Buesgens moved that S. F. No. 257 be continued on the Calendar for the Day. The motion prevailed.

S. F. No. 836, A bill for an act relating to agriculture; changing food handlers license provisions for food processors or manufacturers operating only at the state fair; amending Minnesota Statutes 1998, sections 28A.04, subdivision 1; and 28A.08, subdivision 3.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Howes	Lindner	Ozment	Stanek
Anderson, B.	Erhardt	Huntley	Luther	Paulsen	Stang
Anderson, I.	Erickson	Jaros	Mahoney	Pawlenty	Storm
Bakk	Finseth	Jennings	Mares	Paymar	Swenson
Bishop	Folliard	Johnson	Mariani	Pelowski	Sykora
Boudreau	Fuller	Juhnke	Marko	Peterson	Tingelstad
Bradley	Gerlach	Kahn	McCollum	Pugh	Tomassoni
Broecker	Gleason	Kalis	McElroy	Rest	Trimble
Buesgens	Gray	Kelliher	McGuire	Reuter	Tuma
Carlson	Greenfield	Kielkucki	Molnau	Rhodes	Tunheim
Carruthers	Greiling	Knoblach	Mulder	Rifenberg	Vandever
Cassell	Gunther	Koskinen	Mullery	Rostberg	Wejcman
Chaudhary	Haake	Krinkie	Munger	Rukavina	Wenzel
Clark, J.	Haas	Kubly	Murphy	Schumacher	Westerberg
Clark, K.	Hackbarth	Kuisle	Ness	Seagren	Westrom
Daggett	Harder	Larsen, P.	Nornes	Seifert, J.	Wilkin
Davids	Hasskamp	Larson, D.	Olson	Seifert, M.	Winter
Dehler	Hausman	Leighton	Opatz	Skoe	Wolf
Dempsey	Hilty	Lenczewski	Osskopp	Skoglund	Workman
Dorman	Holberg	Leppik	Osthoff	Smith	Spk. Sviggum
Dorn	Holsten	Lieder	Otremba	Solberg	

The bill was passed and its title agreed to.

H. F. No. 793, A bill for an act relating to liens; creating a lien and right of detainer; amending Minnesota Statutes 1998, section 514.19.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 90 yeas and 33 nays as follows:

Those who voted in the affirmative were:

Abeler	Erhardt	Juhnke	Mariani	Paulsen	Stanek
Anderson, B.	Erickson	Kalis	Marko	Pawlenty	Stang
Bishop	Finseth	Kelliher	McCollum	Pelowski	Storm
Boudreau	Fuller	Kielkucki	McElroy	Peterson	Swenson
Bradley	Gerlach	Knoblach	Molnau	Pugh	Sykora
Broecker	Gunther	Koskinen	Mulder	Rest	Tingelstad
Cassell	Haake	Kubly	Munger	Reuter	Tuma
Clark, J.	Haas	Kuisle	Murphy	Rhodes	Vandever
Daggett	Hackbarth	Larsen, P.	Ness	Rifenberg	Wenzel
Davids	Harder	Leighton	Nornes	Rostberg	Westerberg
Dehler	Holberg	Lenczewski	Olson	Schumacher	Westrom
Dempsey	Holsten	Leppik	Opatz	Seagren	Wilkin
Dorman	Howes	Lieder	Osskopp	Seifert, J.	Wolf
Dorn	Huntley	Lindner	Otremba	Seifert, M.	Workman
Entenza	Jennings	Mares	Ozment	Skoe	Spk. Sviggum

Those who voted in the negative were:

Anderson, I.	Folliard	Hausman	Larson, D.	Paymar	Trimble
Bakk	Gleason	Hilty	Luther	Rukavina	Tunheim
Carlson	Gray	Jaros	Mahoney	Skoglund	Wejeman
Carruthers	Greenfield	Johnson	McGuire	Smith	
Chaudhary	Greiling	Kahn	Mullery	Solberg	
Clark, K.	Hasskamp	Krinkie	Osthoff	Tomassoni	

The bill was passed and its title agreed to.

S. F. No. 626 was reported to the House.

Osskopp moved that S. F. No. 626 be continued on the Calendar for the Day. The motion prevailed.

H. F. No. 1248 was reported to the House.

Howes moved that H. F. No. 1248 be continued on the Calendar for the Day. The motion prevailed.

H. F. No. 1046 was reported to the House.

Workman moved that H. F. No. 1046 be continued on the Calendar for the Day. The motion prevailed.

