STATE OF MINNESOTA

EIGHTY-FIRST SESSION — 1999

SIXTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MAY 17, 1999

The House of Representatives convened at 8:30 a.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by the Reverend Lonnie E. Titus, House Chaplain.

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

A quorum was present.

Clark, K., was excused.

Otremba was excused until 12:30 p.m.

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

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 13, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Sviggum:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 1414, relating to human services; making changes to deaf and hard-of-hearing services division; modifying interpreter services.

H. F. No. 371, relating to local government; removing the limit on the amount a local government may contribute for historical work; permitting local governments to make contributions to public or private, nonprofit senior citizen centers or youth centers.

H. F. No. 60, relating to health; allowing reimbursement for supplemental private duty nursing services provided by spouses of recipients under the community alternative care home and community-based waivered services program.

Sincerely,

JESSE VENTURA
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1999 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Time and Date Approved 1999*	*Date Filed 1999*
	1414	149	1:10 p.m. May 13	May 13
1471		150	1:12 p.m. May 13	May 13
1330		151	1:13 p.m. May 13	May 13
1615		152	1:15 p.m. May 13	May 13
1539		153	1:17 p.m. May 13	May 13
1645		154	1:18 p.m. May 13	May 13
	371	155	1:20 p.m. May 13	May 13
	60	156	1:21 p.m. May 13	May 13
1449		157	1:23 p.m. May 13	May 13
1541		158	1:25 p.m. May 13	May 13
1585		159	1:27 p.m. May 13	May 13
1047		160	1:28 p.m. May 13	May 13
626		161	1:30 p.m. May 13	May 13
383**		162		May 13
2120		163	1:32 p.m. May 13	May 13
1180		164	1:34 p.m. May 13	May 13
9		165	1:37 p.m. May 13	May 13

Sincerely,

MARY KIFFMEYER
Secretary of State

[NOTE: ** S. F. No. 383 became law without the Governor's signature.]

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Dawkins, Orfield, Van Dellen and Abrams introduced:

H. F. No. 2469, A bill for an act relating to children; adopting the Uniform Status of Children of Assisted Conception Act; proposing coding for new law as Minnesota Statutes, chapter 258A.

The bill was read for the first time and referred to the Committee on Civil Law.

Seifert, M.; Erickson; Mares; Paulsen; Sykora and Rifenberg introduced:

H. F. No. 2470, A resolution stating findings of the Legislature; voiding all previous applications by the Legislature of the State of Minnesota to the Congress of the United States of America to call a convention pursuant to Article V of the United States Constitution for proposing one or more amendments to that Constitution and urging the legislatures of other states to do the same.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Daggett; Rest; Kielkucki; Rostberg; Carlson; Cassell; Anderson, B.; Swenson; Leppik; Osskopp; Dehler; Finseth; Davids; Tingelstad; Westerberg; Nornes; Haas; Kuisle; Gunther; Van Dellen and Westfall introduced:

H. F. No. 2471, A bill for an act proposing an amendment to the Minnesota Constitution, article IV, section 4; providing staggered four-year terms for representatives and senators.

The bill was read for the first time and referred to the Committee on Governmental Operations and Veterans Affairs Policy.

Westerberg, Vandeveer and Tingelstad introduced:

H. F. No. 2472, A bill for an act relating to transportation; appropriating money for work relating to highways 10, 65, and I-35W.

The bill was read for the first time and referred to the Committee on Transportation Finance.

Harder; Mares; Anderson, B.; Larsen, P.; Broecker and Swenson introduced:

H. F. No. 2473, A bill for an act proposing an amendment to the Minnesota Constitution, article IV, section 4; providing for four-year terms for representatives and for election of one-half of the representatives every two years.

The bill was read for the first time and referred to the Committee on Governmental Operations and Veterans Affairs Policy.

Anderson, B.; Rukavina; Harder; Osskopp; Kielkucki; Bakk; Erickson; Olson; Buesgens; Gerlach; Mulder; Westerberg; Cassell; Holberg; Finseth; Westfall; Lindner; Swenson; Larsen, P., and Hackbarth introduced:

H. F. No. 2474, A bill for an act relating to planning; removing provisions on community-based planning; repealing Minnesota Statutes 1998, sections 4A.08; 4A.09; 4A.10; 394.232; 462.3535; and 473.1455.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Erickson; Olson; Cassell; Anderson, B.; Holberg; Mares; Lindner; Larsen, P.; Hackbarth and Boudreau introduced:

H. F. No. 2475, A bill for an act relating to state government; designating English as the official language; proposing coding for new law in Minnesota Statutes, chapter 1.

The bill was read for the first time and referred to the Committee on Governmental Operations and Veterans Affairs Policy.

Pawlenty moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

CALL OF THE HOUSE

On the motion of Molnau and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

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

Pawlenty moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Mr. Speaker:

I hereby announce the repassage by the Senate of the following Senate File, notwithstanding the veto by the Governor:

S. F. No. 303, A bill for an act relating to civil actions; clarifying admissibility of evidence regarding seat belts and child passenger restraint systems in certain actions; amending Minnesota Statutes 1998, section 169.685, subdivision 4.

The enrolled copy of S. F. No. 303 with all of the signatures of the officers of the Senate and the House together with the Governor's objections, is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

MOTION TO OVERRIDE VETO

Fuller, McGuire and Tuma moved that S. F. No. 303, Chapter No. 106, be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

The question was taken on the Fuller et al motion to reconsider and repass S. F. No. 303, Chapter 106, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 109 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Huntley	Lindner	Peterson	Tingelstad
Abrams	Erhardt	Jaros	Mahoney	Pugh	Tomassoni
Anderson, B.	Erickson	Jennings	Mariani	Rest	Trimble
Anderson, I.	Finseth	Johnson	Marko	Reuter	Tuma
Bakk	Folliard	Juhnke	McCollum	Rhodes	Tunheim
Biernat	Fuller	Kahn	McGuire	Rifenberg	Vandeveer
Boudreau	Gerlach	Kalis	Molnau	Rostberg	Wagenius
Bradley	Gleason	Kelliher	Mullery	Rukavina	Wejcman
Broecker	Goodno	Kielkucki	Munger	Schumacher	Wenzel
Buesgens	Gray	Knoblach	Murphy	Seagren	Westerberg
Carlson	Greenfield	Koskinen	Nornes	Seifert, J.	Westfall
Cassell	Greiling	Kubly	Olson	Skoe	Wilkin
Chaudhary	Gunther	Kuisle	Opatz	Skoglund	Winter
Clark, J.	Haas	Larsen, P.	Orfield	Smith	Spk. Sviggum
Daggett	Hackbarth	Larson, D.	Osthoff	Solberg	
Dawkins	Harder	Leighton	Paulsen	Stanek	
Dehler	Hasskamp	Lenczewski	Pawlenty	Stang	
Dorman	Hilty	Leppik	Paymar	Storm	
Dorn	Howes	Lieder	Pelowski	Sykora	

Those who voted in the negative were:

Davids	Holsten	Milbert	Ozment	Westrom
Dempsey	Krinkie	Mulder	Seifert, M.	Wolf
Haake	Luther	Ness	Swenson	Workman
Holberg	Mares	Osskopp	Van Dellen	

Having received the constitutionally required two-thirds vote, the bill was reconsidered and repassed, the objections of the Governor notwithstanding.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2387

A bill for an act relating to transportation; appropriating money for the department of transportation and other agencies; providing for a maximum percentage of the motorcycle safety fund that may be spent for certain activities; authorizing suspension of a vehicle's registration in certain circumstances; requiring a detachable postcard to be

provided in a vehicle's certificate of title and completed on transfer of the vehicle; modifying provisions relating to disability parking privileges; abolishing certain credit for vehicle registration fee; specifically authorizing cities to enact ordinances regulating long-term parking; requiring the department of public safety to provide photo identification equipment to certain driver's license agents; reducing cost of Minnesota identification card for persons with serious and persistent mental illness; authorizing siting of public safety radio communications towers; directing commissioner of transportation to establish a southern railway corridor improvement plan; clarifying snowmobile gas tax provision; regulating advertising in department of public safety publications; modifying provisions relating to special number plates for collector aircraft; amending Minnesota Statutes 1998, sections 121A.36, subdivision 3; 168.021, subdivision 2; 168.17; 168.301, subdivisions 3 and 4; 168A.05, subdivision 5; 168A.10, subdivisions 1, 2, and 5; 168A.30, subdivision 2; 169.345, subdivisions 1, 2, 3, and 4; 169.346, subdivision 3, and by adding a subdivision; 171.061, subdivision 4; 171.07, subdivision 3; 174.70; 296A.18, subdivision 3; 299A.01, by adding a subdivision; and 360.55, subdivision 4; Laws 1997, chapter 159, article 1, sections 2, subdivision 7; and 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 174; and 219.

May 16, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 2387, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2387 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

TRANSPORTATION AND OTHER AGENCIES
APPROPRIATIONS

Section 1. [TRANSPORTATION AND OTHER AGENCIES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1999," "2000," and "2001," where used in this act, mean that the appropriations listed under them are available for the year ending June 30, 1999, June 30, 2000, or June 30, 2001, respectively. If the figures are not used, the appropriations are available for the year ending June 30, 2000, or June 30, 2001, respectively. The term "first year" means the year ending June 30, 2000, and the term "second year" means the year ending June 30, 2001. Appropriations for the year ending June 30, 1999, are in addition to appropriations made in previous years.

SUMMARY BY FUND

	2000	2001	TOTAL
General	$ 85,231,000	$ 80,853,000	$166,084,000
Airports	19,386,000	19,469,000	38,855,000
C.S.A.H.	365,063,000	366,624,000	731,687,000

Highway User	15,480,000	15,575,000	31,055,000
M.S.A.S.	105,549,000	107,394,000	212,943,000
Special Revenue	947,000	965,000	1,912,000
Trunk Highway	1,044,984,000	1,056,111,000	2,101,095,000
TOTAL	$1,636,640,000	$1,646,991,000	$3,283,631,000

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001
Sec. 2. TRANSPORTATION		
Subdivision 1. Total Appropriation	$1,468,751,000	$1,482,072,000

The appropriations in this section are from the trunk highway fund, except when another fund is named.

Summary by Fund

	2000	2001
General	16,515,000	16,385,000
Airports	19,336,000	19,419,000
C.S.A.H.	365,063,000	366,624,000
M.S.A.S.	105,549,000	107,394,000
Trunk Highway	962,288,000	972,250,000

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

Subd. 2. Aeronautics	19,327,000	19,410,000

Summary by Fund

Airports	19,266,000	19,349,000
General	50,000	50,000
Trunk Highway	11,000	11,000

Except as otherwise provided, the appropriations in this subdivision are from the state airports fund.

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Airport Development and Assistance

2000	2001
13,948,000	13,948,000

$12,846,000 the first year and $12,846,000 the second year are for navigational aids, construction grants, and maintenance grants. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

These appropriations must be spent in accordance with Minnesota Statutes, section 360.305, subdivision 4.

(b) Aviation Support

5,247,000	5,329,000

$65,000 the first year and $65,000 the second year are for the civil air patrol.

(c) Air Transportation Services

132,000	133,000

Summary by Fund

Airports	71,000	72,000
General	50,000	50,000
Trunk Highway	11,000	11,000

Subd. 3. Transit	16,206,000	16,224,000

Summary by Fund

General	15,882,000	15,892,000
Trunk Highway	324,000	332,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Greater Minnesota Transit Assistance

15,406,000	15,406,000

			APPROPRIATIONS Available for the Year Ending June 30 2000	2001
This appropriation is from the general fund. Any unencumbered balance the first year does not cancel but is available for the second year. Of this amount, $405,000 each year does not add to the base.				
(b) Transit Administration				
	800,000	818,000		
	Summary by Fund			
General	476,000	486,000		
Trunk Highway	324,000	332,000		
Subd. 4. Railroads and Waterways			1,623,000	1,565,000
	Summary by Fund			
General	359,000	266,000		
Trunk Highway	1,264,000	1,299,000		
$100,000 the first year is from the general fund for the development of the southern railway corridor improvement plan under article 2, section 34. This appropriation may not be added to the agency's budget base.				
Subd. 5. Motor Carrier Regulation			2,851,000	2,865,000
	Summary by Fund			
General	116,000	119,000		
Trunk Highway	2,735,000	2,746,000		
$301,000 the first year and $249,000 the second year from the trunk highway fund are for administration of passenger carrier registration.				
Subd. 6. Local Roads			470,612,000	474,018,000
	Summary by Fund			
C.S.A.H.	365,063,000	366,624,000		
M.S.A.S.	105,549,000	107,394,000		

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001

The amounts that may be spent from this appropriation for each activity are as follows:

(a) County State Aids

365,063,000	366,624,000

This appropriation is from the county state-aid highway fund and is available until spent.

(b) Municipal State Aids

105,549,000	107,394,000

This appropriation is from the municipal state-aid street fund and is available until spent.

If an appropriation for either county state aids or municipal state aids does not exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance, upon request of the commissioner of transportation, shall notify the chair of the transportation finance committee of the house of representatives and the chair of the transportation budget division of the senate of the amount of the remainder and shall then add that amount to the appropriation. The amount added is appropriated for the purposes of county state aids or municipal state aids, as appropriate.

The commissioner shall study and determine the extent to which local bridge needs that may be addressed by state grants for the construction and reconstruction of local bridges would be affected by making the following changes in eligibility for those grants:

(1) allowing grants to be used for the costs of flood-related erosion protection;

(2) allowing grants to be used for construction of water-retention projects where such a project is more cost efficient than replacement of an existing bridge;

(3) allowing grants to be made for bridges that are functionally obsolete; and

(4) allowing grants to be used for construction of bridges on new alignments.

The commissioner shall report to the legislature on the results of the study by February 1, 2000.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Subd. 7. State Roads	912,625,000	923,769,000

Summary by Fund

General	59,000	9,000
Trunk Highway	912,566,000	923,760,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) State Road Construction

516,684,000	521,707,000

It is estimated that these appropriations will be funded as follows:

Federal Highway Aid

275,000,000	275,000,000

Highway User Taxes

241,684,000	246,707,000

The commissioner of transportation shall notify the chair of the transportation budget division of the senate and chair of the transportation finance committee of the house of representatives quarterly of any events that should cause these estimates to change.

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways. This includes the cost of actual payment to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

The commissioner may transfer up to $15,000,000 each year to the trunk highway revolving loan account.

The commissioner may receive money covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

(b) Highway Debt Service

13,949,000	13,175,000

$3,949,000 the first year and $3,175,000 the second year are for transfer to the state bond fund.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the committee on state government finance of the senate and the committee on ways and means of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation.

Any excess appropriation must be canceled to the trunk highway fund.

(c) Research and Investment Management

12,450,000 12,597,000

$600,000 the first year and $600,000 the second year are available for grants for transportation studies outside the metropolitan area to identify critical concerns, problems, and issues. These grants are available to (1) regional development commissions, and (2) in regions where no regional development commission is functioning, joint powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission, and (3) in regions where no regional development commission or joint powers board is functioning, the department's district office for that region.

$216,000 the first year and $216,000 the second year are available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

$75,000 the first year and $25,000 the second year are for transportation planning relating to the 2000 census. This appropriation may not be added to the agency's budget base.

$75,000 the first year and $75,000 the second year are for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(d) Central Engineering Services

68,563,000 70,940,000

(e) Design and Construction Engineering

80,592,000 83,246,000

$1,000,000 the first year and $500,000 the second year are for transportation planning relating to the 2000 census. This appropriation may not be added to the agency's budget base.

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001
(f) State Road Operations		
	214,703,000	216,561,000

$1,000,000 each year are for enhancements to the freeway operations program in the metropolitan area.

$1,000,000 the first year and $1,000,000 the second year are for maintenance services including rest area maintenance, vehicle insurance, ditch assessments, and tort claims.

$3,000,000 the first year and $3,000,000 the second year are from the trunk highway fund for additional line personnel and related equipment and supplies in highway maintenance and program delivery, based upon an agreement between the department and the exclusive bargaining representative concerning the distribution of additional line positions among program delivery and maintenance in metropolitan and nonmetropolitan districts. The agreement must be presented to the chairs of the house and senate transportation committees before these funds can be expended. If an agreement is not reached before October 1, 1999, these appropriations cancel.

$3,000,000 the first year and $1,000,000 the second year are for improved highway striping.

$500,000 the first year and $500,000 the second year are for safety technology applications.

$150,000 the first year and $150,000 the second year are for statewide asset preservation and repair.

$750,000 the first year and $750,000 the second year are for the implementation of the transportation worker concept.

The commissioner shall establish a task force to study seasonal road restrictions and report to the legislature its findings and any recommendations for legislative action. The commissioner shall appoint members representing:

(1) aggregate and ready-mix producers;

(2) solid waste haulers;

(3) liquid waste haulers;

(4) the logging industry;

(5) the construction industry; and

(6) agricultural interests.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

The task force shall report to the legislature by February 1, 2000, on its findings and recommendations.

(g) Electronic Communications

	5,684,000	5,543,000

Summary by Fund

General	59,000	9,000
Trunk Highway	5,625,000	5,534,000

$9,000 the first year and $9,000 the second year are from the general fund for equipment and operation of the Roosevelt signal tower for Lake of the Woods weather broadcasting.

$50,000 the first year from the general fund is for purchase of equipment for the 800 MHz public safety radio system.

$200,000 the first year is from the trunk highway fund for costs resulting from the termination of agreements made under article 2, sections 31 and 89. This appropriation does not cancel but is available until spent.

In each year of the biennium the commissioner shall request the commissioner of administration to request bids for the purchase of digital mobile and portable radios to be used on the metropolitan regional public safety radio communications system.

			41,731,000	40,446,000

Subd. 8. General Support

Summary by Fund

General	49,000	49,000
Airports	70,000	70,000
Trunk Highway	41,612,000	40,327,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) General Management

	28,523,000	29,181,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

The commissioner shall implement at the earliest feasible date the commissioner's technical memorandum no. 99-14-TS-02, outlining the process to convert plans, specifications, and estimates to the English system of measurement. The commissioner shall report by January 15, 2000, to the chairs of the house and senate committees on transportation policy and transportation finance on the status and schedule of English measurement conversion.

(b) General Services

	13,208,000	11,265,000
	Summary by Fund	
General	49,000	49,000
Airports	70,000	70,000
Trunk Highway	13,089,000	11,146,000

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

$2,500,000 the first year and $500,000 the second year are from the trunk highway fund for implementation of the department's plan for shared information resources.

Subd. 9. Buildings	3,776,000	3,775,000

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 10. Transfers

(a) The commissioner of transportation with the approval of the commissioner of finance may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. No transfer may be made from the appropriation for state road construction. No transfer may be made from the appropriations for debt service to any other appropriation. Transfers under this paragraph may not be made between funds. Transfers must be reported immediately to the chair of the transportation budget division of the senate and the chair of the transportation finance committee of the house of representatives.

(b) The commissioner of finance shall transfer from the flexible account in the county state-aid highway fund $4,400,000 the first year and $4,500,000 the second year to the municipal turnback account in the municipal state-aid street fund, $5,000,000 in the second year to the trunk highway fund, and the remainder in each year to the county turnback account in the county state-aid highway fund.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Subd. 11. Use of State Road Construction Appropriations		
Any money appropriated to the commissioner of transportation for state road construction for any fiscal year before fiscal year 2000 is available to the commissioner during fiscal years 2000 and 2001 to the extent that the commissioner spends the money on the state road construction project for which the money was originally encumbered during the fiscal year for which it was appropriated.		
The commissioner of transportation shall report to the commissioner of finance by August 1, 2000, and August 1, 2001, on a form the commissioner of finance provides, on expenditures made during the previous fiscal year that are authorized by this subdivision.		
Subd. 12. Contingent Appropriation		
The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation (1) for trunk highway design, construction, or inspection in order to take advantage of an unanticipated receipt of income to the trunk highway fund, (2) for trunk highway maintenance in order to meet an emergency, or (3) to pay tort or environmental claims. The amount transferred is appropriated for the purpose of the account to which it is transferred.		
Sec. 3. METROPOLITAN COUNCIL TRANSIT	56,801,000	53,101,000
The council may not spend more than $38,100,000 for metro mobility in the 2000-2001 biennium except for proceeds from bond sales when use of those proceeds for metro mobility capital expenditures is authorized by law.		
Sec. 4. PUBLIC SAFETY		
Subdivision 1. Total Appropriation	110,046,000	110,776,000

Summary by Fund

	2000	2001
General	11,915,000	11,367,000
Trunk Highway	81,829,000	82,994,000
Highway User	15,355,000	15,450,000
Special Revenue	947,000	965,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Subd. 2. Administration and Related Services	12,740,000	12,976,000

Summary by Fund

General	4,478,000	4,555,000
Trunk Highway	6,877,000	7,036,000
Highway User	1,385,000	1,385,000

(a) Office of Communications

374,000	382,000

Summary by Fund

General	20,000	20,000
Trunk Highway	354,000	362,000

(b) Public Safety Support

7,653,000	7,811,000

Summary by Fund

General	3,014,000	3,085,000
Trunk Highway	3,273,000	3,360,000
Highway User	1,366,000	1,366,000

$326,000 the first year and $326,000 the second year are for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

$244,000 the first year and $314,000 the second year are to be deposited in the public safety officer's benefit account. This money is available for reimbursements under Minnesota Statutes, section 299A.465.

$508,000 the first year and $508,000 the second year are for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

$1,830,000 the first year and $1,830,000 the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on December 31, 1999, and

			APPROPRIATIONS Available for the Year Ending June 30 2000	2001

December 31, 2000, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

$610,000 the first year and $610,000 the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the trunk highway fund on December 31, 1999, and December 31, 2000, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user tax distribution fund purposes in the administration and related services program.

$716,000 the first year and $716,000 the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the general fund on December 31, 1999, and December 31, 2000, respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.