H. F. No. 1038, A bill for an act relating to employment; modifying employment and training data provisions; amending Minnesota Statutes 1998, section 13.47.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 116 yeas and 8 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Howes	Luther	Pawlenty	Storm
Abrams	Entenza	Huntley	Mares	Paymar	Swenson
Anderson, B.	Erhardt	Jennings	Mariani	Pelowski	Sykora
Anderson, I.	Erickson	Johnson	Marko	Peterson	Tingelstad
Bishop	Finseth	Juhnke	McCollum	Pugh	Tuma
Boudreau	Folliard	Kalis	McElroy	Rest	Tunheim
Bradley	Fuller	Kelliher	McGuire	Reuter	Vandever
Broecker	Gerlach	Kielkucki	Molnau	Rhodes	Wejcman
Buesgens	Gleason	Knoblach	Mulder	Rifenberg	Wenzel
Carlson	Gray	Koskinen	Mullery	Rostberg	Westerberg
Carruthers	Greenfield	Krinkie	Munger	Schumacher	Westrom
Cassell	Gunther	Kubly	Murphy	Seagren	Wilkin
Chaudhary	Haake	Kuisle	Ness	Seifert, J.	Winter
Clark, J.	Haas	Larsen, P.	Nornes	Seifert, M.	Wolf
Clark, K.	Hackbarth	Larson, D.	Olson	Skoe	Workman
Daggett	Harder	Leighton	Opatz	Skoglund	Spk. Sviggum
Davids	Hasskamp	Lenczewski	Osskopp	Smith	
Dehler	Hilty	Leppik	Otremba	Solberg	
Dempsey	Holberg	Lieder	Ozment	Stanek	
Dorman	Holsten	Lindner	Paulsen	Stang	

Those who voted in the negative were:

Bakk	Hausman	Kahn	Tomassoni
Greiling	Jaros	Rukavina	Trimble

The bill was passed and its title agreed to.

H. F. No. 426 was reported to the House.

Rukavina moved that H. F. No. 426 be continued on the Calendar for the Day. The motion prevailed.

H. F. No. 142, A bill for an act relating to crime; expanding the definition of "subsequent controlled substance conviction" to include convictions subsequent to a stay of adjudication for a controlled substance crime; amending Minnesota Statutes 1998, section 152.01, subdivision 16a.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Bakk	Bradley	Carlson	Chaudhary	Daggett
Anderson, B.	Bishop	Broecker	Carruthers	Clark, J.	Davids
Anderson, I.	Boudreau	Buesgens	Cassell	Clark, K.	Dehler

Dempsey	Hausman	Kuisle	Mullery	Reuter	Tingelstad
Dorman	Hilty	Larsen, P.	Munger	Rhodes	Tomassoni
Dorn	Holberg	Larson, D.	Murphy	Rifenberg	Trimble
Entenza	Holsten	Leighton	Ness	Rostberg	Tuma
Erhardt	Howes	Lenczewski	Nornes	Rukavina	Tunheim
Erickson	Huntley	Leppik	Olson	Schumacher	Vandever
Folliard	Jaros	Lieder	Opatz	Seagren	Wejman
Fuller	Jennings	Lindner	Osskopp	Seifert, J.	Wenzel
Gerlach	Johnson	Luther	Osthoff	Seifert, M.	Westerberg
Gleason	Juhnke	Mahoney	Otremba	Skoe	Westrom
Greenfield	Kahn	Mares	Ozment	Skoglund	Wilkin
Greiling	Kalis	Mariani	Paulsen	Smith	Winter
Gunther	Kelliher	Marko	Pawlenty	Solberg	Wolf
Haake	Kielkucki	McCollum	Paymar	Stanek	Workman
Haas	Knoblach	McElroy	Pelowski	Stang	Spk. Sviggum
Hackbarth	Koskinen	McGuire	Peterson	Storm	
Harder	Krinkie	Molnau	Pugh	Swenson	
Hasskamp	Kubly	Mulder	Rest	Sykora	

The bill was passed and its title agreed to.