(c) Technical Support Services

	4,713,000	4,783,000		
	Summary by Fund			
General	1,444,000	1,450,000		
Trunk Highway	3,250,000	3,314,000		
Highway User	19,000	19,000		
Subd. 3. State Patrol			57,378,000	57,311,000
	Summary by Fund			
	2000	2001		
General	3,499,000	2,675,000		
Trunk Highway	53,788,000	54,544,000		
Highway User	91,000	92,000		

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
(a) Patrolling Highways		
	47,028,000	46,804,000
Summary by Fund		
General	835,000	-0-
Trunk Highway	46,193,000	46,804,000

$835,000 from the general fund the first year is for replacement of a state patrol helicopter. This appropriation may not be added to the agency's budget base.

$735,000 the first year is for annual hiring of trooper candidates and operation of the state patrol entry-level recruit training academy. This appropriation may not be added to the agency's budget base.

(b) Commercial Vehicle Enforcement

	6,013,000	6,117,000

This appropriation is from the trunk highway fund.

(c) Capitol Security

	2,627,000	2,638,000

This appropriation is from the general fund.

$275,000 the first year and $217,000 the second year from the general fund are for capitol security personnel for the protection of elected state officials.

(d) State Patrol Support

	1,710,000	1,752,000
Summary by Fund		
General	37,000	37,000
Trunk Highway	1,582,000	1,623,000
Highway User	91,000	92,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Subd. 4. Driver and Vehicle Services	38,677,000	39,214,000

Summary by Fund

	2000	2001
General	3,938,000	4,137,000
Trunk Highway	20,860,000	21,104,000
Highway User	13,879,000	13,973,000

(a) Vehicle Registration and Title

15,269,000 15,510,000

Summary by Fund

General	3,291,000	3,473,000
Highway User	11,978,000	12,037,000

$45,000 the first year is from the highway user tax distribution fund for purchase of an optical scanner. This appropriation may not be added to the agency's budget base.

$548,000 the first year and $415,000 the second year are from the highway user tax distribution fund for increased vehicle license plate costs.

$98,000 the first year is from the highway user tax distribution fund for computer programming related to disabled parking records management and enforcement. This amount may not be added to the agency's budget base.

$33,000 the first year and $127,000 the second year are from the general fund for implementation of the vehicle transfer reporting system under article 2, sections 10 and 11.

(b) Interstate Registration and Reciprocity

1,584,000 1,613,000

This appropriation is from the highway user tax distribution fund.

(c) Licensing Drivers

21,176,000 21,429,000

			APPROPRIATIONS Available for the Year Ending June 30 2000	2001
	Summary by Fund			
General	635,000	652,000		
Trunk Highway	20,464,000	20,699,000		
Highway User	77,000	78,000		

$1,095,000 the first year and $800,000 the second year are from the trunk highway fund for improved driver testing services.

(d) Driver and Vehicle Services Support

	648,000	662,000		
	Summary by Fund			
General	12,000	12,000		
Trunk Highway	396,000	405,000		
Highway User	240,000	245,000		

Subd. 5. Traffic Safety 304,000 310,000

This appropriation is from the trunk highway fund.

Subd. 6. Pipeline Safety 947,000 965,000

This appropriation is from the pipeline safety account in the special revenue fund.

Sec. 5. MINNESOTA SAFETY COUNCIL 67,000 67,000

This appropriation is from the trunk highway fund.

Sec. 6. GENERAL CONTINGENT ACCOUNTS 375,000 375,000

The appropriations in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund		
Trunk Highway	200,000	200,000
Highway User	125,000	125,000
Airports	50,000	50,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Sec. 7. TORT CLAIMS	600,000	600,000

To be spent by the commissioner of finance.

This appropriation is from the trunk highway fund.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 8. Laws 1997, chapter 159, article 1, section 2, subdivision 7, is amended to read:

	1997	1998	1999
Subd. 7. State Roads	9,000,000	807,314,000	817,712,000

Summary by Fund

1997	1998	1999
General	109,000	109,000
Trunk Highway		
9,000,000	807,205,000	817,603,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) State Road Construction

9,000,000	445,822,000	445,838,000

It is estimated that these appropriations will be funded as follows:

Federal Highway Aid		
	225,000,000	225,000,000
Highway User Taxes		
	220,822,000	220,838,000

The commissioner of transportation shall notify the chair of the transportation budget division of the senate and chair of the transportation ~~budget division~~ finance committee of the house of representatives quarterly of any events that should cause these estimates to change.

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways. This includes the cost of actual payment to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

The appropriation for fiscal year 1997 is for state road construction and is added to the appropriations in Laws 1995, chapter 265, article 2, section 2, subdivision 7, clause (a). The commissioner, with the approval of the commissioner of finance, may spend up to $7,100,000 of this appropriation for state road operations for flood relief efforts.

Of this appropriation, up to $15,000,000 the first year and up to $15,000,000 the second year may be transferred by the commissioner to the trunk highway revolving loan account if this account is created in the trunk highway fund.

The commissioner of transportation may receive money covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

Before proceeding with a project, or a series of projects on a single highway, with a cost exceeding $10,000,000, the commissioner shall consider the feasibility of alternative means of financing the project or series of projects, including but not limited to congestion pricing, tolls, mileage pricing, and public-private partnership.

(b) Highway Debt Service

15,161,000 13,539,000

$5,951,000 the first year and $5,403,000 the second year are for transfer to the state bond fund.

If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the committee on state government finance of the senate and the committee on ways and means of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation.

Any excess appropriation must be canceled to the trunk highway fund.

(c) Research and Investment Management

11,606,000 11,791,000

$600,000 the first year and $600,000 the second year are available for grants for transportation studies outside the metropolitan area for transportation studies to identify critical concerns, problems, and issues. These grants are available to (1) regional development commissions, and (2) in regions where no regional development commission is functioning, joint-powers boards established under

agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission, and (3) in regions where no regional development commission or joint powers board is functioning, the department's district office for that region.

$216,000 the first year and $216,000 the second year are available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

$154,000 the first year and $181,000 the second year are for development of an upgraded transportation information system for making investment decisions.

$75,000 the first year and $75,000 the second year are for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(d) Central Engineering Services

56,593,000 57,384,000

Of these appropriations, $2,190,000 the first year and $2,190,000 the second year are for scientific equipment. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(e) Design and Construction Engineering

69,445,000 70,879,000

(f) State Road Operations

202,431,000 205,503,000

Summary by Fund

General	100,000	100,000
Trunk Highway	202,331,000	205,403,000

$11,689,000 the first year and $11,689,000 the second year are for road equipment. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

$805,000 each year is for the Orion intelligent transportation system research project.

$100,000 the first year and $100,000 the second year are from the general fund for grants to the Minnesota highway safety center at St. Cloud State University for driver education.

(g) Electronic Communications

	6,256,000	12,778,000

Summary by Fund

General	9,000	9,000
Trunk Highway	6,247,000	12,769,000

$9,000 the first year and $9,000 the second year are from the general fund for equipment and operation of the Roosevelt signal tower for Lake of the Woods weather broadcasting.

$1,730,000 the first year and $8,170,000 the second year are for the purchase of ancillary equipment for the 800 MHz system and for personnel necessary to develop, install, and operate the system. This appropriation does not cancel but is available until spent.

Sec. 9. Laws 1997, chapter 159, article 1, section 4, subdivision 3, is amended to read:

	1997	1998	1999
Subd. 3. State Patrol	226,000	51,215,000	51,717,000

Summary by Fund

	1997	1998	1999
General	226,000	2,058,000	2,181,000
Trunk Highway		49,067,000	49,446,000
Highway User		90,000	90,000

The commissioner of finance shall reduce the appropriations for the division of state patrol from the trunk highway fund and general fund as necessary to reflect legislation enacted in 1997 that (1) reduces state contributions for pensions for employees under the division of state patrol from the trunk highway fund or general fund, or (2) provides money for those pensions from police state aid.

Of the appropriation for fiscal year 1997, $76,000 is for transfer to the trunk highway fund and $150,000 is to reimburse the state patrol for general fund expenditures to cover the costs of deploying state patrol troopers to the city of Minneapolis to assist the city in combating violent crime.

$600,000 the first year and $1,200,000 the second year from the trunk highway fund are to implement wage increases for state patrol troopers, trooper 1s, and corporals. The wage adjustments are based on an internal Hay study conducted by the department of employee relations.

$1,675,000 the first year and $424,000 the second year from the trunk highway fund and $93,000 the first year and $22,000 the second year from the general fund are for the development and operational costs of computer-aided dispatching, records management, and station office automation systems.

$78,000 the first year and $78,000 the second year from the general fund are for additional capitol complex security positions.

The commissioner of public safety shall identify and implement measures to increase the representation of females and minorities in the state patrol so that the trooper population more accurately reflects the population served by the state patrol. These measures must include:

(1) evaluation of hiring and training programs to identify and eliminate any biases against underutilized, protected groups;

(2) expansion of outreach programs to high schools to include informational presentations on law enforcement careers and law enforcement degree programs;

(3) intensification of recruitment efforts toward qualified members of protected groups;

(4) provision of guidance and support to students in law enforcement degree programs;

(5) publication of employment opportunities in newspapers with substantial readership among protected groups; and

(6) development of other innovative ways to promote awareness, acceptance, and appreciation for diversity and affirmative action in the state patrol.

The commissioner shall report to the senate transportation committee and the house of representatives transportation and transit committee by January 30, 1998, on the measures implemented, results achieved, progress made in reaching affirmative action goals, and recommendations for future action.

When an otherwise qualified candidate does not have the educational credits to meet the current peace officer standards and training board licensing standards, the commissioner may provide the financial resources to obtain the education necessary to meet the licensing requirements. Of this appropriation, $150,000 the second year from the general fund is for assistance to these otherwise qualified individuals to prepare them for the trooper candidate school ~~beginning in January 1999~~. This appropriation does not cancel but is available until spent.

ARTICLE 2

TRANSPORTATION DEVELOPMENT

Section 1. Minnesota Statutes 1998, section 121A.36, subdivision 3, is amended to read:

Subd. 3. [APPROPRIATION.] (a) All funds in the motorcycle safety fund created by section 171.06, subdivision 2a, are hereby annually appropriated to the commissioner of public safety to carry out the purposes of subdivisions 1 and 2. The commissioner of public safety may make grants from the fund to the commissioner of children, families, and learning at such times and in such amounts as the commissioner deems necessary to carry out the purposes of subdivisions 1 and 2.

(b) Of the money appropriated under paragraph (a):

(1) ~~In each of fiscal years 1997, 1998, and 1999, not more than $25,000, and in subsequent years~~ not more than five percent~~,~~ shall be expended to defray the administrative costs of carrying out the purposes of subdivisions 1 and 2~~.~~; and

(2) ~~In each of fiscal years 1997, 1998, and 1999,~~ not more than 65 percent~~, and in subsequent years not more than 60 percent,~~ shall be expended for the combined purpose of training and coordinating the activities of motorcycle safety instructors and making reimbursements to schools and other approved organizations.

Sec. 2. Minnesota Statutes 1998, section 168.011, subdivision 35, is amended to read:

Subd. 35. [LIMOUSINE.] ~~For purposes of motor vehicle registration only,~~ "Limousine" means ~~an unmarked~~ a luxury passenger automobile that is not a van or station wagon and has a seating capacity of not more than 12 persons, excluding the driver.

Sec. 3. Minnesota Statutes 1998, section 168.012, subdivision 1, is amended to read:

Subdivision 1. [VEHICLES EXEMPT FROM TAX AND REGISTRATION FEES.] (a) The following vehicles are exempt from the provisions of this chapter requiring payment of tax and registration fees, except as provided in subdivision 1c:

(1) vehicles owned and used solely in the transaction of official business by the federal government, the state, or any political subdivision;

(2) vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from such institutions;

(3) vehicles used solely in driver education programs at nonpublic high schools;

(4) vehicles owned by nonprofit charities and used exclusively to transport disabled persons for educational purposes;

(5) vehicles owned and used by honorary consul; ~~and~~

(6) ambulances owned by ambulance services licensed under section 144E.10, the general appearance of which is unmistakable; and

(7) vehicles owned by a commercial driving school licensed under section 171.34 and used exclusively for driver education and training.

(b) Vehicles owned by the federal government, municipal fire apparatus including fire suppression support vehicles, police patrols and ambulances, the general appearance of which is unmistakable, shall not be required to register or display number plates.

(c) Unmarked vehicles used in general police work, liquor investigations, arson investigations, and passenger automobiles, pickup trucks, and buses owned or operated by the department of corrections shall be registered and shall display appropriate license number plates which shall be furnished by the registrar at cost. Original and renewal applications for these license plates authorized for use in general police work and for use by the department of corrections must be accompanied by a certification signed by the appropriate chief of police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle, the commissioner of corrections if issued to a department of corrections vehicle, or the appropriate officer in charge if issued to a vehicle of any other law enforcement agency. The certification must be on a form prescribed by the commissioner and state that the vehicle will be used exclusively for a purpose authorized by this section.

(d) Unmarked vehicles used by the departments of revenue and labor and industry, fraud unit, in conducting seizures or criminal investigations must be registered and must display passenger vehicle classification license number plates which shall be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the commissioner of revenue or the commissioner of labor and industry. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the purposes authorized by this section.

(e) Unmarked vehicles used by the division of disease prevention and control of the department of health must be registered and must display passenger vehicle classification license number plates. These plates must be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the commissioner of health. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the official duties of the division of disease prevention and control.

(f) All other motor vehicles shall be registered and display tax-exempt number plates which shall be furnished by the registrar at cost, except as provided in subdivision 1c. All vehicles required to display tax-exempt number plates shall have the name of the state department or political subdivision, ~~or the~~ nonpublic high school operating a driver education program, or licensed commercial driving school, on the vehicle plainly displayed on both sides thereof in letters not less than 2-1/2 inches high and one-half inch wide; except that each state hospital and institution for the mentally ill and mentally retarded may have one vehicle without the required identification on the sides of the vehicle, and county social service agencies may have vehicles used for child and vulnerable adult protective services without the required identification on the sides of the vehicle. Such identification shall be in a color giving contrast with that of the part of the vehicle on which it is placed and shall endure throughout the term of the registration. The identification must not be on a removable plate or placard and shall be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision or to a nonpublic high school driver education program.

Sec. 4. Minnesota Statutes 1998, section 168.013, subdivision 2, is amended to read:

Subd. 2. [PRORATED FEES.] When a motor vehicle first becomes subject to taxation during the registration period for which the tax is paid, or when a vehicle becomes subject to taxation upon transfer from a motor vehicle dealer, the tax shall be for the remainder of the period prorated on a monthly basis, 1/12 of the annual tax for each calendar month or fraction thereof; provided, however, that for a vehicle having an annual tax of $10 or less there shall be no reduction until on and after September 1 when the annual tax shall be reduced one-half.

Sec. 5. Minnesota Statutes 1998, section 168.013, subdivision 6, is amended to read:

Subd. 6. [LISTING BY DEALERS.] The owner of every motor vehicle not exempted by section 168.012 or 168.28, shall, so long as it is subject to taxation within the state, list and register the same and pay the tax herein provided annually; provided, however, that any dealer in motor vehicles, to whom dealer's plates have been issued as provided in this chapter, coming into the possession of any such motor vehicle to be held solely for the purpose of sale or demonstration or both, shall be entitled to withhold the tax becoming due on such vehicle for the following year ~~if the vehicle is received before the current year registration expires and the transfer is filed with the registrar on or before such expiration date~~. When, thereafter, such vehicle is otherwise used or is sold, leased, or rented to another person, firm, corporation, or association, the ~~whole~~ tax for the remainder of the year, prorated on a monthly basis, shall become payable immediately ~~with all arrears~~.

Sec. 6. Minnesota Statutes 1998, section 168.021, subdivision 2, is amended to read:

Subd. 2. [DESIGN OF PLATES; FURNISHING BY REGISTRAR.] The registrar of motor vehicles shall design and furnish two license number plates with attached emblems to each eligible owner. The emblem must bear the internationally accepted wheelchair symbol, as designated in section 16B.61, subdivision 5, approximately three inches square. The emblem must be large enough to be visible plainly from a distance of 50 feet. An applicant eligible for the special plates shall pay the motor vehicle registration fee authorized by law ~~less a credit of $1 for each month registered~~.

Sec. 7. Minnesota Statutes 1998, section 168.17, is amended to read:

168.17 [SUSPENSION OF REGISTRATION.]

All registrations and issue of number plates shall be subject to amendment, suspension, modification or revocation by the registrar summarily for any violation of or neglect to comply with the provisions of this chapter or when the transferee fails to comply with section 168A.10, subdivision 2, within 30 days of the date of sale. In any case where the proper registration of a motor vehicle is dependent upon procuring information entailing such delay as to unreasonably deprive the owner of the use of the motor vehicle, the registrar may issue a tax receipt and plates conditionally. In any case when revoking a registration for cause, the registrar shall have authority to demand the return of the number plates and registration certificates, and, if necessary, to seize the number plates issued for such registration.

Sec. 8. Minnesota Statutes 1998, section 168.301, subdivision 3, is amended to read:

Subd. 3. [LATE FEE.] In addition to any fee or tax otherwise authorized or imposed upon the transfer of title for a motor vehicle, the commissioner of public safety shall impose a $2 additional fee for failure to deliver a title transfer within ~~14~~ ten days.

Sec. 9. Minnesota Statutes 1998, section 168.301, subdivision 4, is amended to read:

Subd. 4. [REINSTATEMENT FEE.] When the commissioner has suspended license plates on a vehicle because the transferee has failed to ~~deliver~~ file the title certificate within ~~ten~~ 30 days ~~as provided in subdivision 1~~, the transferee shall pay a ~~$5~~ $10 fee before the registration is reinstated.

Sec. 10. Minnesota Statutes 1998, section 168A.05, subdivision 5, is amended to read:

Subd. 5. [~~ASSIGNMENT AND WARRANTY OF TITLE~~ FORMS.] (a) The certificate of title shall contain forms:

(1) for assignment and warranty of title by the owner~~, and~~;

(2) for assignment and warranty of title by a dealer~~, and shall contain forms for applications~~;

(3) to apply for a certificate of title by a transferee~~, and the naming of~~;

(4) to name a secured party~~, and shall include language necessary to implement~~; and

(5) to make the disclosure required by section 325F.6641.

(b) The certificate of title must also include a separate detachable postcard entitled "Notice of Sale" that contains, but is not limited to, the vehicle's title number and vehicle identification number. The postcard must include sufficient space for the owner to record the purchaser's name, address, and driver's license number, if any, and the date of sale. The Notice of Sale must include clear instructions regarding the owner's responsibility to complete and return the form, or to transmit the required information electronically in a form acceptable to the commissioner, pursuant to section 168A.10, subdivision 1.

Sec. 11. Minnesota Statutes 1998, section 168A.10, subdivision 1, is amended to read:

Subdivision 1. [ASSIGNMENT AND WARRANTY OF TITLE; MILEAGE; NOTICE OF SALE.] If an owner transfers interest in a vehicle other than by the creation of a security interest, the owner shall at the time of the delivery of the vehicle execute an assignment and warranty of title to the transferee and shall state the actual selling price in the space provided ~~therefor~~ on the certificate. Within ten days of the date of sale, other than a sale by or to a licensed motor vehicle dealer, the owner shall: (1) complete, detach, and return to the department the postcard on the certificate entitled "Notice of Sale," if one is provided, including the transferee's name, address, and driver's license number, if any, and the date of sale; or (2) transmit this information electronically in a form acceptable to the commissioner. With respect to motor vehicles subject to the provisions of section 325E.15, the transferor shall also, in the space provided therefor on the certificate, state the true cumulative mileage registered on the odometer or that the actual mileage is unknown if the odometer reading is known by the transferor to be different from the true mileage. The transferor shall cause the certificate and assignment to be delivered to the transferee immediately.

Sec. 12. Minnesota Statutes 1998, section 168A.10, subdivision 2, is amended to read:

Subd. 2. [APPLICATION FOR NEW CERTIFICATE.] Except as provided in section 168A.11, the transferee shall, within ten days after assignment to the transferee of the vehicle title certificate, execute the application for a new certificate of title in the space provided ~~therefor~~ on the certificate, and cause the certificate of title to be mailed or delivered to the department. Failure of the transferee to comply with this subdivision shall result in the suspension of the vehicle's registration under section 168.17.

Sec. 13. Minnesota Statutes 1998, section 168A.10, subdivision 5, is amended to read:

Subd. 5. [COMPLIANCE REMOVES LIABILITY AFTER DELIVERY.] Except as provided in section 168A.11 and as between the parties, a transfer by an owner is not effective until the provisions of this section have been complied with; however, an owner who has delivered possession of the vehicle to the transferee and has complied, or within 48 hours after such delivery does comply, with the provisions of this section requiring action by the owner is not liable as owner for any damages resulting from operation of the vehicle after the delivery of the vehicle to the transferee. An owner is not liable who has complied with the provisions of this section except for completing and returning the Notice of Sale or transmitting the required information electronically under subdivision 1.

Sec. 14. Minnesota Statutes 1998, section 168A.30, subdivision 2, is amended to read:

Subd. 2. [WILLFUL OR FRAUDULENT ACTS; FAILURE TO NOTIFY.] A person is guilty of a misdemeanor who:

(1) with fraudulent intent permits another, not entitled thereto, to use or have possession of a certificate of title;

(2) willfully fails to mail or deliver a certificate of title to the department within the time required by sections 168A.01 to 168A.31;

(3) willfully fails to deliver to the transferee a certificate of title within ten days after the time required by sections 168A.01 to 168A.31;

(4) commits a fraud in any application for a certificate of title;

(5) fails to notify the department of any fact as required by sections 168A.01 to 168A.31, except for the facts included in the Notice of Sale described in section 168A.10, subdivision 1; or

(6) willfully violates any other provision of sections 168A.01 to 168A.31 except as otherwise provided in sections 168A.01 to 168A.31.

Sec. 15. Minnesota Statutes 1998, section 169.122, subdivision 5, is amended to read:

Subd. 5. [EXCEPTION.] This section does not apply to the possession or consumption of alcoholic beverages by passengers in:

(1) a bus ~~operated under a charter as defined in section 221.011, subdivision 20~~ that is operated by a motor carrier of passengers, as defined in section 221.011, subdivision 48; or

(2) a vehicle providing limousine service as defined in section 221.84, subdivision 1.

Sec. 16. Minnesota Statutes 1998, section 169.345, subdivision 1, is amended to read:

Subdivision 1. [SCOPE OF PRIVILEGE.] (a) A vehicle that prominently displays the certificate authorized by this section or that bears license plates issued under section 168.021, may be parked by or solely for the benefit of a physically disabled person:

(1) in a designated parking space for disabled persons, as provided in section 169.346; ~~and~~

(2) in a metered parking space without obligation to pay the meter fee and without time restrictions unless time restrictions are separately posted on official signs; and

(3) without time restrictions in a nonmetered space where parking is otherwise allowed for passenger vehicles but restricted to a maximum period of time and which does not specifically prohibit the exercise of disabled parking privileges in that space.

A person may park a vehicle for a physically disabled person in a parking space described in clause (1) or (2) only when actually transporting the physically disabled person for the sole benefit of that person and when the parking space is within a reasonable distance from the drop-off point.

(b) For purposes of this subdivision, a certificate is prominently displayed if it is displayed so that it may be viewed from the front and rear of the vehicle by hanging it from the rearview mirror attached to the front windshield of the vehicle. If there is no rearview mirror or if the certificate holder's disability precludes placing the certificate on the mirror, the placard must be displayed on the dashboard on the driver's side of the vehicle. No part of the certificate may be obscured.

(c) Notwithstanding paragraph (a), clauses (1) ~~and~~, (2), and (3), this section does not permit parking in areas prohibited by sections 169.32 and 169.34, in designated no parking spaces, or in parking spaces reserved for specified purposes or vehicles. A local governmental unit may, by ordinance, prohibit parking on any street or highway to create a fire lane, or to accommodate heavy traffic during morning and afternoon rush hours and these ordinances also apply to physically disabled persons.

Sec. 17. Minnesota Statutes 1998, section 169.345, subdivision 3, is amended to read:

Subd. 3. [IDENTIFYING CERTIFICATE.] (a) The division of driver and vehicle services in the department of public safety shall issue (1) immediately, a temporary permit valid for 30 days, if the person is eligible for the certificate issued under this paragraph, and (2) a special identifying certificate for a motor vehicle when a physically disabled applicant submits proof of physical disability under subdivision 2a. The commissioner shall design separate certificates for persons with permanent and temporary disabilities that can be readily distinguished from each other from outside a vehicle at a distance of 25 feet. The certificate is valid for six years, if the disability is specified in the physician's or chiropractor's statement as permanent, and is valid for a period not to exceed six months, if the disability is specified as temporary.

(b) When the commissioner is satisfied that a motor vehicle is used primarily for the purpose of transporting physically disabled persons, the division may issue without charge (1) immediately, a temporary permit valid for 30 days, if the operator is eligible for the certificate issued under this paragraph, and (2) a special identifying certificate for the vehicle. The operator of a vehicle displaying the certificate or temporary permit has the parking privileges provided in subdivision 1 only while the vehicle is actually in use for transporting physically disabled persons. The certificate issued to a person transporting physically disabled persons must be renewed every third year. On application and renewal, the person must present evidence that the vehicle continues to be used for transporting physically disabled persons. When the commissioner of public safety issues commercial certificates to an organization, the commissioner shall require documentation satisfactory to the commissioner from each organization that procedures and controls have been implemented to ensure that the parking privileges available under this section will not be abused.

(c) A certificate must be made of plastic or similar durable material and must bear its expiration date prominently on both sides. A certificate issued prior to January 1, 1994, must bear its expiration date prominently on its face and will remain valid until that date or December 31, 2000, whichever shall come first. A certificate issued to a temporarily disabled person must display the date of expiration of the duration of the disability, as determined under paragraph (a). Each applicant must be provided a summary of the parking privileges and restrictions that apply to each vehicle for which the certificate is used. The commissioner may charge a fee of $5 for issuance or renewal of a certificate or temporary permit, and a fee of $5 for a duplicate to replace a lost, stolen, or damaged certificate or temporary permit. The commissioner shall not charge a fee for issuing a certificate to a person who has paid a fee for issuance of a temporary permit. The commissioner shall not issue more than three replacement certificates within any six-year period without the approval of the council on disability.

Sec. 18. Minnesota Statutes 1998, section 169.345, subdivision 4, is amended to read:

Subd. 4. [UNAUTHORIZED USE; REVOCATION; MISDEMEANOR.] If a peace officer, authorized parking enforcement employee or agent of a statutory or home rule charter city or town, or authorized agent of the citizen enforcement program finds that the certificate or temporary permit is being improperly used, the officer, municipal employee, or agent shall report the violation to the division of driver and vehicle services in the department of public safety and the commissioner of public safety may revoke the certificate or temporary permit. A person who uses the certificate or temporary permit in violation of this section is guilty of a misdemeanor and is subject to a fine of $500.

Sec. 19. Minnesota Statutes 1998, section 169.346, subdivision 3, is amended to read:

Subd. 3. [MISDEMEANOR; ENFORCEMENT.] A person who violates subdivision 1 is guilty of a misdemeanor and shall be fined not less than $100 or more than $200. This subdivision shall be enforced in the same manner as parking ordinances or regulations in the governmental subdivision in which the violation occurs. Law enforcement officers have the authority to tag vehicles parked on either private or public property in violation of subdivision 1. Parking enforcement employees or agents of statutory or home rule charter cities or towns have the authority to tag or otherwise issue citations for vehicles parked on public property in violation of subdivision 1. If a holder of a disability certificate or disability plates allows a person who is not otherwise eligible to use the certificate or plates, then the holder shall not be eligible to be issued or to use a disability certificate or plates for 12 months after the date of violation. A physically disabled person, or a person parking a vehicle for a disabled person, who is charged with violating subdivision 1 because the person parked in a parking space for physically disabled persons without the

required certificate, license plates, or temporary permit shall not be convicted if the person produces in court or before the court appearance the required certificate, temporary permit, or evidence that the person has been issued license plates under section 168.021, and demonstrates entitlement to the certificate, plates, or temporary permit at the time of arrest or tagging.

Sec. 20. Minnesota Statutes 1998, section 169.346, is amended by adding a subdivision to read:

Subd. 5. [LOCAL ORDINANCE; LONG-TERM PARKING.] A statutory or home rule charter city may enact an ordinance establishing a permit program for long-term parking.

Sec. 21. Minnesota Statutes 1998, section 169.55, subdivision 1, is amended to read:

Subdivision 1. [LIGHTS OR REFLECTORS REQUIRED.] At the times when lighted lamps on vehicles are required each vehicle including an animal-drawn vehicle and any vehicle specifically excepted in sections 169.47 to 169.79, with respect to equipment and not hereinbefore specifically required to be equipped with lamps, shall be equipped with one or more lighted lamps or lanterns projecting a white light visible from a distance of 500 feet to the front of the vehicle and with a lamp or lantern exhibiting a red light visible from a distance of 500 feet to the rear, except that reflectors meeting the maximum requirements of this chapter may be used in lieu of the lights required in this subdivision. It shall be unlawful except as otherwise provided in this subdivision, to project a white light to the rear of any such vehicle while traveling on any street or highway, unless such vehicle is moving in reverse. A lighting device mounted on top of a vehicle engaged in deliveries to residences may project a white light to the rear if the sign projects one or more additional colors to the rear. An authorized emergency vehicle may display an oscillating, alternating, or rotating white light used in connection with an oscillating, alternating, or rotating red light when responding to emergency calls.

Sec. 22. Minnesota Statutes 1998, section 169.58, is amended by adding a subdivision to read:

Subd. 4. [LIGHTED SIGN ON VEHICLE.] A vehicle engaged in deliveries to residences may display a lighting device mounted on the vehicle, which may project a red light to the front if the sign projects one or more additional colors to the front.

Sec. 23. Minnesota Statutes 1998, section 171.04, subdivision 1, is amended to read:

Subdivision 1. [PERSONS NOT ELIGIBLE.] The department shall not issue a driver's license:

(1) to any person under 18 years unless:

(i) the applicant is 16 or 17 years of age and has a previously issued valid license from another state or country or the applicant has, for the 12 consecutive months preceding application, held a provisional license and during that time has incurred (A) no conviction for a violation of section 169.121, 169.1218, 169.122, or 169.123, (B) no conviction for a crash-related moving violation, and (C) not more than one conviction for a moving violation that is not crash related. "Moving violation" means a violation of a traffic regulation but does not include a parking violation, vehicle equipment violation, or warning citation.

(ii) the application for a license is approved by (A) either parent when both reside in the same household as the minor applicant or, if otherwise, then (B) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (C) the parent or spouse of the parent with whom the minor is living or, if subitems (A) to (C) do not apply, then (D) the guardian having custody of the minor or, in the event a person under the age of 18 has no living father, mother, or guardian, then (E) the minor's employer; provided, that the approval required by this item contains a verification of the age of the applicant and the identity of the parent, guardian, or employer; and

(iii) the applicant presents a certification by the person who approves the application under item (ii), stating that the applicant has driven a motor vehicle accompanied by and under supervision of a licensed driver at least 21 years of age for at least ten hours during the period of provisional licensure;

(2) to any person who is ~~under the age of~~ 18 years of age or younger, unless the person has applied for, been issued, and possessed the appropriate instruction permit for a minimum of six months, and, with respect to a person under 18 years of age, a provisional license for a minimum of 12 months;

(3) to any person who is 19 years of age or older, unless that person has applied for, been issued, and possessed the appropriate instruction permit for a minimum of three months;

(4) to any person whose license has been suspended during the period of suspension except that a suspended license may be reinstated during the period of suspension upon the licensee furnishing proof of financial responsibility in the same manner as provided in the Minnesota No-Fault Automobile Insurance Act;

~~(4)~~ (5) to any person whose license has been revoked except upon furnishing proof of financial responsibility in the same manner as provided in the Minnesota No-Fault Automobile Insurance Act and if otherwise qualified;

~~(5)~~ (6) to any drug dependent person, as defined in section 254A.02, subdivision 5;

~~(6)~~ (7) to any person who has been adjudged legally incompetent by reason of mental illness, mental deficiency, or inebriation, and has not been restored to capacity, unless the department is satisfied that the person is competent to operate a motor vehicle with safety to persons or property;

~~(7)~~ (8) to any person who is required by this chapter to take a vision, knowledge, or road examination, unless the person has successfully passed the examination. An applicant who fails four road tests must complete a minimum of six hours of behind-the-wheel instruction with an approved instructor before taking the road test again;

~~(8)~~ (9) to any person who is required under the Minnesota No-Fault Automobile Insurance Act to deposit proof of financial responsibility and who has not deposited the proof;

~~(9)~~ (10) to any person when the commissioner has good cause to believe that the operation of a motor vehicle on the highways by the person would be inimical to public safety or welfare;

~~(10)~~ (11) to any person when, in the opinion of the commissioner, the person is afflicted with or suffering from a physical or mental disability or disease that will affect the person in a manner as to prevent the person from exercising reasonable and ordinary control over a motor vehicle while operating it upon the highways;

~~(11)~~ (12) to a person who is unable to read and understand official signs regulating, warning, and directing traffic;

~~(12)~~ (13) to a child for whom a court has ordered denial of driving privileges under section 260.191, subdivision 1, or 260.195, subdivision 3a, until the period of denial is completed; or

~~(13)~~ (14) to any person whose license has been canceled, during the period of cancellation.

Sec. 24. Minnesota Statutes 1998, section 171.05, subdivision 1a, is amended to read:

Subd. 1a. [MINIMUM PERIOD TO POSSESS INSTRUCTION PERMIT.] An applicant ~~who is 18 years old and~~ who has ~~applied for and~~ received an instruction permit under subdivision 1 and has not previously been licensed to drive in Minnesota or in another jurisdiction must possess the instruction permit for not less than six months for an applicant who is 18 years of age, and not less than three months for all other applicants, before qualifying for a driver's license~~, or for not less than three months for an applicant who successfully completes an approved course of behind-the-wheel instruction~~. An applicant with an instruction permit from another jurisdiction must be credited with the amount of time that permit has been held.

Sec. 25. Minnesota Statutes 1998, section 171.05, subdivision 2, is amended to read:

Subd. 2. [PERSON LESS THAN 18 YEARS OF AGE.] (a) Notwithstanding any provision in subdivision 1 to the contrary, the department, upon application therefor, may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and the applicant:

(1) has completed a course of driver education in another state, has a previously issued valid license from another state, or is enrolled in ~~a~~ one of the following types of driver education ~~program including~~ programs:

(i) a driver education program offered through the public schools that includes classroom and behind-the-wheel training~~, which~~ and that has been approved by the ~~state board of education for courses offered through the public schools, or, in the case of~~ commissioner of children, families, and learning;

(ii) a course offered by a private, commercial driver education school or institute~~,~~ that includes classroom and behind-the-wheel training and that has been approved by the department of public safety; ~~except when the applicant has completed a course of driver education in another state or has a previously issued valid license from another state~~ or

(iii) an approved behind-the-wheel driver education program when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a home-school diploma, the student's status as a home-school student has been certified by the superintendent of the school district in which the student resides, and the student is taking home-classroom driver training with classroom materials approved by the commissioner of public safety;

(2) has completed the classroom phase of instruction in the driver education program;

(3) has passed a test of the applicant's eyesight;

(4) has passed a test of the applicant's knowledge of traffic laws, which test must be administered by the department;

(5) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (iii) the parent or spouse of the parent with whom the minor is living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor or, in the event a person under the age of 18 has no living father, mother, or guardian, then (v) the applicant's employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, or employer; and

(6) has paid the fee required in section 171.06, subdivision 2.

(b) The instruction permit is valid for one year from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2.

Sec. 26. Minnesota Statutes 1998, section 171.061, subdivision 4, is amended to read:

Subd. 4. [FEE; EQUIPMENT.] (a) The agent may charge and retain a filing fee of $3.50 for each application. Except as provided in paragraph (b), the fee shall cover all expenses involved in receiving, accepting, or forwarding to the department the applications and fees required under sections 171.02, subdivision 3; 171.06, subdivisions 2 and 2a; and 171.07, subdivisions 3 and 3a.

(b) An agent with photo identification equipment provided by the department before January 1, 1999, may retain the photo identification equipment until the agent's appointment terminates. The department shall maintain the photo identification equipment for these agents. An agent appointed before January 1, 1999, who does not have photo identification equipment provided by the department, and any new agent appointed after December 31, 1998, shall

procure and maintain photo identification equipment. Upon the retirement, resignation, death, or discontinuance of an existing agent, and if a new agent is appointed in an existing office pursuant to Minnesota Rules, chapter 7404, and notwithstanding the above or Minnesota Rules, part 7404.0400, the department shall provide and maintain photo identification equipment without additional cost to a newly appointed agent in that office if the office was provided the equipment by the department before January 1, 1999. All photo identification equipment must be compatible with standards established by the department.

(c) A filing fee retained by the agent employed by a county board must be paid into the county treasury and credited to the general revenue fund of the county. An agent who is not an employee of the county shall retain the filing fee in lieu of county employment or salary and is considered an independent contractor for pension purposes, coverage under the Minnesota state retirement system, or membership in the public employees retirement association.

(d) Before the end of the first working day following the final day of the reporting period established by the department, the agent must forward to the department all applications and fees collected during the reporting period except as provided in paragraph (c).

Sec. 27. Minnesota Statutes 1998, section 171.07, subdivision 3, is amended to read:

Subd. 3. [IDENTIFICATION CARD; FEE.] (a) Upon payment of the required fee, the department shall issue to every applicant therefor a Minnesota identification card. The department may not issue a Minnesota identification card to a person who has a driver's license, other than an instruction permit or a limited license. The card must bear a distinguishing number assigned to the applicant, a colored photograph or an electronically produced image, the full name, date of birth, residence address, a description of the applicant in the manner as the commissioner deems necessary, and a space upon which the applicant shall write the usual signature and the date of birth of the applicant with pen and ink. Each identification card issued to an applicant under the age of 21 must be of a distinguishing color and plainly marked "Under-21."

(b) Each Minnesota identification card must be plainly marked "Minnesota identification card - not a driver's license."

(c) The fee for a Minnesota identification card is 50 cents when issued to: a person who is mentally retarded, as defined in section 252A.02, subdivision 2~~, or to~~; a physically disabled person, as defined in section 169.345, subdivision 2~~, is 50 cents~~; or, a person with mental illness, as described in section 245.462, subdivision 20, paragraph (c).

Sec. 28. Minnesota Statutes 1998, section 171.39, is amended to read:

171.39 [EXEMPTIONS.]

The provisions of sections 171.33 to 171.41 shall not apply: to any person giving driver training lessons without charge~~,~~; to employers maintaining driver training schools without charge for their employees only~~,~~; to a home-school within the meaning of sections 120A.22 and 120A.24; to schools or classes conducted by colleges, universities and high schools as a part of the normal program for such institutions~~,~~; nor to those schools or persons described in section 171.05, subdivision 2. Any person who is a certificated driver training instructor in a high school driver training program may give driver training instruction to persons over the age of 18 without acquiring a driver training school license or instructor's license, and such instructors may make a charge for that instruction, if there is no private commercial driver training school licensed under this statute within 10 miles of the municipality where such instruction is given and there is no adult drivers training program in effect in the schools of the school district in which the trainee resides.

Sec. 29. Minnesota Statutes 1998, section 173.02, subdivision 6, is amended to read:

Subd. 6. [VARIOUS SIGNS AND NOTICES DEFINED.] Directional and other official signs and notices shall mean:

(a) "Official signs and notices" mean signs and notices erected and maintained by public officers or public agencies within their territorial jurisdiction and pursuant to and in accordance with direction or authorization contained in federal or state law for the purposes of carrying out an official duty or responsibility. Historical markers authorized

by state law and erected by state or local governmental agencies or nonprofit historical societies, star city signs erected under section 173.085, and municipal identification entrance signs erected in accordance with section 173.025 may be considered official signs.

(b) "Public utility signs" mean warning signs, notices, or markers which are customarily erected and maintained by publicly or privately owned public utilities, as essential to their operations.

(c) "Service club and religious notices" mean signs and notices, not exceeding eight square feet in advertising area, whose erection is authorized by law, relating to meetings and location of nonprofit service clubs or charitable associations, or religious services.

(d) "Directional signs" means signs containing directional information about public places owned or operated by ~~federal, state, or local governments~~ public authorities as defined in Code of Federal Regulations, title 23, section 460.2, paragraph (b), or their agencies, publicly or privately owned natural phenomena, historic, cultural, scientific, educational, and religious sites, and areas of natural scenic beauty or naturally suited for outdoor recreation, deemed to be in the interest of the traveling public. To qualify for directional signs, privately owned attractions must be nationally or regionally known, and of outstanding interest to the traveling public.

(e) All definitions in this subdivision are intended to be in conformity with the national standards for directional and other official signs.

Sec. 30. Minnesota Statutes 1998, section 174.24, subdivision 3b, is amended to read:

Subd. 3b. [OPERATING ASSISTANCE.] The commissioner shall determine the total operating cost of any public transit system receiving or applying for assistance in accordance with generally accepted accounting principles. To be eligible for financial assistance, an applicant or recipient shall provide to the commissioner all financial records and other information and shall permit any inspection reasonably necessary to determine total operating cost and correspondingly the amount of assistance which may be paid to the applicant or recipient. Where more than one county or municipality contributes assistance to the operation of a public transit system, the commissioner shall identify one as lead agency for the purpose of receiving moneys under this section.

Prior to distributing operating assistance to eligible recipients for any contract period, the commissioner shall place all recipients into one of the following classifications: large urbanized area service, urbanized area service, small urban area service, rural area service, and elderly and handicapped service. The commissioner shall distribute funds under this section so that the percentage of total operating cost paid by any recipient from local sources will not exceed the percentage for that recipient's classification, except as provided in an undue hardship case. The percentages shall be: for large urbanized area service, ~~55~~ 50 percent; for urbanized area service and small urban area service, 40 percent; for rural area service, 35 percent; and for elderly and handicapped service, 35 percent. The remainder of the total operating cost will be paid from state funds less any assistance received by the recipient from any federal source. For purposes of this subdivision "local sources" means all local sources of funds and includes all operating revenue, tax levies, and contributions from public funds, except that the commissioner may exclude from the total assistance contract revenues derived from operations the cost of which is excluded from the computation of total operating cost.

If a recipient informs the commissioner in writing after the establishment of these percentages but prior to the distribution of financial assistance for any year that paying its designated percentage of total operating cost from local sources will cause undue hardship, the commissioner may reduce the percentage to be paid from local sources by the recipient and increase the percentage to be paid from local sources by one or more other recipients inside or outside the classification, provided that no recipient shall have its percentage thus reduced or increased for more than two years successively. If for any year the funds appropriated to the commissioner to carry out the purposes of this section are insufficient to allow the commissioner to pay the state share of total operating cost as provided in this paragraph, the commissioner shall reduce the state share in each classification to the extent necessary.

Sec. 31. Minnesota Statutes 1998, section 174.70, is amended to read:

174.70 [PUBLIC SAFETY RADIO COMMUNICATIONS.]

Subdivision 1. [AUTHORITY OF COMMISSIONER.] The commissioner of transportation may exercise the powers granted in this chapter and in sections 473.891 to 473.905, to plan and implement the communications system as provided in sections 473.891 to 473.905.

Subd. 2. [IMPLEMENTATION.] In order to facilitate construction of the initial backbone of the communications system described in subdivision 1, the commissioner shall, by purchase, lease, gift, exchange, or other means, obtain sites for the erection of towers and the location of equipment and shall construct buildings and structures needed for the system. The commissioner may negotiate with commercial wireless service providers to obtain sites, towers, and equipment. Notwithstanding sections 161.433, 161.434, 161.45, and 161.46, the commissioner may by agreement allow commercial wireless service providers to install privately owned equipment on state-owned lands, buildings, and other structures under the jurisdiction of the commissioner when it is practical and feasible to do so. The commissioner shall charge a site use fee for the value of the property or structure made available. In lieu of a site use fee, the commissioner may make agreements with commercial wireless service providers to place state equipment on privately owned towers and may accept (1) improvements to state-owned public safety communications facilities or real or personal property, or (2) services provided by a commercial wireless service provider.

Subd. 3. [DEPOSIT OF FEES; APPROPRIATION.] Fees collected under subdivision 2 must be deposited in the trunk highway fund. The fees so collected are appropriated to the commissioner to pay for the commissioner's share and state patrol's share of the costs of constructing and maintaining the communication system sites.