H. F. No. 1128 was reported to the House.

Carruthers, Skoglund and Stanek moved to amend H. F. No. 1128 as follows:

Page 1, after line 19, insert:

"(d) When a court awards credit for time served in custody, the court shall compute each day of credit in the same manner that it computes days of imprisonment under paragraphs (a) and (b)."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 1128, A bill for an act relating to crime prevention; defining "day" for purposes of incarceration in a jail or workhouse; amending Minnesota Statutes 1998, section 609.105, by adding a subdivision.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 113 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Abrams	Boudreau	Buesgens	Cassell	Clark, K.	Dehler
Anderson, B.	Bradley	Carlson	Chaudhary	Daggett	Dempsey
Bishop	Broecker	Carruthers	Clark, J.	Davids	Dorman

Dorn	Harder	Kubly	Molnau	Rest	Swenson
Entenza	Hasskamp	Kuisele	Mulder	Reuter	Sykora
Erhardt	Hilty	Larsen, P.	Munger	Rhodes	Tingelstad
Erickson	Holberg	Larsen, D.	Ness	Rifenberg	Trimble
Finseth	Holsten	Lenczewski	Nornes	Rostberg	Tuma
Folliard	Howes	Leppik	Olson	Schumacher	Tunheim
Fuller	Huntley	Lieder	Opatz	Seagren	Vandever
Gerlach	Jennings	Lindner	Osskopp	Seifert, J.	Wenzel
Gleason	Johnson	Luther	Osthoff	Seifert, M.	Westerberg
Gray	Juhnke	Mahoney	Otremba	Skoe	Westrom
Greenfield	Kalis	Mares	Ozment	Skoglund	Wilkin
Greiling	Kelliher	Mariani	Paulsen	Smith	Winter
Gunther	Kielkucki	Marko	Pawlenty	Solberg	Wolf
Haake	Knoblach	McCollum	Paymar	Stanek	Workman
Haas	Koskinen	McElroy	Pelowski	Stang	Spk. Sviggum
Hackbarth	Krinkie	McGuire	Peterson	Storm	

Those who voted in the negative were:

Abeler	Hausman	Leighton	Pugh	Wejcman
Anderson, I.	Jaros	Mullery	Rukavina	
Bakk	Kahn	Murphy	Tomassoni	

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

H. F. No. 868 was reported to the House.

Hackbarth moved to amend H. F. No. 868 as follows:

Page 6, line 11, after "to" insert "wrongfully"

Page 6, line 15, after "to" insert "wrongfully"

The motion prevailed and the amendment was adopted.

Hackbarth moved to amend H. F. No. 868, as amended, as follows:

Page 6, after line 16, insert:

"For the purposes of items (iii) and (iv), the value of the property must be at least \$100."

The motion prevailed and the amendment was adopted.

H. F. No. 868, A bill for an act relating to crime prevention; amending the theft law to specifically apply to certain situations involving the rental of personal property or equipment; amending Minnesota Statutes 1998, section 609.52, subdivisions 1 and 2.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 111 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Lieder	Pawlenty	Storm
Abrams	Dorn	Howes	Lindner	Pelowski	Swenson
Anderson, B.	Erhardt	Huntley	Luther	Peterson	Sykora
Anderson, I.	Erickson	Jaros	Mahoney	Rest	Tingelstad
Bakk	Finseth	Jennings	Mares	Reuter	Tomassoni
Bishop	Folliard	Johnson	Marko	Rhodes	Tuma
Boudreau	Fuller	Juhnke	McElroy	Rifenberg	Tunheim
Bradley	Gerlach	Kalis	McGuire	Rostberg	Vandever
Broecker	Gray	Kelliher	Molnau	Rukavina	Wenzel
Buesgens	Greenfield	Kielkucki	Mulder	Schumacher	Westerberg
Carlson	Greiling	Knoblach	Munger	Seagren	Westrom
Carruthers	Gunther	Koskinen	Murphy	Seifert, J.	Wilkin
Cassell	Haake	Krinkie	Ness	Seifert, M.	Winter
Chaudhary	Haas	Kubly	Nornes	Skoe	Wolf
Clark, J.	Hackbarth	Kuisle	Olson	Skoglund	Workman
Daggett	Harder	Larsen, P.	Opatz	Smith	Spk. Sviggum
Davids	Hasskamp	Larson, D.	Osskopp	Solberg	
Dehler	Hilty	Lenczewski	Ozment	Stanek	
Dempsey	Holberg	Leppik	Paulsen	Stang	

Those who voted in the negative were:

Entenza	Kahn	McCullum	Otremba	Trimble
Gleason	Leighton	Mullery	Paymar	Wejcman
Hausman	Mariani	Osthoff	Pugh	

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

Rest was excused for the remainder of today's session.

H. F. No. 143, A bill for an act relating to crime; including convictions for malicious punishment of a child within the enhanced penalty provisions of the domestic assault law; amending Minnesota Statutes 1998, section 609.2242, subdivisions 2 and 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Bishop	Carlson	Clark, K.	Dorman	Finseth
Abrams	Boudreau	Carruthers	Daggett	Dorn	Folliard
Anderson, B.	Bradley	Cassell	Davids	Entenza	Fuller
Anderson, I.	Broecker	Chaudhary	Dehler	Erhardt	Gerlach
Bakk	Buesgens	Clark, J.	Dempsey	Erickson	Gleason

Gray	Jennings	Lieder	Nornes	Rostberg	Tomassoni
Greenfield	Johnson	Lindner	Olson	Rukavina	Trimble
Greiling	Juhnke	Luther	Opatz	Schumacher	Tuma
Gunther	Kalis	Mahoney	Osskopp	Seagren	Tunheim
Haake	Kelliher	Mares	Osthoff	Seifert, J.	Vanderveer
Haas	Kielkucki	Mariani	Otremba	Seifert, M.	Wejcman
Hackbarth	Knoblach	Marko	Ozment	Skoe	Wenzel
Harder	Koskinen	McCollum	Paulsen	Skoglund	Westerberg
Hasskamp	Krinkie	McElroy	Pawlenty	Smith	Westrom
Hausman	Kubly	McGuire	Paymar	Solberg	Wilkin
Hilty	Kuisele	Molnau	Pelowski	Stanek	Winter
Holberg	Larsen, P.	Mulder	Peterson	Stang	Wolf
Holsten	Larson, D.	Mullery	Pugh	Storm	Workman
Howes	Leighton	Munger	Reuter	Swenson	Spk. Sviggum
Huntley	Lenczewski	Murphy	Rhodes	Sykora	
Jaros	Leppik	Ness	Rifenberg	Tingelstad	

The bill was passed and its title agreed to.

H. F. No. 1125, A bill for an act relating to crime prevention; authorizing local correctional agencies rather than courts to impose local correctional fees for offenders under the supervision and control of the local agency; amending Minnesota Statutes 1998, sections 244.18, subdivisions 3, 4, and 5; and 609.102, subdivision 2; repealing Minnesota Statutes 1998, section 609.102, subdivisions 3 and 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 123 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Holsten	Lieder	Ozment	Storm
Abrams	Entenza	Howes	Lindner	Paulsen	Swenson
Anderson, B.	Erhardt	Huntley	Luther	Pawlenty	Sykora
Anderson, I.	Erickson	Jaros	Mahoney	Paymar	Tingelstad
Bakk	Finseth	Jennings	Mares	Pelowski	Tomassoni
Bishop	Folliard	Johnson	Mariani	Peterson	Trimble
Boudreau	Fuller	Juhnke	Marko	Pugh	Tuma
Bradley	Gerlach	Kahn	McCollum	Reuter	Tunheim
Broecker	Gleason	Kalis	McElroy	Rhodes	Vanderveer
Buesgens	Gray	Kelliher	McGuire	Rifenberg	Wejcman
Carlson	Greenfield	Kielkucki	Molnau	Rostberg	Wenzel
Carruthers	Greiling	Knoblach	Mulder	Rukavina	Westerberg
Cassell	Gunther	Koskinen	Mullery	Schumacher	Westrom
Chaudhary	Haake	Krinkie	Munger	Seagren	Wilkin
Clark, J.	Haas	Kubly	Murphy	Seifert, J.	Winter
Clark, K.	Hackbarth	Kuisele	Ness	Seifert, M.	Wolf
Daggett	Harder	Larsen, P.	Nornes	Skoe	Workman
Davids	Hasskamp	Larson, D.	Opatz	Skoglund	Spk. Sviggum
Dehler	Hausman	Leighton	Osskopp	Solberg	
Dempsey	Hilty	Lenczewski	Osthoff	Stanek	
Dorman	Holberg	Leppik	Otremba	Stang	

Those who voted in the negative were:

Olson Smith

The bill was passed and its title agreed to.

Carruthers and Luther were excused for the remainder of today's session.