Sec. 32. Minnesota Statutes 1998, section 174A.02, subdivision 4, is amended to read:

Subd. 4. [HEARINGS; NOTICE.] With respect to those matters within its jurisdiction the board shall receive, hear and determine all petitions filed with it in accordance with the procedures established by law and may hold hearings and make determinations upon its own motion to the same extent, and in every instance, in which it may do so upon petition. Upon receiving petitions filed pursuant to sections ~~221.061, 221.081,~~ 221.121, subdivision 1, 221.151, 221.296, and 221.55, the board shall give notice of the filing of the petition to representatives of associations or other interested groups or persons who have registered their names with the board for that purpose and to whomever the board deems to be interested in the petition. The board may grant or deny the request of the petition 30 days after notice of the filing has been fully given. If the board receives a written objection and notice of intent to appear at a hearing to object to the petition from any person within 20 days of the notice having been fully given, the request of the petition shall be granted or denied only after a contested case hearing has been conducted on the petition, unless the objection is withdrawn prior to the hearing. The board may elect to hold a contested case hearing if no objections to the petition are received. If a timely objection is not received, or if received and withdrawn, and the request of the petition is denied without hearing, the petitioner may request within 30 days of receiving the notice of denial, and shall be granted, a contested case hearing on the petition.

Sec. 33. Minnesota Statutes 1998, section 174A.06, is amended to read:

174A.06 [CONTINUATION OF RULES.]

Orders and directives in force, issued, or promulgated under authority of chapters 174A, 216A, 218, 219, 221, and 222 remain and continue in force and effect until repealed, modified, or superseded by duly authorized orders or directives of the commissioner of transportation. To the extent allowed under federal law or regulation, rules adopted under authority of the following sections are transferred to the commissioner of transportation and continue in force and effect until repealed, modified, or superseded by duly authorized rules of the commissioner:

(1) section 218.041 except rules related to the form and manner of filing railroad rates, railroad accounting rules, and safety rules;

(2) section 219.40;

(3) rules relating to rates or tariffs, or the granting, limiting, or modifying of permits or certificates of convenience and necessity under section 221.031, subdivision 1;

(4) rules relating to the sale, assignment, pledge, or other transfer of a stock interest in a corporation holding authority to operate as a permit carrier as prescribed in section 221.151, subdivision 1, or a local cartage carrier under section 221.296, subdivision 8;

(5) rules relating to rates, charges, and practices under section 221.161, subdivision 4; and

(6) rules relating to rates, tariffs, or the granting, limiting, or modifying of permits under sections 221.121, 221.151, and 221.296 ~~or certificates of convenience and necessity under section 221.071~~.

The commissioner shall review the transferred rules, orders, and directives and, when appropriate, develop and adopt new rules, orders, or directives.

Sec. 34. [219.445] [SOUTHERN RAIL CORRIDOR IMPROVEMENT PLAN.]

Subdivision 1. [CORRIDOR DEVELOPMENT.] The commissioner of transportation shall develop a corridor improvement plan for grade crossings intersecting or crossing the railway right-of-way in the railway corridor that runs east to west across southern Minnesota within all of the counties of Winona, Olmsted, Dodge, Steele, Waseca, Blue Earth, Brown, Redwood, Lyon, and Lincoln.

Subd. 2. [GRADE CROSSING RECOMMENDATIONS.] (a) The corridor improvement plan must include crossing-by-crossing assessments based on ten-year and 20-year projections of train and vehicle volumes that will identify minimum improvements necessary at crossings with moderate levels of exposure, consistent with rules adopted by the commissioner. The plan must include identification of all crossings that are candidates for grade separations where levels of exposure exceed 300,000, or crossings that meet the criteria identified in the rules adopted by the commissioner. For purposes of this section, "levels of exposure" means average daily vehicle traffic multiplied by the number of trains per day at a crossing.

(b) In cities where the department has identified multiple grade separation candidates the plan must include a strategy that identifies the appropriate mix of safety improvements at all crossings in the city and that considers optimal locations for grade separations, crossing consolidations, and other grade crossing safety improvements and traffic routing options.

(c) The department shall consider crossings that are candidates for closure, consistent with rules adopted by the commissioner governing the vacating of a grade crossing.

(d) When community plans have been developed by the affected railroad company and local governing bodies, the department shall review the community plans for compliance with the department's minimum criteria for necessary crossing improvements at all public crossings as identified in the commissioner's rules. The agreed-to community plans take precedence over the elements of the corridor improvement plan.

Subd. 3. [LOCAL GOVERNMENT AND RAILROAD COMPANY PARTICIPATION; FEDERAL REVIEW.] (a) The commissioner shall provide an opportunity for an affected railroad company or local governing body to participate in developing the corridor improvement plan. The commissioner shall allow an affected local governing body the opportunity to review the corridor improvement plan before executing an agreement for grade crossing improvements in the corridor improvement plan between the department and the railroad company and before forwarding the plan to the federal Surface Transportation Board (STB).

(b) Paragraph (a) does not preclude the department from providing comments or information related to the railway corridor improvement project to the STB or any other governing body related to construction activities or environmental impact statement preparation.

Subd. 4. [FINAL PLAN; HOLD HARMLESS.] (a) The final plan must be submitted to any affected area transportation partnership, local unit of government, and railroad company within the corridor area in order to provide future grade crossing safety improvement planning guidance.

(b) Unless otherwise specifically agreed to as part of the plan, the development of a corridor improvement plan does not bind the state or any local government unit to a specific implementation timetable or to funding the cost of proposed recommended safety upgrades.

Sec. 35. Minnesota Statutes 1998, section 221.011, subdivision 15, is amended to read:

Subd. 15. [MOTOR CARRIER.] "Motor carrier" means a ~~carrier operating for hire under the authority of this chapter and subject to the rules and orders of the commissioner or the board~~ person engaged in the for-hire transportation of property or passengers. "Motor carrier" does not include a person providing transportation described in section 221.025, a building mover subject to section 221.81, or a person providing limousine service as defined in section 221.84.

Sec. 36. Minnesota Statutes 1998, section 221.011, subdivision 37, is amended to read:

Subd. 37. [CERTIFICATED CARRIER.] "Certificated carrier" means a motor carrier holding a certificate ~~issued under section 221.071~~ of registration.

Sec. 37. Minnesota Statutes 1998, section 221.011, subdivision 38, is amended to read:

Subd. 38. [CLASS I CARRIER.] "Class I carrier" means a person who has been issued a certificate ~~under section 221.071 to operate as a class I carrier~~ of registration.

Sec. 38. Minnesota Statutes 1998, section 221.011, is amended by adding a subdivision to read:

Subd. 48. [MOTOR CARRIER OF PASSENGERS.] "Motor carrier of passengers" means a person engaged in the for-hire transportation of passengers in vehicles designed to transport eight or more persons, including the driver.

Sec. 39. Minnesota Statutes 1998, section 221.011, is amended by adding a subdivision to read:

Subd. 49. [SMALL VEHICLE PASSENGER SERVICE.] "Small vehicle passenger service" means a service provided by a person engaged in the for-hire transportation of passengers in a vehicle designed to transport seven or fewer persons, including the driver.

Sec. 40. Minnesota Statutes 1998, section 221.021, is amended to read:

221.021 [~~OPERATION~~ REGISTRATION CERTIFICATE OR PERMIT REQUIRED.]

Subdivision 1. [REQUIREMENT.] No person may operate as a motor carrier or advertise or otherwise hold out as a motor carrier without a certificate of registration or permit in effect. A certificate or permit may be suspended or revoked upon conviction of violating a provision of sections 221.011 to 221.296 or an order or rule of the commissioner ~~or board~~ governing the operation of motor carriers, and upon a finding by the court that the violation was willful. The ~~board~~ commissioner may, for good cause after a hearing, suspend or revoke a certificate or permit for a violation of a provision of sections 221.011 to 221.296 or an order issued or rule adopted by the commissioner or board under this chapter.

Subd. 2. [SANCTIONS.] The commissioner may suspend, revoke, or deny renewal of a certificate of registration for (1) serious or repeated violations of this chapter, or (2) a pattern of repeated violations of local ordinances governing traffic and parking.

Subd. 3. [HEARING.] A motor carrier affected by an action of the commissioner under subdivision 2 may, within 20 days of receipt of a notice of the commissioner's action, request an administrative hearing by following the procedures in section 221.036, subdivision 7.

Sec. 41. Minnesota Statutes 1998, section 221.022, is amended to read:

221.022 [EXCEPTION.]

The powers granted to the ~~board~~ commissioner under sections 221.011 to 221.296 do not include the power to regulate any service or vehicles operated by the metropolitan council or to ~~regulate~~ register passenger transportation service provided under contract to the department or the metropolitan council. A provider of passenger transportation service under contract to the department or the metropolitan council may not also provide ~~charter~~ service as a motor carrier of passengers without first having ~~obtained a permit to operate as a charter carrier~~ registered under section 221.0252.

Sec. 42. Minnesota Statutes 1998, section 221.025, is amended to read:

221.025 [EXEMPTIONS.]

The provisions of this chapter requiring a certificate or permit to operate as a motor carrier do not apply to the intrastate transportation described below:

(a) the transportation of students to or from school or school activities in a school bus inspected and certified under section 169.451 and the transportation of children or parents to or from a Head Start facility or Head Start activity in a Head Start bus inspected and certified under section 169.451;

(b) the transportation of solid waste, as defined in section 116.06, subdivision 22, including recyclable materials and waste tires, except that the term "hazardous waste" has the meaning given it in section 221.011, subdivision 31;

(c) a commuter van as defined in section 221.011, subdivision 27;

(d) authorized emergency vehicles as defined in section 169.01, subdivision 5, including ambulances; and tow trucks equipped with proper and legal warning devices when picking up and transporting (1) disabled or wrecked motor vehicles or (2) vehicles towed or transported under a towing order issued by a public employee authorized to issue a towing order;

(e) the transportation of grain samples under conditions prescribed by the board;

(f) the delivery of agricultural lime;

(g) the transportation of dirt and sod within an area having a 50-mile radius from the home post office of the person performing the transportation;

(h) the transportation of sand, gravel, bituminous asphalt mix, concrete ready mix, concrete blocks or tile and the mortar mix to be used with the concrete blocks or tile, or crushed rock to or from the point of loading or a place of gathering within an area having a 50-mile radius from that person's home post office or a 50-mile radius from the site of construction or maintenance of public roads and streets;

(i) the transportation of pulpwood, cordwood, mining timber, poles, posts, decorator evergreens, wood chips, sawdust, shavings, and bark from the place where the products are produced to the point where they are to be used or shipped;

(j) the transportation of fresh vegetables from farms to canneries or viner stations, from viner stations to canneries, or from canneries to canneries during the harvesting, canning, or packing season, or transporting sugar beets, wild rice, or rutabagas from the field of production to the first place of delivery or unloading, including a processing plant, warehouse, or railroad siding;

(k) the transportation of property or freight, other than household goods and petroleum products in bulk, entirely within the corporate limits of a city or between contiguous cities except as provided in section 221.296;

(l) the transportation of unprocessed dairy products in bulk within an area having a 100-mile radius from the home post office of the person providing the transportation;

(m) the transportation of agricultural, horticultural, dairy, livestock, or other farm products within an area having a 100-mile radius from the person's home post office and the carrier may transport other commodities within the 100-mile radius if the destination of each haul is a farm;

(n) ~~passenger transportation service that is not charter service and that is under contract to and with operating assistance from the department or the metropolitan council;~~

~~(o)~~ the transportation of newspapers, as defined in section 331A.01, subdivision 5, telephone books, handbills, circulars, or pamphlets in a vehicle with a gross vehicle weight of 10,000 pounds or less; and

~~(p)~~ (o) transportation of potatoes from the field of production, or a storage site owned or otherwise controlled by the producer, to the first place of processing.

The exemptions provided in this section apply to a person only while the person is exclusively engaged in exempt transportation.

Sec. 43. Minnesota Statutes 1998, section 221.0251, is amended to read:

221.0251 [MOTOR CARRIER OF PROPERTY; REGISTRATION.]

Subdivision 1. [REGISTRATION STATEMENT.] A person who wishes to operate as a motor carrier of property shall file a complete and accurate registration statement with the commissioner. A registration statement must be on a form provided by the commissioner and include:

(1) the registrant's name, including an assumed or fictitious name used by the registrant in doing business;

(2) the registrant's mailing address and business telephone number;

(3) the registrant's federal Employer Identification Number and Minnesota Business Identification Number and the identification numbers, if any, assigned to the registrant by the United States Department of Transportation, Interstate Commerce Commission, or Environmental Protection Agency;

(4) the name, title, and telephone number of the individual who is principally responsible for the operation of the registrant's transportation business;

(5) the principal location from which the registrant conducts its transportation business and where the records required by this chapter will be kept;

(6) if different from clause (5), the location in Minnesota where the records required by this chapter will be available for inspection and copying by the commissioner;

(7) whether the registrant transports hazardous materials or hazardous waste;

(8) whether the registrant's business is a corporation, partnership, limited liability partnership, limited liability company, or sole proprietorship; and

(9) if the registrant is a foreign corporation authorized to transact business in Minnesota, the state of incorporation and the name and address of its registered agent.

Subd. 2. [SIGNATURE REQUIRED.] A registration statement may be signed only by a corporate officer, general partner, limited liability company board member, or sole proprietor. A signature must be notarized.

Subd. 3. [CERTIFICATE OF REGISTRATION; ISSUANCE; LOCATION.] (a) The commissioner shall issue a certificate of registration to a registrant who has filed a registration statement that complies with subdivisions 1 and 2 and paid the required fee, has a satisfactory safety rating and, if applicable, has complied with the financial responsibility requirements in section 221.141. The commissioner may not issue a certificate of registration to a registrant who has an unsatisfactory safety rating.

(b) A certificate of registration must be numbered and bear an effective date.

(c) A certificate of registration must be kept at the registrant's principal place of business.

Subd. 4. [DURATION.] A certificate of registration is not assignable or transferable and is valid until it is suspended, revoked, or canceled.

Subd. 5. [OBLIGATION TO KEEP INFORMATION CURRENT.] A registrant shall notify the commissioner in writing of any change in the information described in subdivision 1.

Sec. 44. [221.0252] [PASSENGER CARRIERS; REGISTRATION; EXEMPTIONS.]

Subdivision 1. [FILING REQUIRED.] A person who wishes to operate as a motor carrier of passengers must file with the commissioner a complete and accurate federal motor carrier identification report form MCS-150. In addition, a person must file a vehicle registration form prescribed by the commissioner describing the make, model, number of passengers the vehicle is designed to transport as determined by the vehicle's manufacturer, and license plate and vehicle identification number of each vehicle that the registrant will be using in those operations for which registration is required.

Subd. 2. [SIGNATURE REQUIRED.] A form required under this section may be signed only by a corporate officer, general partner, limited liability company board member, or sole proprietor.

Subd. 3. [AUDIT; INSPECTION.] (a) Within 90 days of issuing a new certificate of registration to a carrier under this section, and before issuing an annual renewal of a certificate of registration, the commissioner shall:

(1) conduct an audit of the carrier's records;

(2) inspect the vehicles the carrier uses in its motor carrier operation to determine if they comply with the federal regulations incorporated in section 221.0314 or accept for filing proof that a complete vehicle inspection was conducted within the previous one year by a commercial vehicle inspector of the department of public safety;

(3) verify that the carrier has a designated office in Minnesota where the books and files necessary to conduct business and the records required by this chapter are kept and shall be available for inspection by the commissioner;

(4) audit the carrier's drivers' criminal background and safety records; and

(5) verify compliance with the insurance requirements of section 221.141.

(b) The commissioner and the commissioner of public safety shall, through an interagency agreement, coordinate vehicle inspection activities to avoid duplication of annual vehicle inspections to minimize the burden of compliance on carriers and to maximize the efficient use of state resources.

Subd. 4. [CERTIFICATE OF REGISTRATION; REQUIREMENTS; ISSUANCE; DURATION.] (a) The commissioner shall issue a certificate of registration to a carrier who (1) does not have an unsatisfactory safety rating, (2) has complied with subdivisions 1 and 2, (3) has paid the required fee, (4) in the case of an annual renewal, has been audited and inspected under subdivision 3, and (5) has complied with the financial responsibility requirements in section 221.141.

(b) A photocopy of the carrier's certificate of registration must be carried in each vehicle operated under the registration and must be made available to the department and other law enforcement officials upon request.

(c) Registration under this section is not assignable or transferable and is valid until it expires or is suspended, revoked, or canceled, whichever occurs first. A registration is valid for one year from the date issued.

Subd. 5. [SUSPENSION FOR UNSATISFACTORY SAFETY RATING.] Following the procedures in section 221.185, the commissioner shall immediately suspend the registration of a carrier who receives an unsatisfactory safety rating. The commissioner shall conduct one follow-up compliance audit to determine if the carrier's safety rating should be changed or the suspension rescinded within 30 days of receiving a written request from the carrier. Additional compliance reviews may be conducted at the commissioner's discretion.

Subd. 6. [ANNUAL RENEWAL.] A carrier registered under this section must renew its registration each year on a form prescribed by the commissioner. The commissioner shall develop and implement an expedited renewal process to minimize the burden on motor carriers.

Subd. 7. [EXEMPTIONS FROM REGULATION.] Notwithstanding any other law, motor carriers of passengers are exempt from sections 221.121; 221.122; 221.123; 221.132; 221.151; 221.161; and 221.171.

Sec. 45. Minnesota Statutes 1998, section 221.026, subdivision 2, is amended to read:

Subd. 2. [EXEMPTIONS FROM REQUIREMENTS.] Notwithstanding any other law, a motor carrier of property is exempt from sections 221.021; ~~221.041; 221.061; 221.071;~~ 221.072; ~~221.081;~~ 221.121; 221.122; 221.123; 221.131; 221.132; 221.151; 221.161; 221.172, subdivisions 3 to 8; 221.185, except as provided in subdivision 4; and 221.296. The exemptions in this subdivision do not apply to a motor carrier of property while transporting household goods.

Sec. 46. Minnesota Statutes 1998, section 221.031, subdivision 1, is amended to read:

Subdivision 1. [POWERS, DUTIES, REPORTS, LIMITATIONS.] (a) This subdivision applies to motor carriers engaged in intrastate commerce.

(b) The commissioner shall prescribe rules for the operation of motor carriers, including their facilities; accounts; leasing of vehicles and drivers; service; safe operation of vehicles; equipment, parts, and accessories; hours of service of drivers; driver qualifications; accident reporting; identification of vehicles; installation of safety devices; inspection, repair, and maintenance; and proper automatic speed regulators if, in the opinion of the commissioner, there is a need for the rules.

(c) The commissioner shall direct the repair and reconstruction or replacement of an inadequate or unsafe motor carrier vehicle or facility. The commissioner may require the construction and maintenance or furnishing of suitable and proper freight terminals, passenger depots, waiting rooms, and accommodations or shelters in a city in this state or at a point on the highway traversed which the commissioner, after investigation by the department, may deem just and proper for the protection of passengers or property.

(d) The commissioner shall require holders of household goods mover permits~~, charter carrier permits, and regular route passenger carrier certificates~~ to file annual and other reports including annual accounts of motor carriers, schedules of rates and charges, or other data by motor carriers, regulate motor carriers in matters affecting the relationship between them and the traveling and shipping public, and prescribe other rules as may be necessary to carry out the provisions of this chapter.

(e) A motor carrier subject to paragraph (d) but having gross revenues from for-hire transportation in a calendar year of less than $200,000 may, at the discretion of the commissioner, be exempted from the filing of an annual report, if instead the motor carrier files an abbreviated annual report, in a form as may be prescribed by the commissioner, attesting that the motor carrier's gross revenues did not exceed $200,000 in the previous calendar year. Motor carrier gross revenues from for-hire transportation, for the purposes of this subdivision only, do not include gross revenues received from the operation of school buses as defined in section 169.01, subdivision 6.

(f) The commissioner shall enforce sections 169.781 to 169.783.

~~(g) The commissioner shall make no rules relating to the granting, limiting, or modifying of permits or certificates of convenience and necessity, which are powers granted to the board.~~

~~(h) The board may extend the termini of a route or alter or change the route of a regular route common carrier upon petition and after finding that public convenience and necessity require an extension, alteration, or change.~~

Sec. 47. Minnesota Statutes 1998, section 221.031, subdivision 2, is amended to read:

Subd. 2. [EXEMPTIONS FOR PRIVATE CARRIERS.] This subdivision applies to private carriers engaged in intrastate commerce.

(a) Private carriers operating vehicles with a gross vehicle weight of more than 10,000 pounds shall comply with ~~rules adopted under~~ those federal regulations incorporated by reference in:

(1) section 221.0314, subdivisions 2 to 5, for driver qualifications;

(2) section 221.0314, subdivision 9, for hours of service of drivers;

(3) section 221.0314, subdivision 6, for driving of motor vehicles;

(4) section 221.0314, subdivision 7, for parts and accessories necessary for safe operation; and

(5) section 221.0314, subdivision 10, for inspection, repair, and maintenance~~; and~~.

~~(6) this section for leasing of vehicles or vehicles and drivers.~~

~~Private carriers not subject to the rules for driver qualifications before August 1, 1992, must comply with those rules on and after August 1, 1994.~~

(b) The rules for hours of service of drivers do not apply to private carriers who are (1) public utilities as defined in section 216B.02, subdivision 4; (2) cooperative electric associations organized under chapter 308A; (3) telephone companies as defined in section 237.01, subdivision 2; or (4) engaged in the transportation of construction materials, tools and equipment from shop to job site or job site to job site, for use by the private carrier in the new construction, remodeling, or repair of buildings, structures or their appurtenances.

(c) The rules for driver qualifications and hours of service of drivers do not apply to vehicles controlled by a farmer and operated by a farmer or farm employee to transport agricultural products, farm machinery, or supplies to or from a farm if the vehicle is not used in the operations of a motor carrier and not carrying hazardous materials of a type or quantity that requires the vehicle to be marked or placarded in accordance with section 221.033.

(d) The rules for driver qualifications do not apply to a driver employed by a private carrier while operating a lightweight vehicle.