H. F. No. 172, A bill for an act relating to crime; expanding the definition of substantial bodily harm; amending Minnesota Statutes 1998, section 609.02, subdivision 7a.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 20 yeas and 100 nays as follows:

Those who voted in the affirmative were:

Abrams	Hackbarth	Larsen, P.	Munger	Paymar
Chaudhary	Hilty	McCollum	Murphy	Rhodes
Dauids	Kalis	McGuire	Opatz	Skoglund
Entenza	Kelliher	Mullery	Pawlenty	Wejzman

Those who voted in the negative were:

Abeler	Dorn	Holsten	Leppik	Paulsen	Swenson
Anderson, B.	Erhardt	Howes	Lieder	Pelowski	Sykora
Anderson, I.	Erickson	Huntley	Lindner	Peterson	Tingelstad
Bakk	Finseth	Jaros	Mahoney	Pugh	Tomassoni
Bishop	Folliard	Jennings	Mares	Reuter	Trimble
Boudreau	Fuller	Johnson	Mariani	Rifenberg	Tuma
Bradley	Gerlach	Juhnke	Marko	Rostberg	Tunheim
Broecker	Gleason	Kahn	McElroy	Rukavina	Vandever
Buesgens	Gray	Kielkucki	Molnau	Schumacher	Wenzel
Carlson	Greiling	Knoblach	Mulder	Seagren	Westerberg
Cassell	Gunther	Koskinen	Ness	Seifert, J.	Westrom
Clark, J.	Haake	Krinkie	Nornes	Seifert, M.	Wilkin
Clark, K.	Haas	Kubly	Olson	Skoe	Wolf
Daggett	Harder	Kuisle	Osskopp	Smith	Workman
Dehler	Hasskamp	Larson, D.	Osthoff	Solberg	Spk. Sviggum
Dempsey	Hausman	Leighton	Otremba	Stang	
Dorman	Holberg	Lenczewski	Ozment	Storm	

The bill was not passed.

H. F. No. 1359, A bill for an act relating to crime victims; clarifying the procedure for the deposit of unclaimed restitution funds; expanding coverage for crime victims reparations to include moving expense for victims of crime; extending the time limit for filing of claims to three years and allowing an exception to the time limit for all child abuse cases; amending Minnesota Statutes 1998, sections 611A.04, by adding a subdivision; 611A.52, subdivision 8; 611A.53, subdivision 2; and 611A.612.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Howes	Lindner	Pawlenty	Swenson
Abrams	Erhardt	Huntley	Mahoney	Paymar	Sykora
Anderson, B.	Erickson	Jaros	Mares	Pelowski	Tingelstad
Anderson, I.	Finseth	Jennings	Mariani	Peterson	Tomassoni
Bakk	Folliard	Johnson	Marko	Pugh	Trimble
Bishop	Fuller	Juhnke	McCollum	Reuter	Tuma
Boudreau	Gerlach	Kahn	McElroy	Rhodes	Tunheim
Bradley	Gleason	Kalis	McGuire	Rifenberg	Vandever
Broecker	Gray	Kelliher	Molnau	Rostberg	Wejzman
Buesgens	Greenfield	Kielkucki	Mulder	Rukavina	Wenzel
Carlson	Greiling	Knoblach	Mullery	Schumacher	Westerberg
Cassell	Gunther	Koskinen	Murphy	Seagren	Westrom
Chaudhary	Haake	Krinkie	Ness	Seifert, J.	Wilkin
Clark, J.	Haas	Kubly	Nornes	Seifert, M.	Winter
Clark, K.	Hackbarth	Kuisle	Olson	Skoe	Wolf
Daggett	Harder	Larsen, P.	Opatz	Skoglund	Workman
Davids	Hasskamp	Larson, D.	Osskopp	Smith	Spk. Sviggum
Dehler	Hausman	Leighton	Osthoff	Solberg	
Dempsey	Hilty	Lenczewski	Otremba	Stank	
Dorman	Holberg	Leppik	Ozment	Stang	
Dorn	Holsten	Lieder	Paulsen	Storm	

The bill was passed and its title agreed to.

S. F. No. 881 was reported to the House.

Opatz moved to amend S. F. No. 881 as follows:

Page 1, line 6, before "[DEFINITION.]" insert "[85.70]"

Page 1, line 15, before "[PLANNING; COORDINATION.]" insert "[85.71]"

Page 1, line 20, before "[GRANTS; PRIORITIES.]" insert "[85.72]"

Amend the title as follows:

Page 1, line 4, before the period, insert "; proposing coding for new law in Minnesota Statutes, chapter 85"

The motion prevailed and the amendment was adopted.

Anderson, B., moved to amend S. F. No. 881, as amended, as follows:

Page 1, line 16, delete "shall" and insert "may"

A roll call was requested and properly seconded.