Sec. 48. Minnesota Statutes 1998, section 221.031, subdivision 6, is amended to read:

Subd. 6. [VEHICLE IDENTIFICATION RULE.] (a) The following carriers shall display the carrier's name and address on the power unit of each vehicle:

(1) motor carriers, regardless of the weight of the vehicle, except that this requirement does not apply to a limousine as defined in section 168.011, subdivision 35, that is equipped with "LM" license plates;

(2) interstate and intrastate private carriers operating vehicles with a gross vehicle weight of more than 10,000 pounds; and

(3) vehicles providing transportation described in section 221.025 with a gross vehicle weight of more than 10,000 pounds except those providing transportation described in section 221.025, clauses (a), (c), and (d).

Vehicles described in clauses (2) and (3) that are operated by farmers or farm employees and have four or fewer axles are not required to comply with the vehicle identification rule of the commissioner.

(b) Vehicles subject to this subdivision must show the name or "doing business as" name of the carrier operating the vehicle and the community and abbreviation of the state in which the carrier maintains its principal office or in which the vehicle is customarily based. If the carrier operates a leased vehicle, it may show its name and the name of the lessor on the vehicle, if the lease relationship is clearly shown. If the name of a person other than the operating carrier appears on the vehicle, the words "operated by" must immediately precede the name of the carrier.

(c) The name and address must be in letters that contrast sharply in color with the background, be readily legible during daylight hours from a distance of 50 feet while the vehicle is stationary, and be maintained in a manner that retains the legibility of the markings. The name and address may be shown by use of a removable device if that device meets the identification and legibility requirements of this subdivision.

Sec. 49. Minnesota Statutes 1998, section 221.031, subdivision 7, is amended to read:

Subd. 7. [MEDICAL EXAMINER'S CERTIFICATE; CHARTER CARRIER DRIVER.] While in the state, the driver for a ~~charter~~ motor carrier of passengers engaged in intrastate commerce who has in possession a license with a school bus endorsement under section 171.321 or rules of the commissioner of public safety is not required to have in possession or to present a separate medical examiner's certificate otherwise required by Code of Federal Regulations, title 49, sections 391.41 to 391.49.

Sec. 50. Minnesota Statutes 1998, section 221.036, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] The commissioner may issue an order requiring violations to be corrected and administratively assessing monetary penalties for a violation of (1) section 221.021; (2) section 221.033, subdivision 2b; (3) ~~section 221.041, subdivision 3; (4) section 221.081; (5)~~ section 221.151; ~~(6)~~ (4) section 221.171; ~~(7)~~ (5) section 221.141; ~~(8)~~ (6) section 221.035, or a material term or condition of a license issued under that section; or (7) rules of the board or commissioner relating to the transportation of hazardous waste, motor carrier operations, insurance, or tariffs and accounting. An order must be issued as provided in this section.

Sec. 51. Minnesota Statutes 1998, section 221.036, subdivision 3, is amended to read:

Subd. 3. [AMOUNT OF PENALTY; CONSIDERATIONS.] (a) The commissioner may issue an order assessing a penalty of up to $5,000 for all violations of section 221.021; ~~221.041, subdivision 3; 221.081;~~ 221.141; 221.151; or 221.171, or rules of the board or commissioner relating to motor carrier operations, insurance, or tariffs and accounting, identified during a single inspection, audit, or investigation.

(b) The commissioner may issue an order assessing a penalty up to a maximum of $10,000 for all violations of section 221.033, subdivision 2b, or 221.035, and rules adopted under those sections, identified during a single inspection or audit.

(c) In determining the amount of a penalty, the commissioner shall consider:

(1) the willfulness of the violation;

(2) the gravity of the violation, including damage to humans, animals, air, water, land, or other natural resources of the state;

(3) the history of past violations, including the similarity of the most recent violation and the violation to be penalized, the time elapsed since the last violation, the number of previous violations, and the response of the person to the most recent violation identified;

(4) the economic benefit gained by the person by allowing or committing the violation; and

(5) other factors as justice may require, if the commissioner specifically identifies the additional factors in the commissioner's order.

Sec. 52. Minnesota Statutes 1998, section 221.091, is amended to read:

221.091 [LIMITATIONS; RELATIONSHIP TO LOCAL REGULATION.]

Subdivision 1. [LOCAL AUTHORITY OVER STREETS AND HIGHWAYS.] ~~No provision in~~ Sections 221.011 to 221.291 ~~and 221.84 to 221.85 shall~~ do not authorize the use by ~~any~~ a carrier of ~~any~~ a public highway in ~~any~~ a city of the first class in violation of ~~any~~ a charter provision or ordinance of ~~such~~ the city in effect January 1, 1925, unless ~~and except as such~~ the charter ~~provisions~~ provision or ordinance ~~may be~~ is repealed after that date~~; nor shall~~. In addition, sections 221.011 to 221.291 ~~and 221.84 to 221.85 be construed as in any manner taking from or curtailing~~ do not (1) curtail the right of ~~any~~ a city to reasonably regulate or control the routing, parking, speed or ~~the~~ safety of operation of a motor vehicle operated by ~~any~~ a carrier under the terms of those sections, ~~or~~ (2) curtail the general police power of ~~any such~~ the city over its highways~~; nor shall sections 221.011 to 221.291 and 221.84 to 221.85 be construed as abrogating~~, or (3) abrogate any provision of the city's charter ~~of any such city~~ requiring certain conditions to be complied with before ~~such~~ a carrier can use the highways of ~~such~~ the city, and ~~such~~ these rights and powers ~~herein stated~~ are ~~hereby~~ expressly reserved and granted to ~~such~~ the city~~; but~~. However, no ~~such~~ city shall prohibit or deny the use of the public highways within its territorial boundaries by ~~any such~~ a carrier for ~~transportation of~~ transporting passengers or property received within its boundaries to destinations beyond ~~such~~ the city's boundaries, or for ~~transportation of~~ transporting passengers or property from points beyond ~~such~~ the city's boundaries to destinations within the ~~same~~ the city's boundaries, or for ~~transportation of~~ transporting passengers or property from points beyond ~~such~~ the city's boundaries through ~~such municipality~~ the city to points beyond the city's boundaries ~~of such municipality, where such operation~~ when the carrier is operating pursuant to a certificate of ~~convenience and necessity~~ registration issued ~~by the commission~~ under this chapter or ~~to~~ a permit issued by the commissioner under section 221.84 ~~or 221.85~~.

Subd. 2. [LOCAL LICENSING OF SMALL VEHICLE PASSENGER SERVICE.] A city that licenses and regulates small vehicle passenger service must do so by ordinance. The ordinance must, at a minimum, provide for driver qualifications, insurance, vehicle safety, and periodic vehicle inspections. A city that has adopted an ordinance complying with this subdivision may enforce the registration requirement in section 221.021.

Subd. 3. [AUTHORITY OF METROPOLITAN AIRPORTS COMMISSION.] Notwithstanding any other law:

(1) The metropolitan airports commission may regulate ground transportation to and from an airport under its jurisdiction, subject to the provisions of paragraph (2). The authority under this paragraph includes, but is not limited to, regulating the number and types of transportation services, making concession agreements, and establishing vehicle standards.

(2) The metropolitan airports commission may regulate small passenger vehicles, including taxicabs, serving an airport under its jurisdiction only by ordinance. An ordinance adopted under this paragraph must at a minimum define taxicabs and provide for driver qualifications, insurance, and vehicle safety, and may provide for issuance of permits to taxicabs and other small passenger vehicles and limits on the number of permits issued. An ordinance under this paragraph may not provide for making concession agreements relating to small passenger vehicle service, including taxicabs.

Sec. 53. Minnesota Statutes 1998, section 221.122, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION, INSURANCE, AND FILING REQUIREMENTS.] An order issued by the board which grants a certificate or permit must contain a service date. The person to whom the order granting the certificate or permit is issued shall do the following within 45 days from the service date of the order:

(1) register vehicles which will be used to provide transportation under the permit or certificate with the commissioner and pay the vehicle registration fees required by law;

(2) file and maintain insurance or bond as required by sections 221.141 and 221.296 and rules of the commissioner and board; and

(3) file rates and tariffs as required by ~~sections 221.041 and~~ section 221.161 and rules of the commissioner and board.

Sec. 54. Minnesota Statutes 1998, section 221.124, is amended to read:

221.124 [INITIAL MOTOR CARRIER CONTACT PROGRAM.]

Subdivision 1. [INITIAL MOTOR CARRIER CONTACT.] The initial motor carrier contact program consists of an initial contact, for educational purposes, between a motor carrier required to participate and representatives of the department of transportation. The initial contact may be through an educational seminar or, at the discretion of the department, through a personal ~~meeting~~ contact with a representative of the department. The initial contact must consist of a discussion of the statutes, rules, and regulations that apply to motor carriers. Topics discussed must include: ~~carrier authority; the leasing of drivers and vehicles;~~ insurance requirements; ~~tariffs; annual reports;~~ accident reporting; accident countermeasures; identification of vehicles; driver qualifications; maximum hours of service of drivers; the safe operation of vehicles; equipment, parts, and accessories; and inspection, repair, and maintenance. The department shall provide written documentation of proof of compliance with the requirements of subdivision 2 and shall give a copy of the document to the motor carrier.

Subd. 2. [PARTICIPATION REQUIRED.] A motor carrier that ~~receives a certificate or permit from~~ first registers with or receives a permit from the ~~board for new authority on or~~ commissioner after ~~September 1, 1991~~ January 1, 2000, shall participate in the initial motor carrier contact program. A motor carrier required to participate in the program must have in attendance at least one motor carrier official having a substantial interest or control, directly or indirectly, in or over the operations conducted or to be conducted under the ~~certificate~~ carrier's registration or permit.

Subd. 3. [TIME FOR COMPLIANCE.] A motor carrier required by subdivision 2 to participate in the program must do so within 90 days of the service date of the order granting the ~~certificate or~~ permit or within 90 days of registering, unless the commissioner extends the time for compliance. Failure to comply with the requirement of subdivision 2 makes the order granting the ~~certificate or~~ permit or the carrier's registration void upon expiration of the time for compliance.

Sec. 55. Minnesota Statutes 1998, section 221.131, subdivision 2, is amended to read:

Subd. 2. [ANNUAL VEHICLE REGISTRATION; FEE.] (a) This subdivision applies only to holders of household goods mover permits and ~~charter carrier permits~~ motor carriers of passengers.

(b) ~~The~~ A permit holder or motor carrier of passengers shall pay an annual registration fee of ~~$40~~ $75 on each vehicle, including pickup and delivery vehicles, operated by the ~~holder~~ carrier under authority of the permit or certificate of registration during the 12-month period or fraction of the 12-month period. Trailers and semitrailers used by a permit holder in combination with power units may not be counted as vehicles in the computation of fees under this section if the permit holder pays the fees for power units.

(c) The commissioner shall furnish a distinguishing annual identification card for each vehicle or power unit for which a fee has been paid. The identification card must at all times be carried in the vehicle or power unit to which it has been assigned. An identification card may be reassigned to another vehicle or power unit upon application of the ~~permit holder~~ carrier and payment of a transfer fee of $10. An identification card issued under this section is valid only for the period for which the permit or certificate of registration is effective.

(d) A fee of $10 is charged for the replacement of an unexpired identification card that has been lost.

(e) The proceeds of the fees collected under this subdivision must be deposited in the trunk highway fund.

Sec. 56. Minnesota Statutes 1998, section 221.141, subdivision 1, is amended to read:

Subdivision 1. [FINANCIAL RESPONSIBILITY OF CARRIERS.] (a) No motor carrier and no interstate carrier shall operate a vehicle until it has obtained and has in effect the minimum amount of financial responsibility required by this section. Policies of insurance, surety bonds, other types of security, and endorsements must be continuously in effect and must remain in effect until canceled. Before providing transportation, the motor carrier or interstate carrier shall secure and cause to be filed with the commissioner and maintain in full effect, a certificate of insurance in a form required by the commissioner, evidencing public liability insurance in the amount prescribed. The insurance must cover injuries and damage to persons or property resulting from the operation or use of motor vehicles, regardless of whether each vehicle is specifically described in the policy. This insurance does not apply to injuries or death to the employees of the motor carrier or to property being transported by the carrier. ~~The commissioner shall require cargo insurance for certificated carriers, except those carrying passengers exclusively. The commissioner may require a permit carrier to file cargo insurance when the commissioner deems necessary to protect the users of the service.~~

(b) Notwithstanding any other provision of this chapter, the insurance required of a motor carrier of passengers must be at least that amount required of interstate carriers under Code of Federal Regulations, title 49, section 387.33, as amended.

Sec. 57. Minnesota Statutes 1998, section 221.172, subdivision 10, is amended to read:

Subd. 10. [RETAINED THREE YEARS.] A shipping document or record described in ~~subdivisions~~ subdivision 2 ~~to 9~~ or 3, or a copy of it, must be retained by the carrier for at least three years from the date on the shipping document or record. A carrier may keep a shipping record described in ~~subdivisions~~ subdivision 3 ~~to 9~~ by any technology that prevents the alteration, modification, or erasure of the underlying data and will enable production of an accurate and unaltered paper copy. A carrier shall keep a shipping record in a manner that will make it readily accessible and shall have a means of identifying and producing a legible paper copy for inspection by the commissioner upon request.

Sec. 58. [221.178] [MOTOR CARRIERS OF PASSENGERS; CRIMINAL BACKGROUND CHECK.]

Subdivision 1. [CARRIER TO CONDUCT BACKGROUND CHECK.] A motor carrier of passengers shall conduct, or cause to be conducted, an initial background check of a person the carrier hires or with whom the carrier contracts whose duties include operating a vehicle used to transport passengers. A subsequent background check must be conducted every three years.

Subd. 2. [SCOPE AND PROCEDURES OF CHECK.] Sections 299C.67, 299C.68, 299C.70, and 299C.71 apply to background checks conducted under subdivision 1. For purposes of this section, when used in sections 299C.67, 299C.68, 299C.70, and 299C.71, the term "owner" refers to a motor carrier of passengers and the term "manager" refers to a driver. A motor carrier of passengers may not use a driver to operate a vehicle providing passenger transportation if the background check response shows that the driver has been convicted of a background check crime defined in section 299C.67, subdivision 2, paragraph (a) or (b).

Subd. 3. [RECORDS.] A carrier shall keep a record, identified by the employee's name, of a background check conducted under this section. A record must be made available to the commissioner upon request.

Subd. 4. [EXCEPTION.] This section does not apply to a driver who holds a valid driver's license with a school bus endorsement.

Sec. 59. Minnesota Statutes 1998, section 221.185, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS FOR SUSPENSION.] Despite the provisions of section 221.021, ~~authority to operate as~~ a household goods mover permit or a motor carrier registration issued under ~~sections 221.011 to 221.296~~ section 221.0251 or 221.0252 is suspended without a hearing, by order of the commissioner, ~~for a period not to exceed 45 days upon the occurrence of any of the following and upon notice of suspension as provided in subdivision 2:~~

~~(a) the motor carrier~~ if the permit holder or carrier fails to maintain and file with the commissioner, the insurance or bond required by ~~sections~~ section 221.141 ~~and 221.296~~ and rules ~~of the commissioner;~~

~~(b) the motor carrier fails to renew permits as required by section 221.131;~~

~~(c)~~ adopted under that section or the ~~motor~~ carrier or permit holder fails to pay annual vehicle registration fees or renew permits as required by ~~sections 221.071,~~ section 221.131, ~~and 221.296;~~ or

~~(d) the motor carrier fails to maintain in good standing a protective agent's or private detective's license required under section 221.121, subdivision 6g, paragraph (b), or 221.153, subdivision 3~~ the permit holder or carrier fails to pay an administrative penalty under section 221.036.

Sec. 60. Minnesota Statutes 1998, section 221.185, subdivision 2, is amended to read:

Subd. 2. [NOTICE OF SUSPENSION.] (a) Failure to file and maintain insurance, renew permits under section 221.131, or to pay annual vehicle registration fees or renew permits under section ~~221.071,~~ 221.131~~;~~ or 221.296, or to maintain in good standing a protective agent's or private detective's license required under section 221.121, subdivision 6g, or 221.153, subdivision 3, suspends a motor carrier's permit or certificate two days after the commissioner sends notice of the suspension by certified mail, return receipt requested, to the last known address of the motor carrier.

(b) In order to avoid permanent cancellation of the permit or certificate, the motor carrier must do one of the following within 45 days from the date of suspension:

(1) comply with the law by filing insurance or bond, renewing permits, or paying vehicle registration fees; or

(2) request a hearing before the board regarding the failure to comply with the law.

Sec. 61. Minnesota Statutes 1998, section 221.185, is amended by adding a subdivision to read:

Subd. 2a. [NOTICE OF SUSPENSION; EFFECTIVE DATE.] The commissioner shall issue a notice of suspension if one of the conditions described in subdivision 1 occurs. The notice must give the reason for suspension and must be sent to the last known address of the carrier by certified mail, return receipt requested. A suspension is effective two days after a notice is mailed.

Sec. 62. Minnesota Statutes 1998, section 221.185, subdivision 3, is amended to read:

Subd. 3. [RESCIND SUSPENSION.] If the motor carrier complies with the requirements of this chapter within 45 days after the date of suspension and pays the required fees, including a late vehicle registration fee of $5 for each vehicle registered, the commissioner shall rescind the suspension unless the carrier's registration has expired. If a registered carrier fails to comply within one year of the effective date of a suspension, the carrier's registration is canceled.

Sec. 63. Minnesota Statutes 1998, section 221.185, subdivision 4, is amended to read:

Subd. 4. [FAILURE TO COMPLY, CANCELLATION.] Except as provided in subdivision 5a, failure to comply with the requirements of sections 221.141 and 221.296 relating to bonds and insurance, 221.131 relating to permit renewal, ~~221.071,~~ 221.131~~,~~ or 221.296 relating to annual vehicle registration or permit renewal, 221.121, subdivision 6g, or 221.153, subdivision 3, relating to protective agent or private detective licensure, or to request a hearing within 45 days of the date of suspension, is deemed an abandonment of the motor carrier's permit or certificate and the permit or certificate must be canceled by the commissioner.

Sec. 64. Minnesota Statutes 1998, section 221.185, subdivision 9, is amended to read:

Subd. 9. [NEW PETITION.] If the holder of a canceled permit or certificate seeks authority to operate as a motor carrier it shall file a petition with the commissioner for a permit or certificate as provided in section ~~221.061,~~ 221.121~~,~~ or 221.296, whichever is applicable.

Sec. 65. Minnesota Statutes 1998, section 221.221, subdivision 3, is amended to read:

Subd. 3. [DELEGATED POWERS.] Representatives of the department to whom authority has been delegated by the commissioner for the purpose of enforcing sections 169.781 to 169.783~~, 221.041,~~ and 221.171 and the rules, orders, or directives of the commissioner or board adopted or issued under those sections, and for no other purpose, shall have the powers conferred by law upon police officers. The representatives of the department have the power to inspect records, logs, freight bills, bills of lading, or other documents which may provide evidence to determine compliance with sections 169.781 to 169.783~~, 221.041,~~ and 221.171.

Sec. 66. Minnesota Statutes 1998, section 221.291, subdivision 4, is amended to read:

Subd. 4. [OPERATING WITHOUT ~~CERTIFICATE~~ REGISTRATION OR PERMIT.] A person who operates a motor carrier without ~~obtaining required certificates or permits to operate as required by this chapter~~ first registering under section 221.0251 or 221.0252, or who operates as a household goods mover without having obtained the necessary permit, is guilty of a misdemeanor, and upon conviction shall be fined not less than the maximum fine which may be imposed for a misdemeanor for each violation.

Sec. 67. Minnesota Statutes 1998, section 221.55, is amended to read:

221.55 [CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.]

No person or corporation shall engage in the transportation described in section 221.54 without a certificate of public convenience and necessity from the board authorizing such operation. Such certificate shall be issued by the board pursuant to application, notice, and hearing ~~as provided in sections 221.061 and 221.071~~, and the issuance of certificates and the transportation covered thereby shall be governed by the provisions of ~~such sections and by sections~~ section 221.031, ~~221.041, 221.051 and 221.081,~~ applying to certificated common carriers for hire, insofar as such provisions are not inconsistent with section 221.54 and this section.

Sec. 68. Minnesota Statutes 1998, section 296A.18, subdivision 3, is amended to read:

Subd. 3. [SNOWMOBILE.] Approximately one percent in fiscal years 1998 ~~and~~, 1999, and 2000, and three-fourths of one percent thereafter, of all gasoline received in and produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of snowmobiles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than for aviation purposes, one percent in fiscal years 1998, ~~and~~ 1999, and 2000, and three-fourths of one percent thereafter, of such revenues is the amount of tax on fuel used in snowmobiles operated in this state.

Sec. 69. Minnesota Statutes 1998, section 299A.01, is amended by adding a subdivision to read:

Subd. 1b. [DEPARTMENT ADVERTISING SALES; APPROPRIATION.] The commissioner may accept paid advertising for departmental publications. Advertising revenues received are appropriated to the commissioner to be used to defray costs of publications, media productions, or other informational materials. The commissioner may not accept paid advertising from an elected official or candidate for elective office.

Sec. 70. Minnesota Statutes 1998, section 360.531, subdivision 3, is amended to read:

Subd. 3. [FIRST YEAR OF LIFE.] "First year of life" means the ~~year of model designation of the aircraft, or, if there be no model designation it shall mean the year of manufacture~~ year the aircraft was manufactured.

Sec. 71. Minnesota Statutes 1998, section 360.55, subdivision 4, is amended to read:

Subd. 4. [COLLECTOR'S AIRCRAFT; ~~PIONEER LICENSE~~ SPECIAL PLATES.] (a) For purposes of this subdivision:

(1) "antique aircraft" means an aircraft constructed by the original manufacturer, or its licensee, on or before December 31, 1945, with the exception of certain pre-World War II aircraft models that had only a small post-war production, such as Beechcraft Staggerwing, Fairchild 24, and Monocoupe; and

(2) "classic aircraft" means an aircraft constructed by the original manufacturer, or its licensee, on or after January 1, 1946, and has a first year of life that precedes the date of registration by at least 50 years.