The question was taken on the Anderson, B., amendment and the roll was called. There were 24 yeas and 99 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Gerlach	Krinkie	Mulder	Pawlenty	Westrom
Boudreau	Hackbarth	Kuisle	Murphy	Smith	Wilkin
Bradley	Kalis	Larsen, P.	Olson	Tuma	Workman
Buesgens	Kielkucki	Lindner	Osskopp	Vandev eer	Spk. Sviggum

Those who voted in the negative were:

Abeler	Entenza	Holberg	Lieder	Paymar	Stang
Abrams	Erhardt	Holsten	Mahoney	Pelowski	Storm
Anderson, I.	Erickson	Howes	Mares	Peterson	Swenson
Bakk	Finseth	Huntley	Mariani	Pugh	Sykora
Bishop	Folliard	Jaros	Marko	Reuter	Tingelstad
Broecker	Fuller	Jennings	McCollum	Rhodes	Tomassoni
Carlson	Gleason	Johnson	McElroy	Rifenberg	Trimble
Cassell	Gray	Juhnke	McGuire	Rostberg	Tunheim
Chaudhary	Greenfield	Kahn	Molnau	Rukavina	Wagenius
Clark, J.	Greiling	Kelliher	Mullery	Schumacher	Wejzman
Clark, K.	Gunther	Knoblach	Ness	Seagren	Wenzel
Daggett	Haake	Koskinen	Nornes	Seifert, J.	Westerberg
Davids	Haas	Kubly	Opatz	Seifert, M.	Winter
Dehler	Harder	Larson, D.	Osthoff	Skoe	Wolf
Dempsey	Hasskamp	Leighton	Otremba	Skoglund	
Dorman	Hausman	Lenczewski	Ozment	Solberg	
Dorn	Hilty	Leppik	Paulsen	Stanek	

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

S. F. No. 881, A bill for an act relating to recreation; creating a parks and trails plan of regional significance in certain counties in central Minnesota.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 94 yeas and 29 nays as follows:

Those who voted in the affirmative were:

Abeler	Bishop	Carlson	Clark, J.	Davids	Dorman
Abrams	Bradley	Cassell	Clark, K.	Dehler	Dorn
Bakk	Broecker	Chaudhary	Daggett	Dempsey	Entenza

Erhardt	Hausman	Kubly	McElroy	Pugh	Sykora
Erickson	Hilty	Kuisle	McGuire	Rhodes	Tingelstad
Finseth	Howes	Larsen, P.	Mullery	Rostberg	Tomassoni
Folliard	Huntley	Larsen, D.	Murphy	Rukavina	Trimble
Fuller	Jaros	Leighton	Nornes	Schumacher	Tunheim
Gleason	Jennings	Lenczewski	Opatz	Seagren	Wagenius
Gray	Johnson	Leppik	Osthoff	Seifert, J.	Wejcman
Greenfield	Juhnke	Lieder	Otremba	Skoe	Wenzel
Greiling	Kahn	Mahoney	Ozment	Skoglund	Westerberg
Gunther	Kalis	Mares	Paulsen	Solberg	Winter
Haake	Kelliher	Mariani	Paymar	Stang	Wolf
Harder	Knoblach	Marko	Pelowski	Storm	
Hasskamp	Koskinen	McCollum	Peterson	Swenson	

Those who voted in the negative were:

Anderson, B.	Haas	Krinkie	Olson	Seifert, M.	Westrom
Anderson, I.	Hackbarth	Lindner	Osskopp	Smith	Wilkin
Boudreau	Holberg	Molnau	Pawlenty	Stanek	Workman
Buesgens	Holsten	Mulder	Reuter	Tuma	Spk. Sviggum
Gerlach	Kielkucki	Ness	Rifenberg	Vandev eer	

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

MOTIONS AND RESOLUTIONS

Osthoff moved that the name of McElroy be added as an author on H. F. No. 2278. The motion prevailed.

Entenza moved that the name of Goodno be added as an author on H. F. No. 2302. The motion prevailed.

Knoblach moved that the name of Schumacher be added as an author on H. F. No. 2332. The motion prevailed.

Bishop moved that the name of Solberg be added as an author on H. F. No. 2345. The motion prevailed.

Clark, K., moved that H. F. No. 674 be recalled from the Committee on Jobs and Economic Development Policy and be re-referred to the Committee on Jobs and Economic Development Finance. The motion prevailed.

Holberg moved that S. F. No. 891 be recalled from the Committee on Civil Law and together with H. F. No. 1348, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

ADJOURNMENT

Pawlenty moved that when the House adjourns today it adjourn until 2:30 p.m., Thursday, April 8, 1999. The motion prevailed.

Pawlenty moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Thursday, April 8, 1999.

EDWARD A. BURDICK, Chief Clerk, House of Representatives