~~Any~~ (b) If an antique or classic aircraft ~~built by the original manufacturer prior to December 31, 1939, and~~ is owned and operated solely as a collector's item ~~shall be listed~~, its owner may list it for taxation and registration as follows: A sworn affidavit shall be executed stating the name and address of the owner, the name and address of the person from whom purchased, the make of the aircraft, year and model number of the aircraft, the federal aircraft registration number, the manufacturer's identification number and that the aircraft is owned and operated solely as a collector's item and not for general transportation or commercial operations purposes. The affidavit shall be filed with the commissioner along with a fee of $25.

(c) Upon satisfaction that the affidavit is true and correct, the commissioner shall issue to the applicant special number plates, decalcomania labels or stamps bearing the inscription "~~Pioneer~~ Classic" or "Antique," "Minnesota" and the registration number but no date. The special number plates, decalcomania labels or stamps are valid without renewal as long as the owner operates the aircraft solely as a collector's item.

(d) Should ~~such~~ an antique or classic aircraft be operated other than as a collector's item, the ~~pioneer~~ special number plates, decalcomania labels or stamps shall be void and removed, and the owner shall list the aircraft for taxation and registration in accordance with the other provisions of sections 360.511 to 360.67.

(e) Upon the sale of ~~such~~ an antique or classic aircraft, the new owner must list the aircraft for taxation and registration in accordance with the provisions of this subdivision, ~~(~~including the payment of a $25 fee~~)~~ to obtain new special plates or payment of a $5 fee to retain and transfer the existing special plates to the name of the new owner, or the other provisions of sections 360.511 to 360.67, whichever is applicable.

(f) In the event of defacement, loss or destruction of the special number plates, decalcomania labels or stamps, and upon receiving and filing a sworn affidavit of the aircraft owner setting forth the circumstances, together with any defaced plates, labels or stamps and a fee of $5, the commissioner shall issue replacement plates, labels or stamps. The commissioner shall note on the records the issue of replacement number and shall proceed to cancel the original plates, labels or stamps.

Sec. 72. Minnesota Statutes 1998, section 368.01, subdivision 12, is amended to read:

Subd. 12. [TAXIS, HAULERS, CAR RENTERS.] The town board may by ordinance license and regulate baggage wagons, dray drivers, taxicabs, and automobile rental agencies and liveries. At a minimum, an ordinance to license or regulate taxicabs or small vehicle passenger service must provide for driver qualifications, insurance, vehicle safety, and periodic vehicle inspections.

Sec. 73. [388.151] [UNMARKED VEHICLES; LICENSE PLATES.]

Vehicles used by county attorneys to investigate allegations of criminal wrongdoings, to assist crime victims or witnesses, to aid in prosecuting criminal offenses, and for other uses consistent with the duties of the county attorney which the county attorney elects to operate as unmarked must be registered and must display passenger vehicle classification license number plates. The registrar of motor vehicles shall furnish the license plates at cost upon application and certification signed by the county attorney that the vehicles will be used exclusively for the purposes authorized by this section.

Sec. 74. Minnesota Statutes 1998, section 412.221, subdivision 20, is amended to read:

Subd. 20. [TAXIS, HAULERS, CAR RENTERS.] The council shall have power by ordinance to license and regulate baggage wagons, dray drivers, taxicabs, and automobile rental agencies and liveries. At a minimum, an ordinance to license or regulate taxicabs or small vehicle passenger service must provide for driver qualifications, insurance, vehicle safety, and periodic vehicle inspections.

Sec. 75. Minnesota Statutes 1998, section 458A.06, subdivision 5, is amended to read:

Subd. 5. [PROCEEDINGS BEFORE ~~PUBLIC UTILITIES COMMISSION AND OTHER~~ PUBLIC AUTHORITIES.] The transit commission may petition the ~~public utilities commission~~ commissioner of transportation for changes in rates of operators of public transit systems serving the transit area. Upon receipt of such petition, the ~~public utilities commission~~ commissioner shall order a hearing and conduct further proceedings ~~thereon~~ as provided by ~~section 221.041, and other~~ applicable laws and ~~regulations~~ rules. The transit commission may appear in behalf of the public interest in any such proceedings or in any other proceeding before the ~~public utilities commission~~ department of transportation, ~~the interstate commerce commission~~ federal agencies, the courts, or other public authorities involving any matter relating to public transit within or affecting the transit area.

Sec. 76. [473.906] [REPORT TO LEGISLATURE.]

The metropolitan radio board shall report to the legislature no later than March 1, 2000, concerning the status of the 800-MHz system. The report shall include: projected cost of the system; identification of groups of taxpayers or persons who pay fees who will pay for each part of the system; the number of radios purchased by any government unit; and an identification of manufacturers that have agreed to, or are expected to respond to requests for proposals to, deliver radios to the state or any government unit in connection with the 800-MHz project.

Sec. 77. Minnesota Statutes 1998, section 609.671, subdivision 5, is amended to read:

Subd. 5. [HAZARDOUS WASTE; UNLAWFUL TREATMENT, STORAGE, TRANSPORTATION, OR DELIVERY.] (a) A person is guilty of a felony who knowingly does any of the following:

(1) delivers hazardous waste to any person other than a person who is authorized to receive the waste under rules adopted under section 116.07, subdivision 4, or under United States Code, title 42, sections 6921 to 6938;

(2) treats or stores hazardous waste without a permit if a permit is required, or in violation of a material term or condition of a permit held by the person, unless:

(i) the person notifies the agency prior to the time a permit would be required that the person will be treating or storing waste without a permit; or

(ii) for a violation of a material term or condition of a permit, the person immediately notifies the agency issuing the permit of the circumstances of the violation as soon as the person becomes aware of the violation;

(3) transports hazardous waste to any location other than a facility that is authorized to receive, treat, store, or dispose of the hazardous waste under rules adopted under section 116.07, subdivision 4, or under United States Code, title 42, sections 6921 to 6938;

(4) transports hazardous waste without a manifest as required by the rules under ~~sections~~ section 116.07, subdivision ~~4, and 221.172~~; or

(5) transports hazardous waste without a license required for the transportation of hazardous waste by chapter 221.

(b) A person convicted under this subdivision may be sentenced to imprisonment for not more than three years, or to payment of a fine of not more than $25,000, or both. A person convicted for a second or subsequent offense may be sentenced to imprisonment for not more than five years, or to payment of a fine of not more than $50,000, or both.

Sec. 78. Laws 1995, chapter 195, article 1, section 18, is amended to read:

Sec. 18. [SUNSET.]

The metropolitan radio board is abolished effective July 1, ~~1999~~ 2002. Effective July 1, ~~1999~~ 2002, the board's duties and responsibilities are transferred to the metropolitan council or an appropriate state agency, as provided by law, based on the reports submitted by the metropolitan council under section 7, subdivision 3, of this article. The designated agency is the successor to all the property, interests, obligations, and rules of the metropolitan radio board.

Sec. 79. Laws 1998, chapter 404, section 17, subdivision 3, is amended to read:

Subd. 3. Transitways 46,500,000

(a) This appropriation is to match federal and local funding for the planning, design, engineering, and construction of transitways in the metropolitan area.

(b) $40,000,000 is for the preliminary engineering, final design, and construction of light rail transit in the Hiawatha Avenue corridor from downtown Minneapolis through Minneapolis-St. Paul International Airport and the site of the former Met Center or surrounding area with a terminus in southern Hennepin or northern Dakota county.

The Hiawatha Avenue corridor management committee created pursuant to Minnesota Statutes, section 473.3994, subdivision 10, shall establish an advisory committee of:

(1) individuals who reside near the proposed corridor;

(2) representatives of businesses located within one mile on either side of the corridor; and

(3) elected officials, including legislators, who represent the area in which the Hiawatha corridor is located.

The advisory committee shall advise the corridor management committee on issues relating to the preliminary engineering, final design, and construction of light rail facilities, including the proposed alignment for the corridor.

(c) The funds in this paragraph must be distributed as grants to appropriate county regional rail authorities as follows:

(1) $3,000,000 to match federal funding for a major investment study, engineering, and implementation in the Riverview corridor between the east side of St. Paul and the Minneapolis-St. Paul International Airport and the Mall of America;

(2) $1,500,000 to match federal funding for a major investment study, engineering, and implementation in the Northstar corridor linking downtown Minneapolis to the St. Cloud area and to study the feasibility: (i) of extending the corridor from St. Cloud to Little Falls and providing commuter rail service within this corridor; and (ii) of commuter rail and other transportation improvements within the corridor;

(3) $500,000 to study potential transit improvements and engineering studies in the Cedar Avenue corridor to link the Hiawatha, Riverview, and Northstar transit corridors with Dakota county; and

(4) $500,000 to develop engineering documents for a commuter rail line from Minneapolis to downtown St. Paul through southern Washington county to Hastings.

The commissioner of transportation, in coordination with the North Star Corridor Joint Powers Authority and the St. Cloud area planning agency, shall study the transportation needs within the St. Cloud metropolitan area.

(d) $1,000,000 is available as grants to appropriate county regional rail authorities to conduct major investment studies and to develop engineering documents for commuter rail lines in the following corridors:

(1) the Young America corridor from Carver county to Minneapolis and St. Paul;

(2) the Bethel corridor linking Cambridge with the Northstar corridor in Anoka county;

(3) the Northwest corridor from downtown Minneapolis to the Northwest suburbs of Hennepin county; and

(4) other commuter rail corridors identified in phase II of the department of transportation's commuter rail service study, except for the corridors identified in paragraph (c).

The appropriation in this paragraph is not available until the completion of the commuter rail service study as provided in Laws 1997, chapter 159, article 2, section 51. The funds may be made available only after approval by the commissioner of transportation of an application submitted by county regional rail authorities that is consistent with the results of the commuter rail service study and demonstrates a coordinated implementation strategy.

Sec. 80. [PASSENGER RAIL SERVICE STUDY.]

The commissioner of transportation shall conduct a study of restoring and extending Amtrak rail passenger service to connect the Twin Cities, Duluth, and the Iron Range. The study must include, among other things:

(1) the feasibility and desirability of providing the service, including connecting the service with potential commuter rail and light rail routes identified by the commissioner;

(2) anticipated operating costs, and capital costs if any;

(3) projected ridership of the service and means to maximize ridership;

(4) examination of alternative rail routes, including track improvement issues, condition of depot facilities, travel time, and optimal operating schedules;

(5) analysis of alternative revenue sources, including federal TEA-21, regional railroad authorities, and the transport of United States mail; and

(6) examination of successful Amtrak-state-local partnerships in several other states, including Washington, North Carolina, New York, and California.

During the course of the study, the various regional railroad authorities located along the proposed routes are encouraged to cooperate with and provide the commissioner with any requested technical assistance.

The commissioner shall report to the governor and legislature on the results of the study not later than February 1, 2000.

Sec. 81. [TAXI REGULATION STUDY.]

The metropolitan council shall study and make recommendations to the legislature no later than February 1, 2000, concerning regulation by a single agency of taxicabs in the metropolitan area.

Sec. 82. [RECOMMENDATIONS.]

The department of public safety shall review Minnesota Statutes, sections 169.48 to 169.66, and any other sections of law that relate to vehicle lighting, and shall, on or before February 15, 2000, recommend to the legislature modifications in the law or administrative procedure to:

(1) clarify types, colors, brightness, and placement of allowable vehicle lighting;

(2) give adequate notice to the public and to law enforcement concerning vehicle lighting that is in violation of the law;

(3) ensure expedient administrative approval or disapproval of lighting devices; and

(4) allow vehicles to display the maximum range of vehicle lighting that is consistent with public safety.

Sec. 83. [REPORT; LARGE URBANIZED TRANSIT SYSTEMS.]

(a) The legislative auditor is requested to gather information and report to the chairs of the house and senate committees on transportation policy and finance by October 1, 1999, on expenditures and amount and sources of revenues, including revenues from farebox sources, governmental assistance, and contracts, of the Duluth transit authority for calendar years 1994 through 1998.

(b) The commissioner of transportation and the Duluth transit authority shall submit to the chairs of the house and senate committees on transportation policy and finance no later than October 1, 1999, a joint recommendation concerning the appropriate percentage of total operating cost to be paid from local sources by recipients of large urbanized area transit state operating assistance under Minnesota Statutes, section 174.24, subdivision 3b.

Sec. 84. [STATE DEVELOPMENT STRATEGY; PROPOSAL.]

(a) The director of the office of strategic and long-range planning shall develop, in coordination with the metropolitan council and the commissioners of transportation, trade and economic development, and natural resources, a 20-year state development strategy. The strategy must include:

(1) forecasts, issues, goals, and policies relating to development and the connection between transportation, land use, environmental protection, energy, and economic development;

(2) an identification of major development and transportation corridors in the state;

(3) an identification of cultural and natural features and resources of statewide, regional, and local significance;

(4) recommendations for coordinated state investments necessary to achieve goals and policies in the area of infrastructure, including transportation and wastewater treatment facilities;

(5) a description of any legislation or programmatic changes necessary to implement the plan;

(6) recommendation for approaches for coordinating local government decisions with the strategy; and

(7) a process for encompassing the community-based planning goals in Minnesota Statutes, section 4A.08, including citizen participation and intergovernmental cooperation.

(b) The director shall submit to the legislature by February 15, 2000, an evaluation and proposal for preparing the state development strategy based on development of a prototype strategy for the I-94 corridor area between the metropolitan area and St. Cloud.

Sec. 85. [CONVERSION OF CERTIFICATES.]

A motor carrier of passengers with a valid certificate or permit issued by the transportation regulation board, public service commission, public utilities commission, or commissioner of transportation before January 1, 2000, is deemed to have registered under Minnesota Statutes, section 221.0252, and the commissioner of transportation shall issue a certificate of registration to the carrier. A certificate of registration issued under this section must include a date between January 1, 2001, and December 31, 2001, on which it expires. Before a certificate of registration expires, after giving notice to the carrier, the commissioner shall follow the procedures in Minnesota Statutes, section 221.0252, to renew the carrier's registration. Minnesota Statutes, section 221.124, does not apply to a carrier who is issued a certificate of registration under this section.

Sec. 86. [MOTOR CARRIER SERVICE AT MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT.]

Until July 1, 2000, only a motor carrier with a valid certificate, permit, or certificate of registration, issued by the transportation regulation board, public service commissioner, public utilities commission, or commissioner of transportation, or a carrier specifically authorized by the metropolitan airports commission, may pick up passengers at the Minneapolis-St. Paul International Airport.

Sec. 87. [UTILITY RELOCATION STUDY.]

The commissioner of transportation, in consultation with representatives of the highway construction and utility industries, shall study issues related to relocating or removing utilities from highway construction projects. The study must include (1) notice given to utilities about construction projects that affect utility facilities, and (2) the rights and responsibilities of the department of transportation, highway construction contractors, and utilities. The commissioner shall report by January 15, 2000, to the house and senate committees with jurisdiction over transportation policy on recommendations for actions by the department or the legislature.

Sec. 88. [FEDERAL FUNDS.]

The commissioner of transportation shall take no action under section 29 that would result in a loss of federal funds to the state.

Sec. 89. [PUBLIC SAFETY RADIO COMMUNICATION SYSTEM; AGREEMENT.]

Notwithstanding any other law, in order to facilitate construction of the initial backbone of the public safety radio communication system in the metropolitan area, the commissioner of transportation may enter into a contract under which a private telecommunications company agrees to (1) construct a telecommunications tower acceptable to the commissioner on land owned by the Minnesota correctional facility-Lino Lakes and leased to the commissioner and the metropolitan radio board, and (2) deliver to the commissioner title to the tower, free of all encumbrances. The commissioner may accept the tower in exchange for allowing the private telecommunications company delivering title to the tower to locate telecommunications equipment without charge on state-owned buildings or structures under the commissioner's jurisdiction and control. The commissioner may enter into a contract under this section only with a company that responded to a request for proposals issued in August 1998 by the commissioner of administration for radio tower construction. The value of the location of privately owned equipment on state-owned buildings or structures for the duration of the contract must be similar to the value of the tower constructed for the commissioner. A contract authorized under this section may be for a term of not more than 20 years. Notwithstanding Minnesota Statutes, sections 16A.15 and 16A.41, a contract authorized under this section may provide that the commissioner will pay for the unamortized cost of the tower if the contract is canceled before its expiration. Minnesota Statutes, chapters 16B and 16C, do not apply to a contract authorized under this section. A contract authorized by this section is not valid until approved by the attorney general.

Sec. 90. [REPORT.]

The commissioner of public safety shall report to the chairs of the senate and house of representatives committees on transportation policy and transportation finance on February 15, 2000, and February 15, 2001, on revenue from the sale of advertising in department publications and expenditure of that revenue.

Sec. 91. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall make cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering of clauses in section 23.

Sec. 92. [REPEALER.]

(a) Minnesota Statutes 1998, sections 168.011, subdivision 36; 168.1281; 221.011, subdivisions 7, 9, 20, 21, 32, and 34; 221.041; 221.051; 221.061; 221.071; 221.081; 221.121, subdivisions 6b and 6h; 221.172, subdivision 9; 221.281; and 221.85, are repealed.

(b) Minnesota Statutes 1998, section 473.3998, is repealed.

Sec. 93. [EFFECTIVE DATE.]

Sections 21 and 22 are effective the day following final enactment, and are repealed on July 31, 2000. Sections 2, 15, 32, 33, 35 to 67, 72, 74, 75, 77, and 85 are effective January 1, 2000. Sections 7 to 14 are effective July 1, 2000. Section 27 is effective July 1, 1999, for Minnesota identification cards issued on and after that date. Sections 4, 5, and 30 are effective July 1, 2001."

Delete the title and insert:

"A bill for an act relating to transportation; appropriating money for the department of transportation and other agencies; authorizing certain fees; providing for a maximum percentage of the motorcycle safety fund that may be spent for certain activities; exempting from registration taxes vehicles owned by a commercial driving school and used exclusively in driver education and training; allowing payment of prorated license fee following transfer of vehicle from dealer; modifying provisions relating to disability parking privileges; abolishing certain credit for vehicle registration fee; modifying provisions relating to vehicle titles, registrations, and transfers; authorizing suspension of a vehicle's registration in certain circumstances; requiring a detachable postcard to be provided in a vehicle's certificate of title and completed; specifically authorizing cities to enact ordinances regulating long-term parking; allowing certain lighting devices mounted on delivery vehicles; providing equipment for deputy registrars; modifying driver instruction permit provisions; providing for driver training for home school students; reducing cost of Minnesota identification card for persons with serious and persistent mental illness; changing definition of "directional signs"; authorizing siting of public safety radio communications towers; directing commissioner of transportation to establish a southern railway corridor improvement plan; setting minimum requirements for local regulation of small vehicle passenger service; modifying provisions relating to motor carriers; changing percentage of gas tax attributed to snowmobiles; regulating advertising in department of public safety publications; modifying provisions relating to special number plates for classic aircraft; requiring report of metropolitan radio board; extending existence of metropolitan radio board; requiring commissioner of transportation to study feasibility of extending Northstar commuter rail corridor from St. Cloud to Little Falls; requiring commissioner of transportation to study restoration of Amtrak rail passenger service; requiring taxi regulation study; restricting passenger motor carrier service at the international airport; requiring commissioner of public safety to make recommendations concerning allowable vehicle lighting; requiring office of strategic and long-range planning to establish state development strategy and report to legislature concerning I-94 corridor; authorizing commissioner of transportation to contract for the public safety radio communication system; modifying definitions; making technical and clarifying changes; requiring studies and reports; amending Minnesota Statutes 1998, sections 121A.36, subdivision 3; 168.011, subdivision 35; 168.012, subdivision 1; 168.013, subdivisions 2 and 6; 168.021, subdivision 2; 168.17; 168.301, subdivisions 3 and 4; 168A.05, subdivision 5; 168A.10, subdivisions 1, 2, and 5; 168A.30, subdivision 2; 169.122, subdivision 5; 169.345, subdivisions 1, 3, and 4; 169.346, subdivision 3, and by adding a subdivision; 169.55, subdivision 1; 169.58, by adding a subdivision; 171.04, subdivision 1; 171.05, subdivisions 1a and 2; 171.061, subdivision 4; 171.07, subdivision 3; 171.39; 173.02, subdivision 6; 174.24, subdivision 3b; 174.70; 174A.02, subdivision 4; 174A.06; 221.011, subdivisions 15, 37, 38, and by adding subdivisions; 221.021; 221.022; 221.025; 221.0251; 221.026, subdivision 2; 221.031, subdivisions 1, 2, 6, and 7; 221.036, subdivisions 1 and 3; 221.091; 221.122, subdivision 1; 221.124; 221.131, subdivision 2; 221.141, subdivision 1; 221.172, subdivision 10; 221.185, subdivisions 1, 2, 3, 4, 9, and by adding a subdivision; 221.221, subdivision 3; 221.291, subdivision 4; 221.55; 296A.18, subdivision 3; 299A.01, by adding a subdivision; 360.531, subdivision 3; 360.55, subdivision 4; 368.01, subdivision 12; 412.221, subdivision 20; 458A.06, subdivision 5; 609.671, subdivision 5; Laws 1995, chapter 195, article 1, section 18; Laws 1997, chapter 159, article 1, sections 2, subdivision 7, and 4, subdivision 3; Laws 1998, chapter 404, section 17, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 219; 221; 388; 473; repealing Minnesota Statutes 1998, sections 168.011, subdivision 36; 168.1281; 221.011, subdivisions 7, 9, 20, 21, 32, and 34; 221.041; 221.051; 221.061; 221.071; 221.081; 221.121, subdivisions 6b and 6h; 221.172, subdivision 9; 221.281; 221.85; and 473.3998."

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

House Conferees: CAROL L. MOLNAU, WILLIAM KUISLE, TOM WORKMAN, BERNARD L. "BERNIE" LIEDER AND HENRY J. KALIS.

Senate Conferees: JANET B. JOHNSON, KEITH LANGSETH, MARK OURADA, CAROL FLYNN AND DEAN E. JOHNSON.

Molnau moved that the report of the Conference Committee on H. F. No. 2387 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2387, A bill for an act relating to transportation; appropriating money for the department of transportation and other agencies; providing for a maximum percentage of the motorcycle safety fund that may be spent for certain activities; authorizing suspension of a vehicle's registration in certain circumstances; requiring a detachable postcard to be provided in a vehicle's certificate of title and completed on transfer of the vehicle; modifying provisions relating to disability parking privileges; abolishing certain credit for vehicle registration fee; specifically authorizing cities to enact ordinances regulating long-term parking; requiring the department of public safety to provide photo identification equipment to certain driver's license agents; reducing cost of Minnesota identification card for persons with serious and persistent mental illness; authorizing siting of public safety radio communications towers; directing commissioner of transportation to establish a southern railway corridor improvement plan; clarifying snowmobile gas tax provision; regulating advertising in department of public safety publications; modifying provisions relating to special number plates for collector aircraft; amending Minnesota Statutes 1998, sections 121A.36, subdivision 3; 168.021, subdivision 2; 168.17; 168.301, subdivisions 3 and 4; 168A.05, subdivision 5; 168A.10, subdivisions 1, 2, and 5; 168A.30, subdivision 2; 169.345, subdivisions 1, 2, 3, and 4; 169.346, subdivision 3, and by adding a subdivision; 171.061, subdivision 4; 171.07, subdivision 3; 174.70; 296A.18, subdivision 3; 299A.01, by adding a subdivision; and 360.55, subdivision 4; Laws 1997, chapter 159, article 1, sections 2, subdivision 7; and 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 174; and 219.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Paulsen moved that those not voting be excused from voting. The motion prevailed.

There were 89 yeas and 42 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Mares	Rhodes	Tingelstad
Abrams	Erhardt	Howes	McElroy	Rifenberg	Tuma
Anderson, B.	Erickson	Jennings	Molnau	Rostberg	Tunheim
Bakk	Finseth	Juhnke	Mulder	Schumacher	Van Dellen
Bishop	Fuller	Kalis	Murphy	Seagren	Vandeveer
Boudreau	Gerlach	Kielkucki	Ness	Seifert, J.	Wenzel
Bradley	Goodno	Knoblach	Nornes	Seifert, M.	Westerberg
Broecker	Gunther	Krinkie	Olson	Skoe	Westfall
Buesgens	Haake	Kubly	Opatz	Smith	Westrom
Cassell	Haas	Kuisle	Osskopp	Solberg	Wilkin
Clark, J.	Hackbarth	Larsen, P.	Ozment	Stanek	Winter
Daggett	Harder	Leighton	Paulsen	Stang	Wolf
Davids	Hasskamp	Leppik	Pawlenty	Storm	Workman
Dehler	Hilty	Lieder	Pelowski	Swenson	Spk. Sviggum
Dempsey	Holberg	Lindner	Peterson	Sykora	

Those who voted in the negative were:

Biernat	Dawkins	Gleason	Hausman	Kahn	Lenczewski
Carlson	Dorn	Gray	Huntley	Kelliher	Luther
Carruthers	Entenza	Greenfield	Jaros	Koskinen	Mahoney
Chaudhary	Folliard	Greiling	Johnson	Larson, D.	Mariani

Marko	Milbert	Orfield	Pugh	Rukavina	Trimble
McCollum	Mullery	Osthoff	Rest	Skoglund	Wagenius
McGuire	Munger	Paymar	Reuter	Tomassoni	Wejcman

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1621

A bill for an act relating to the environment; modifying provisions relating to judicial review of agency decisions; modifying requirements for incinerator monitors; amending Minnesota Statutes 1998, sections 115.05, subdivision 11; and 116.85, subdivision 3.

May 15, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1621, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

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

House Conferees: MIKE OSSKOPP, CHRIS GERLACH AND DAN LARSON.

Senate Conferees: LINDA I. HIGGINS, JAMES P. METZEN AND DAVE KLEIS.

Osskopp moved that the report of the Conference Committee on H. F. No. 1621 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1621, A bill for an act relating to the environment; modifying provisions relating to judicial review of agency decisions; modifying requirements for incinerator monitors; amending Minnesota Statutes 1998, sections 115.05, subdivision 11; and 116.85, subdivision 3.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Bakk	Bradley	Carruthers	Daggett	Dempsey
Abrams	Biernat	Broecker	Cassell	Davids	Dorman
Anderson, B.	Bishop	Buesgens	Chaudhary	Dawkins	Dorn
Anderson, I.	Boudreau	Carlson	Clark, J.	Dehler	Entenza

Erhardt	Hilty	Larsen, P.	Mullery	Reuter	Tingelstad
Erickson	Holberg	Larson, D.	Munger	Rhodes	Tomassoni
Finseth	Holsten	Leighton	Murphy	Rifenberg	Trimble
Folliard	Howes	Lenczewski	Ness	Rostberg	Tuma
Fuller	Huntley	Leppik	Nornes	Rukavina	Tunheim
Gerlach	Jaros	Lieder	Olson	Schumacher	Van Dellen
Gleason	Jennings	Lindner	Opatz	Seagren	Vandeveer
Goodno	Johnson	Luther	Orfield	Seifert, J.	Wagenius
Gray	Juhnke	Mahoney	Osskopp	Seifert, M.	Wejcman
Greenfield	Kahn	Mares	Osthoff	Skoe	Wenzel
Greiling	Kalis	Mariani	Ozment	Skoglund	Westerberg
Gunther	Kelliher	Marko	Paulsen	Smith	Westfall
Haake	Kielkucki	McCollum	Pawlenty	Solberg	Westrom
Haas	Knoblach	McElroy	Paymar	Stanek	Wilkin
Hackbarth	Koskinen	McGuire	Pelowski	Stang	Winter
Harder	Krinkie	Milbert	Peterson	Storm	Wolf
Hasskamp	Kubly	Molnau	Pugh	Swenson	Workman
Hausman	Kuisle	Mulder	Rest	Sykora	Spk. Sviggum

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1932

A bill for an act relating to insurance; regulating rental vehicle coverages; requiring a study of rental car availability; amending Minnesota Statutes 1998, sections 60K.03, subdivision 7; and 72A.125, subdivisions 1 and 2.

May 15, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1932, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments.

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

House Conferees: LOREN JENNINGS, GREGORY M. DAVIDS AND ERIK PAULSEN.

Senate Conferees: LINDA SCHEID, EDWARD C. OLIVER AND SAM G. SOLON.

Jennings moved that the report of the Conference Committee on H. F. No. 1932 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1932, A bill for an act relating to insurance; regulating rental vehicle coverages; requiring a study of rental car availability; amending Minnesota Statutes 1998, sections 60K.03, subdivision 7; and 72A.125, subdivisions 1 and 2.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 126 yeas and 6 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dawkins	Gray	Kahn	Paymar	Tomassoni	Wejcman

The bill was repassed, as amended by Conference, and its title agreed to.

Molnau moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1621, A bill for an act relating to the environment; modifying provisions relating to judicial review of agency decisions; modifying requirements for incinerator monitors; amending Minnesota Statutes 1998, sections 115.05, subdivision 11; and 116.85, subdivision 3.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1932, A bill for an act relating to insurance; regulating rental vehicle coverages; requiring a study of rental car availability; amending Minnesota Statutes 1998, sections 60K.03, subdivision 7; and 72A.125, subdivisions 1 and 2.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 1015, A bill for an act relating to elections; providing for redistricting; amending Minnesota Statutes 1998, sections 204B.14, subdivision 4; 204B.146, by adding a subdivision; and 205.84.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Abrams moved that the House concur in the Senate amendments to H. F. No. 1015 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1015, A bill for an act relating to elections; providing for redistricting; amending Minnesota Statutes 1998, sections 204B.14, subdivision 4; 204B.146, by adding a subdivision; and 205.84.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 174.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 174

A bill for an act relating to crime prevention; requiring certain persons committed as mentally ill and dangerous to the public to register as predatory sex offenders and to be subject to the community notification law; amending Minnesota Statutes 1998, sections 243.166, subdivisions 1, 2, and 6; and 244.052, subdivision 1.

May 11, 1999

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 174, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 174 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 243.166, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REQUIRED.] (a) A person shall register under this section if:

(1) the person was charged with or petitioned for a felony violation of or attempt to violate any of the following, and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances:

(i) murder under section 609.185, clause (2); or

(ii) kidnapping under section 609.25~~, involving a minor victim~~; or

(iii) criminal sexual conduct under section 609.342; 609.343; 609.344; 609.345; or 609.3451, subdivision 3; or

(iv) indecent exposure under section 617.23, subdivision 3; or

(2) the person was charged with or petitioned for falsely imprisoning a minor in violation of section 609.255, subdivision 2; soliciting a minor to engage in prostitution in violation of section 609.322 or 609.324; soliciting a minor to engage in sexual conduct in violation of section 609.352; using a minor in a sexual performance in violation of section 617.246; or possessing pictorial representations of minors in violation of section 617.247, and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances; or

(3) the person was convicted of a predatory crime as defined in section 609.108, and the offender was sentenced as a patterned sex offender or the court found on its own motion or that of the prosecutor that the crime was part of a predatory pattern of behavior that had criminal sexual conduct as its goal; or

(4) the person was convicted of or adjudicated delinquent for violating a law of the United States similar to the offenses described in clause (1), (2), or (3).

(b) A person also shall register under this section if:

(1) the person was convicted of or adjudicated delinquent in another state for an offense that would be a violation of a law described in paragraph (a) if committed in this state;

(2) the person enters the state as required in subdivision 3, paragraph (b); and

(3) ten years have not elapsed since the person was released from confinement or, if the person was not confined, since the person was convicted of or adjudicated delinquent for the offense that triggers registration.

(c) A person also shall register under this section if the person was committed pursuant to a court commitment order under section 253B.185 or Minnesota Statutes 1992, section 526.10, regardless of whether the person was convicted of any offense.

(d) A person also shall register under this section if:

(1) the person was charged with or petitioned for a felony violation or attempt to violate any of the offenses listed in paragraph (a), clause (1), or a similar law of another state or federal jurisdiction, or the person was charged with or petitioned for a violation of any of the offenses listed in paragraph (a), clause (2), or a similar law of another state or federal jurisdiction;

(2) the person was found not guilty by reason of mental illness or mental deficiency after a trial for that offense, or found guilty but mentally ill after a trial for that offense, in states with a guilty but mentally ill verdict; and

(3) the person was committed pursuant to a court commitment order under section 253B.18 or a similar law of another state or federal jurisdiction.

Sec. 2. Minnesota Statutes 1998, section 243.166, subdivision 2, is amended to read:

Subd. 2. [NOTICE.] When a person who is required to register under subdivision 1, paragraph (a), is sentenced or becomes subject to a juvenile court disposition order, the court shall tell the person of the duty to register under this section. The court shall require the person to read and sign a form stating that the duty of the person to register under this section has been explained. If a person required to register under subdivision 1, paragraph (a), was not notified by the court of the registration requirement at the time of sentencing or disposition, the assigned corrections agent shall notify the person of the requirements of this section. When a person who is required to register under subdivision 1, paragraph (c) or (d), is released from commitment, the treatment facility shall notify the person of the requirements of this section. The treatment facility shall also obtain the registration information required under this section and forward it to the bureau of criminal apprehension.

Sec. 3. Minnesota Statutes 1998, section 243.166, subdivision 6, is amended to read:

Subd. 6. [REGISTRATION PERIOD.] (a) Notwithstanding the provisions of section 609.165, subdivision 1, a person required to register under this section shall continue to comply with this section until ten years have elapsed since the person initially registered in connection with the offense, or until the probation, supervised release, or conditional release period expires, whichever occurs later. For a person required to register under this section who is committed under section 253B.18 or 253B.185, the ten-year registration period does not include the period of commitment.

(b) If a person required to register under this section fails to register following a change in residence, the commissioner of public safety may require the person to continue to register for an additional period of five years.

Sec. 4. Minnesota Statutes 1998, section 244.052, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section:

(1) "confinement" means confinement in a state correctional facility or a state treatment facility;

(2) "law enforcement agency" means the law enforcement agency having primary jurisdiction over the location where the offender expects to reside upon release; and

(3) "sex offender" and "offender" mean a person who has been:

(i) convicted of an offense for which registration under section 243.166 is required ~~or a person who has been~~;

(ii) committed pursuant to a court commitment order under section 253B.185 or Minnesota Statutes 1992, section 526.10, regardless of whether the person was convicted of any offense; or

(iii) committed pursuant to a court commitment order under section 253B.18, under the circumstances described in section 243.166, subdivision 1, paragraph (d).

Sec. 5. Minnesota Statutes 1998, section 244.052, subdivision 4, is amended to read:

Subd. 4. [LAW ENFORCEMENT AGENCY; DISCLOSURE OF INFORMATION TO PUBLIC.] (a) The law enforcement agency in the area where the sex offender resides, expects to reside, is employed, or is regularly found, shall disclose to the public any information regarding the offender contained in the report forwarded to the agency under subdivision 3, paragraph (f), ~~if the agency determines that disclosure of the information~~ that is relevant and necessary to protect the public and to counteract the offender's dangerousness, consistent with the guidelines in paragraph (b). The extent of the information disclosed and the community to whom disclosure is made must relate to the level of danger posed by the offender, to the offender's pattern of offending behavior, and to the need of community members for information to enhance their individual and collective safety.

(b) The law enforcement agency shall ~~consider~~ employ the following guidelines in determining the scope of disclosure made under this subdivision:

(1) if the offender is assigned to risk level I, the agency may maintain information regarding the offender within the agency and may disclose it to other law enforcement agencies. Additionally, the agency may disclose the information to any victims of or witnesses to the offense committed by the offender. The agency shall disclose the information to victims of the offense committed by the offender who have requested disclosure;

(2) if the offender is assigned to risk level II, the agency also may disclose the information to agencies and groups that the offender is likely to encounter for the purpose of securing those institutions and protecting individuals in their care while they are on or near the premises of the institution. These agencies and groups include the staff members of public and private educational institutions, day care establishments, and establishments and organizations that primarily serve individuals likely to be victimized by the offender. The agency also may disclose the information to individuals the agency believes are likely to be victimized by the offender. The agency's belief shall be based on the offender's pattern of offending or victim preference as documented in the information provided by the department of corrections or human services;

(3) if the offender is assigned to risk level III, the agency ~~also may~~ shall disclose the information to the persons and entities described in clauses (1) and (2) and to other members of the community whom the offender is likely to encounter, unless the law enforcement agency determines that public safety would be compromised by the disclosure or that a more limited disclosure is necessary to protect the identity of the victim.

Notwithstanding the assignment of a sex offender to risk level II or III, a law enforcement agency may not make the disclosures permitted or required by clause (2) or (3), if: the offender is placed or resides in a residential facility that is licensed as a residential program, as defined in section 245A.02, subdivision 14, by the commissioner of human services under chapter 254A, or the commissioner of corrections under section 241.021; and the facility and its staff are trained in the supervision of sex offenders. However, if an offender is placed or resides in a licensed facility, the offender and the head of the facility shall designate the offender's likely residence upon release from the facility and the head of the facility shall notify the commissioner of corrections or the commissioner of human services of the offender's likely residence at least 14 days before the offender's scheduled release date. The commissioner shall give this information to the law enforcement agency having jurisdiction over the offender's likely residence. The head of the facility also shall notify the commissioner of corrections or human services within 48 hours after finalizing the offender's approved relocation plan to a permanent residence. Within five days after

receiving this notification, the appropriate commissioner shall give to the appropriate law enforcement agency all relevant information the commissioner has concerning the offender, including information on the risk factors in the offender's history and the risk level to which the offender was assigned. After receiving this information, the law enforcement agency ~~may~~ shall make the disclosures permitted or required by clause (2) or (3), as appropriate.

(c) As used in paragraph (b), clauses (2) and (3), "likely to encounter" means that:

(1) the organizations or community members are in a location or in close proximity to a location where the offender lives or is employed, or which the offender visits or is likely to visit on a regular basis, other than the location of the offender's outpatient treatment program; and

(2) the types of interaction which ordinarily occur at that location and other circumstances indicate that contact with the offender is reasonably certain.

(d) A law enforcement agency or official who ~~decides to disclose~~ discloses information under this subdivision shall make a good faith effort to make the notification within 14 days of receipt of a confirmed address from the department of corrections indicating that the offender will be, or has been, released from confinement, or accepted for supervision, or has moved to a new address and will reside at the address indicated. If a change occurs in the release plan, this notification provision does not require an extension of the release date.

(e) A law enforcement agency or official ~~that decides to disclose~~ who discloses information under this subdivision shall not disclose the identity or any identifying characteristics of the victims of or witnesses to the offender's offenses.

(f) A law enforcement agency ~~may~~ shall continue to disclose information on an offender ~~under~~ as required by this subdivision for as long as the offender is required to register under section 243.166.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 4 are effective August 1, 1999, and apply to persons released from commitment on or after that date. Section 5 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to crime prevention; requiring certain persons committed as mentally ill and dangerous to the public to register as predatory sex offenders and to be subject to the community notification law; imposing mandatory disclosure requirements under the community notification law; amending Minnesota Statutes 1998, sections 243.166, subdivisions 1, 2, and 6; and 244.052, subdivisions 1 and 4."

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

Senate Conferees: JANE B. RANUM, DON BETZOLD AND THOMAS M. NEUVILLE.

House Conferees: DAVE BISHOP, BARB HAAKE AND WESLEY J. "WES" SKOGLUND.

Bishop moved that the report of the Conference Committee on S. F. No. 174 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 174, A bill for an act relating to crime prevention; requiring certain persons committed as mentally ill and dangerous to the public to register as predatory sex offenders and to be subject to the community notification law; amending Minnesota Statutes 1998, sections 243.166, subdivisions 1, 2, and 6; and 244.052, subdivision 1.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by Conference, and its title agreed to.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2205

A bill for an act relating to public administration; authorizing spending for public purposes; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature; authorizing certain improvements and transfers between accounts; providing a procedure for political subdivisions' request for capital assistance; making technical corrections; amending earlier authorizations; reauthorizing a project; authorizing bonds; providing for certain public pension associations' facilities; providing for storage and retention of certain documents; authorizing certain easements; providing for certain port authority leases or management contracts; requesting an investigation and report; authorizing a certain college project; appropriating money with certain conditions and directions; amending Minnesota Statutes 1998, sections 16A.69, subdivision 2; 16B.30; 136F.36, by adding a subdivision; 136F.60, by adding a subdivision; 353.03, subdivision 4; 354.06, subdivision 7; and 457A.04, by adding a subdivision; Laws 1998, chapter 404, sections 3, subdivision 17; 5, subdivision 4; 7, subdivisions 23 and 26; 13, subdivision 12; and 27, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 16A; and 356.

May 17, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 2205, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2205 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. [CAPITAL IMPROVEMENT APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated with certain conditions and directions from the bond proceeds fund, or other named fund, to the state agencies or officials indicated, to be spent for public purposes including to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this article.

SUMMARY

MINNESOTA STATE COLLEGES AND UNIVERSITIES	$ 11,080,000
CHILDREN, FAMILIES, AND LEARNING	5,300,000
NATURAL RESOURCES	18,968,000
OFFICE OF ENVIRONMENTAL ASSISTANCE	3,000,000
PUBLIC FACILITIES AUTHORITY	22,700,000
BOARD OF WATER AND SOIL RESOURCES	2,375,000
ADMINISTRATION	4,150,000
TRANSPORTATION	80,440,000
CORRECTIONS	1,785,000
BOND SALE EXPENSES	152,000
REAUTHORIZATIONS	4,691,650
CANCELLATIONS	(440,000)
TOTAL	$ 154,201,650

Bond Proceeds Fund	139,510,000
Transportation Fund	10,440,000
Reauthorizations	4,691,650
Cancellations	(440,000)

APPROPRIATIONS
$

Sec. 2. MINNESOTA STATE COLLEGES AND UNIVERSITIES

Subdivision 1. To the board of trustees of the Minnesota state colleges and universities for the purposes specified in this section 11,080,000

Moorhead State University 3,730,000

This appropriation is to demolish structures, eliminate blight, and construct parking facilities and necessary amenities on certain recently acquired land at Moorhead state university.

Subd. 3. Winona State University 6,100,000

To replace or renovate the boiler system at Winona State University.

Subd. 4. Ridgewater College HVAC System 1,250,000

For improvements of a capital nature to the heating, ventilation, and air conditioning system at Ridgewater Community and Technical College, Hutchinson.

Sec. 3. CHILDREN, FAMILIES, AND LEARNING

Metropolitan Magnet School Grants 5,300,000

This appropriation is to the commissioner of children, families, and learning to make grants under Minnesota Statutes, section 124D.88.

$4,000,000 is for a grant to the Southwest Metropolitan Integration magnet school in Edina.

$1,300,000 is for a grant to the Interdistrict Arts and Science Middle School in the east metropolitan area.

Sec. 4. NATURAL RESOURCES

Subdivision 1. To the commissioner of natural resources for the purposes specified in this section 18,968,000

Subd. 2. State Share 1,698,000

This appropriation is for the state share of flood hazard mitigation grants for the Hoyt Avenue project in the city of St. Paul, and for Dawson, Granite Falls, and Montevideo under Minnesota Statutes, section 103F.161.

	APPROPRIATIONS $
Subd. 3. Local Share	17,270,000

This appropriation is to fund the local share of flood hazard mitigation projects in Crookston, East Grand Forks, Warren, Ada, Breckenridge, and Oakport under Minnesota Statutes, section 103F.161, to the extent that the cost of each project exceeds two percent of the median household income in the municipality multiplied by the number of households in the municipality.

Sec. 5. OFFICE OF ENVIRONMENTAL ASSISTANCE	3,000,000

To the director of the office of environmental assistance for a grant to a local governmental unit under Minnesota Statutes, section 115A.54, not to exceed $3,000,000, for the retrofit and reconstruction of a solid waste resource recovery facility located in the city of Perham that serves a seven-county area. The appropriation is available until June 30, 2001.

Sec. 6. PUBLIC FACILITIES AUTHORITY

Subdivision 1. To the public facilities authority for the purposes specified in this section	22,700,000
Subd. 2. Matching Money for Federal Grants	2,200,000

To match federal grants to the drinking water fund under Minnesota Statutes, section 446A.081.

Subd. 3. Wastewater Infrastructure Program	20,500,000

For grants to eligible municipalities under the wastewater infrastructure funding program established in Minnesota Statutes, section 446A.072.

Sec. 7. BOARD OF WATER AND SOIL RESOURCES

Subdivision 1. To the board of water and soil resources for the purposes specified in this section	2,375,000
Subd. 2. Lazarus Creek	1,375,000

For a grant to Area II Minnesota River Basin Projects, Inc. for construction of the LQP-25/Lazarus Creek floodwater retention project. The grant may not exceed 75 percent of the project's cost. The remaining share must be provided by Area II Minnesota River Basin Projects, Inc.

Subd. 3. Grass Lake Restoration	1,000,000

For a grant to the city of Willmar and Kandiyohi county to construct publicly owned stormwater flood reduction and water quality improvements related to the restoration of Grass Lake.

APPROPRIATIONS
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Sec. 8. ADMINISTRATION

Subdivision 1. To the commissioner of administration for the purposes specified in this section 4,150,000

Subd. 2. Capital Asset Preservation and Replacement (CAPRA) 3,000,000

To be spent in accordance with Minnesota Statutes, section 16A.632. None of this appropriation may be used for renovation of the Minnesota Veterans Home - Luverne campus.

Of this amount, $190,000 is for capital repair and betterment of roofs on buildings 1, 2, and 4, at the Hastings Veterans Home. This amount is available when the commissioner of finance determines that the Veterans Home Board is in compliance with Minnesota Statutes, sections 16A.695 and 198.31, with respect to the Hastings Veterans Home.

Subd. 3. Predesign and Design Grant 1,000,000

For a grant to the county of Itasca for its predesign and design of public infrastructure improvements including railroad access and natural gas right-of-way and pipeline, public highway improvements, and freshwater wells and wastewater treatment facilities and pipelines, all in connection with the construction of a new steel mill.

Subd. 4. World War II Veterans Memorial 150,000

For design, architectural drawings, and the start of construction for a World War II veterans memorial on the state capitol mall. The design is subject to approval by the capitol area architectural and planning board. The commissioner of veterans affairs shall convene an advisory group, including members of veterans organizations to review and make recommendations about the design of the memorial. The appropriation must be matched by an equal amount from nonstate sources.

Sec. 9. TRANSPORTATION

Subdivision 1. To the commissioner of transportation for the purposes specified in this section 80,440,000

Subd. 2. Local Bridge Replacement and Rehabilitation 10,000,000

This appropriation is from the state transportation fund as provided in Minnesota Statutes, section 174.50, to match federal funds and to replace or rehabilitate local deficient bridges.

Political subdivisions may use grants made under this section to construct or reconstruct bridges, including:

(1) matching federal aid grants to construct or reconstruct key bridges;

APPROPRIATIONS
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(2) paying the costs of preliminary engineering and environmental studies authorized under Minnesota Statutes, section 174.50, subdivision 6a;

(3) paying the costs to abandon an existing bridge that is deficient and in need of replacement, but where no replacement will be made; and

(4) paying the costs to construct a road or street to facilitate the abandonment of an existing bridge determined by the commissioner to be deficient, if the commissioner determines that construction of the road or street is more cost efficient than the replacement of the existing bridge.

Subd. 3. Brooklyn Park Pedestrian Bridge 440,000

This appropriation is from the transportation fund for an interest-free loan to the city of Brooklyn Park to pay up to 80 percent of the cost of constructing a pedestrian bridge across trunk highway No. 252. This appropriation is only available if the project qualifies for federal TEA-21 funding. The loan must be repaid to the commissioner of finance for return to the debt service fund at the time of Federal Highway Administration reimbursement to the city.

Subd. 4. Transportation Revolving Fund 10,000,000

For transfer by the commissioner of finance to the highway account in the transportation revolving loan fund under Minnesota Statutes, section 446A.085. This appropriation may not be used for trunk highway, transit, or light rail projects.

Subd. 5. Light Rail Transit 60,000,000

This appropriation is to match federal money to construct light rail transit in the Hiawatha Avenue corridor, as provided in Laws 1998, chapter 404, section 17, subdivision 3, paragraph (b), and is added to that appropriation, as amended by article 2. This is the final state appropriation for the total construction of this project.

The commissioner may not spend this appropriation until:

(1) the Hiawatha Avenue corridor project has received a "final design" designation by the Federal Transit Administration and a full-funding grant agreement has been executed with the Federal Transit Administration for funding the planning and capital costs of light rail transit in the Hiawatha Avenue corridor that provides funding of not less than $223,000,000 by the federal government and that includes any required local contribution from Hennepin county regional railroad authority, the city of Minneapolis and the Metropolitan Airports Commission; and

(2) the commissioner has determined that no part of the construction costs of light rail transit in the Hiawatha Avenue corridor will be paid from property tax revenues of the metropolitan council or of any county or regional rail authority other than the Hennepin county regional rail authority.

APPROPRIATIONS
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The commissioner and the chair of the metropolitan council shall jointly submit a report to the legislature by February 1, 2000, that sets forth a financial plan for paying the operating costs of light rail transit in the Hiawatha Avenue corridor for at least the first five years of operation.

If the requirements of paragraph (1) are not met by May 1, 2000, for the "final design" designation or by January 31, 2001, for the full-funding agreement, this appropriation, any unspent portion of the $40,000,000 appropriated by Laws 1998, chapter 404, section 17, subdivision 3, paragraph (b), as amended by article 2, and all state bond sale authorizations for the Hiawatha Avenue corridor, are canceled.

Sec. 10. CORRECTIONS 1,785,000

To the commissioner of administration for design for renovations of a capital nature to the storm and sanitary sewer lines at the correctional facility at Faribault and for making emergency capital repairs to the system.

Sec. 11. BOND SALE EXPENSES 152,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8. This appropriation is from the bond proceeds fund.

Sec. 12. BOND SALE SCHEDULE

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2001, no more than $590,663,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 13. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to $139,510,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this article from the transportation fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to $10,440,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631

to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 14. [BOND REAUTHORIZATIONS.]

(a) The following bond authorizations, which have been reported to the legislature according to Minnesota Statutes, section 16A.642, subdivision 1, are reauthorized, and do not cancel under the terms of that subdivision:

(1) an amount remaining of $4,078,196.35 for appropriations from the state transportation fund for railroad assistance, authorized in Laws 1984, chapter 597, section 22;

(2) an amount remaining of $414,786.89 for appropriations from the bond proceeds fund for labor history center planning and design authorized in Laws 1990, chapter 610, article 1, section 30, subdivision 1; and

(3) an amount remaining of $198,666.40 for appropriations from the bond proceeds fund for labor history center design competition authorized in Laws 1990, chapter 610, article 1, section 30, subdivision 1.

(b) For purposes of the next report required under Minnesota Statutes, section 16A.642, subdivision 1, the bonds reauthorized in this section must be treated as authorized on the original date of authorization.

Sec. 15. Minnesota Statutes 1998, section 16A.69, subdivision 2, is amended to read:

Subd. 2. [TRANSFER BETWEEN ACCOUNTS.] Upon the awarding of final contracts for the completion of a project for construction or other permanent improvement, or upon the abandonment of the project, the agency to whom the appropriation was made may transfer the unencumbered balance in the project account to another project enumerated in the same section of that appropriation act, or may transfer unencumbered balances from agency operating funds. The transfer must be made only to cover bids for the other project that were higher than was estimated when the appropriation for the other project was made and not to cover an expansion of the other project. The money transferred under this section is appropriated for the purposes for which transferred. For transfers for technical colleges by the board of trustees of the Minnesota state colleges and universities, the total cost of both projects and the required local share for both projects are adjusted accordingly. The agency proposing a transfer shall ~~report to~~ obtain approval from the commissioner of finance and the chair of the senate finance committee and the chair of the house of representatives ways and means committee before the transfer is made under this subdivision.

Sec. 16. Minnesota Statutes 1998, section 16B.30, is amended to read:

16B.30 [GENERAL AUTHORITY.]

(a) Subject to other provisions in this chapter, the commissioner shall supervise and control the making of all contracts for the construction of buildings and for other capital improvements to state buildings and structures, other than buildings and structures under the control of the board of trustees of the Minnesota state colleges and universities. Except as provided in ~~paragraph~~ paragraphs (b) and (c), a state agency may not undertake improvements of a capital nature without specific legislative authority.

(b) Specific legislative authority is not required for repairs or minor capital projects financed with operating appropriations or agency receipts that:

(1) are undertaken for asset preservation or code compliance purposes; or

(2) do not materially increase the net square footage of a facility; and in either case

(3) do not materially increase the cost of agency programs.

(c) Unless the commissioner determines that an urgency exists, the commissioner of an agency undertaking a project with a cost in excess of $50,000 pursuant to ~~this~~ paragraph (b) shall notify the chairs of the senate finance committee, the house capital investment committee, the house ways and means committee, the appropriate house and senate finance divisions, and the director of the legislative coordinating commission prior to incurring any contractual obligation with regard to the project. Any agency undertaking any project pursuant to this paragraph during fiscal year 1999 must report all such projects to the legislature by January 1, 2000.

Sec. 17. 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. 18. 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.

Sec. 19. Laws 1998, chapter 404, section 3, subdivision 17, is amended to read:

Subd. 17. Pine Technical College 1,700,000

To predesign, design, ~~and~~ renovate, and construct an addition for a telecommunications/media/technology center, student services, administrative services, classrooms, and a regional economic development center. This project may be a part of a larger advanced technology center project at the college if federal funds are available for the larger project. The board must not proceed with the larger advanced technology center project without the approval of the chairs of the house committee on ways and means and the senate committee on education finance.

Sec. 20. Laws 1998, chapter 404, section 7, subdivision 23, is amended to read:

Subd. 23. Metro Regional Trails 5,000,000

For grants to the metropolitan council for acquisition and development of a capital nature of trail connections in the metropolitan area as specified in this subdivision. The purpose of the grants is to improve trails in the metropolitan park and open space system and connect them with existing state and regional trails. Priority shall be given to matching funds for an ISTEA grant.

The funds shall be allocated by the council as follows:

(1) $1,050,000 is allocated to Ramsey county as follows:

(i) $400,000 to complete six miles of trails between the Burlington Northern Regional Trail and Bald Eagle-Otter Lake Regional Park;

(ii) $150,000 to complete a one-mile connection between Birch Lake and the Lake Tamarack segment of Bald Eagle-Otter Lake Regional Park;

(iii) $500,000 to acquire real property and design and construct or renovate recreation facilities along the Mississippi River in cooperation with the city of St. Paul;

(2) $1,050,000 is allocated to the city of St. Paul as follows:

(i) $250,000 to construct a bridge over Lexington Parkway in Como Regional Park; and

(ii) $800,000 to enhance amenities for the trailhead at the Lilydale-Harriet Island Regional Park pavilion;

(3) $1,400,000 is allocated to Anoka county ~~as follows~~ to construct:

(i) ~~$1,100,000 to construct~~ a pedestrian tunnel under Highway 65 on the Rice Creek West Regional Trail in the city of Fridley; and

(ii) ~~$300,000 to construct~~ a pedestrian bridge on the Mississippi River Regional Trail crossing over Mississippi Street in the city of Fridley; and

(4) $1,500,000 is allocated to the suburban Hennepin regional park district as follows:

(i) $1,000,000 to connect North Hennepin Regional Trail to Luce Line State Trail and Medicine Lake; and

(ii) $500,000 is for the cost of development and acquisition of the Southwest regional trail in the city of St. Louis Park. The trail must connect the Minneapolis regional trail system at Cedar Lake park to the Hennepin parks regional trail system at the Hopkins trail head.

Sec. 21. Laws 1998, chapter 404, section 7, subdivision 26, is amended to read:

Subd. 26. Local Initiative Grants 8,000,000

For matching grants to be provided to local units of government for acquisition, development, or renovation of a capital nature of local parks, trails, and natural and scenic areas. Recipients must provide a match of at least one-half of total eligible project costs. The commissioner shall make payment to local units of government upon receiving documentation of reimbursable expenditures. The commissioner shall determine project priorities as appropriate based upon need.

$3,500,000 of this appropriation is for grants to units of government to acquire and develop outdoor recreation areas, and for grants to units of government to acquire and better natural and scenic areas under Minnesota Statutes, section 85.019, subdivision 4a.

$1,000,000 of this appropriation is for cooperative trail grants of up to $50,000 per project to acquire or construct trail linkages between communities, trails, and parks.

$3,500,000 of this appropriation is for trail grants for the following locally funded publicly owned trails serving multiple communities: $1,400,000 for Beaver Island Trail in Stearns County, $1,400,000 for Skunk Hollow Trail in Yellow Medicine and Chippewa Counties, and $700,000 for Unity Trail in Faribault County. The grant for Beaver Island Trail in Stearns County is available in the manner and the order that follows: $500,000 is available upon commitment of an equal amount from nonstate sources, $152,000 is available upon contribution of an equal amount from local governments, $374,000 is available upon commitment of an equal amount from nonstate sources, and the balance of $374,000 is available upon commitment of an equal amount from nonstate sources.

Sec. 22. Laws 1998, chapter 404, section 13, subdivision 12, is amended to read:

Subd. 12. Dahl House Relocation ~~100,000~~ 60,000

This appropriation is from the general fund for a grant to the city of St. Paul to relocate the Dahl House ~~near its original site,~~ and stabilize~~,~~ and restore the structure. ~~Up to $150,000 from the plaza percent for art budget may be used for the restoration and related art objects.~~

Sec. 23. Laws 1998, chapter 404, section 27, subdivision 1, is amended to read:

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to ~~$463,795,000~~ $105,145,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 24. [CANCELLATION AND REDUCED AUTHORIZATION.]

$400,000 of the appropriation in Laws 1998, chapter 404, section 26, for bond sale expense is canceled. The bond sale authorization in Laws 1998, chapter 404, section 27, subdivision 1, is reduced by $400,000.

Sec. 25. [VETERANS HOMES IMPROVEMENTS.]

Notwithstanding Minnesota Statutes, section 16B.30, the veterans homes board of directors may make and maintain the improvements to the veterans homes listed in clauses (1) to (5) using money donated for those purposes:

(1) a picnic pavilion at the Minneapolis veterans home;

(2) walking trails at the Hastings veterans home;

(3) walking trails and landscape at the Silver Bay veterans home;

(4) an entrance canopy at the Fergus Falls veterans home; and

(5) a suspended wooden deck for dining at the Luverne veterans home.

Sec. 26. [REQUEST TO LEGISLATIVE AUDIT COMMISSION.]

The legislative audit commission is requested to direct the legislative auditor to investigate the mold problem at the Luverne veterans home, the state response to the problem, and the original cause of the problem, including whether inadequate state building standards, or noncompliance with state building standards, contributed to this problem and

whether other state buildings are at risk due to inadequate standards or noncompliance with state building standards, and report back to the commission for its review and thereafter to the legislature. This section does not restrict the department of administration or the veterans home board from undertaking capital improvements to correct the mold problem.

Sec. 27. [EFFECTIVE DATE.]

This article is effective the day after its final enactment.

ARTICLE 2

Section 1. [INTENT.]

This article intends to return to the unreserved general fund $400,000,000 by changing the fund source of the projects listed in this article in the amounts shown in sections 3 to 13, by decreasing the appropriation from the general fund and by appropriating an equal amount from the aggregate of the bond proceeds fund and the transportation fund. This action changes the designation of the fund sources made under the cumulative effect of Laws 1998, chapters 389, article 9, section 2; 404; and 408, section 22, with respect to those projects. This article also makes a new appropriation of $400,000 from the bond proceeds fund for bond sale expenses in connection with the bonds authorized in this article.

Sec. 2. [CAPITAL IMPROVEMENT APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund or other named fund to the state agencies or officials indicated, to be spent for public purposes including to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this article.

SUMMARY

UNIVERSITY OF MINNESOTA	$ 112,390,000
MINNESOTA STATE COLLEGES AND UNIVERSITIES	15,300,000
RESIDENTIAL ACADEMIES AT FARIBAULT	7,913,000
NATURAL RESOURCES	24,450,000
PUBLIC FACILITIES AUTHORITY	16,800,000
CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	6,500,000
TRANSPORTATION	71,000,000
VETERANS HOMES BOARD	11,000,000
INDIAN AFFAIRS COUNCIL	1,700,000
TRADE AND ECONOMIC DEVELOPMENT	126,447,000
MINNESOTA HISTORICAL SOCIETY	6,500,000
BOND SALE EXPENSES	400,000
TOTAL	$ 400,400,000

Bond Proceeds Fund	372,400,000
Transportation Fund	28,000,000
	APPROPRIATIONS
	$
Sec. 3. UNIVERSITY OF MINNESOTA	
Subdivision 1. To the board of regents of the University of Minnesota for the purposes specified in this section	112,390,000
Subd. 2. Twin Cities - Minneapolis	
(a) Utility Infrastructure	2,400,000
(b) Folwell Hall Renovation	690,000
(c) Walter Digital Technology Center/Science and Engineering Library	52,200,000
Subd. 3. Twin Cities - St. Paul	
(a) Gortner and Snyder Halls	3,900,000
(b) Greenhouse Renovation and Replacement	900,000
(c) Peters Hall, Phase II	6,900,000
Subd. 4. Women's Athletics Fields and Facilities	2,700,000
Subd. 5. Crookston Facility Improvements	3,500,000
Subd. 6. Duluth	
(a) Library	17,000,000
(b) Academic Space Renovation	200,000
Subd. 7. Morris Facility Improvements	18,400,000
Subd. 8. Agricultural Experiment Stations	3,600,000
Sec. 4. MINNESOTA STATE COLLEGES AND UNIVERSITIES	
Subdivision 1. To the board of trustees of the Minnesota state colleges and universities for the purposes specified in this section	15,300,000
Subd. 2. Minnesota State University - Mankato	10,500,000
Subd. 3. Rochester Regional Recreation and Sports Center	4,800,000

	APPROPRIATIONS $
Sec. 5. RESIDENTIAL ACADEMIES AT FARIBAULT	
Subdivision 1. To the commissioner of administration for the purposes specified in this section	7,913,000
Subd. 2. Tate Hall Renovation	3,500,000
Subd. 3. Lysen Hall Expansion and Renovation	4,413,000
Sec. 6. NATURAL RESOURCES	
Subdivision 1. To the commissioner of natural resources for the purposes specified in this section	24,450,000
Subd. 2. Office Facility Consolidation	7,100,000
Subd. 3. State Park and Recreation Area Building Development	5,000,000
Subd. 4. Metro Regional Park Acquisition and Betterment	9,000,000
Subd. 5. Trail Acquisition and Development	3,350,000
Sec. 7. PUBLIC FACILITIES AUTHORITY	
Subdivision 1. To the public facilities authority for the purposes specified in this section	16,800,000
Subd. 2. Matching Money for Federal Grants	1,500,000
Subd. 3. Wastewater Infrastructure Program	15,300,000
Sec. 8. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	6,500,000
To the commissioner of administration for capitol building structural stabilization.	
Sec. 9. TRANSPORTATION	
Subdivision 1. To the commissioner of transportation for the purposes specified in this section	71,000,000
Subd. 2. Local Bridge Replacement and Rehabilitation	28,000,000
This appropriation is from the transportation fund.	
Subd. 3. Transitways	40,000,000
Subd. 4. Port Development Assistance	3,000,000
Sec. 10. VETERANS HOMES BOARD	
Subdivision 1. To the commissioner of administration for the purposes specified in this section	11,000,000

	APPROPRIATIONS $
Subd. 2. Minneapolis Veterans Home	6,000,000
Subd. 3. Hastings Veterans Home	5,000,000
Sec. 11. INDIAN AFFAIRS COUNCIL	1,700,000
To the Indian affairs council for construction of the Battle Point Cultural and Education Center.	
Sec. 12. TRADE AND ECONOMIC DEVELOPMENT	
Subdivision 1. To the commissioner of trade and economic development or other named official for the purposes specified in this section	126,447,000
Subd. 2. Minneapolis Convention Center	86,332,000
Subd. 3. Duluth Entertainment and Convention Center	12,000,000
Subd. 4. Mayo Civic Center	2,800,000
Subd. 5. St. Cloud Community Event Center	5,500,000
Subd. 6. Fergus Falls Convention Center	1,500,000
Subd. 7. Hutchinson Community Civic Center	1,000,000
Subd. 8. Humboldt Avenue Greenway Project	7,000,000
Subd. 9. Prairieland Expo	3,000,000
Subd. 10. Montevideo Downtown Revitalization	1,500,000
Subd. 11. Paramount Arts District Regional Arts Center	750,000
Subd. 12. Veterans Memorial Performing Arts Amphitheater	315,000
Subd. 13. Brooklyn Center Earle Brown Heritage Center Restoration	2,500,000
Subd. 14. Minnesota African-American Performing Arts Center	2,250,000
Sec. 13. MINNESOTA HISTORICAL SOCIETY	
Subdivision 1. To the Minnesota Historical Society for the purposes specified in this section	6,500,000
Subd. 2. Northwest Company Fur Post Interpretive Center	1,500,000
Subd. 3. St. Anthony Falls Heritage Education Center	4,000,000
Subd. 4. Humphrey Museum and Learning Center, Waverly	1,000,000

APPROPRIATIONS
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Sec. 14. BOND SALE EXPENSES 400,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 15. [IDENTICAL PROJECTS.]

The purpose and use of appropriations in this article are for the same purpose and use and for identical projects as authorized in Laws 1998, chapter 404. Except for the fund source of unspent parts of the appropriations listed in this article, this article does not change or limit the purpose and use of the appropriations and related requirements in Laws 1998, chapter 404.

Sec. 16. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to $372,400,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this article from the transportation fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to $28,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 17. [CANCELLATION TO GENERAL FUND.]

(a) Money appropriated from the general fund pursuant to 1998 acts and not yet spent for the projects listed in this article is canceled to the general fund in the amounts shown for each project.

(b) As much as is necessary of the appropriation for trail acquisition and development in Laws 1998, chapter 404, section 7, subdivision 22, not yet otherwise spent from the general fund under 1998 acts, or elsewhere in this article from the bond proceeds fund, may be canceled to the general fund and added to the appropriation for that purpose from the bond proceeds fund in this article as determined by the commissioner of finance to bring the amount returned to the general fund and appropriated from the bond proceeds fund to $400,000,000 in each case.

(c) Also, as determined by the commissioner of finance, appropriations returned to the general fund and made from the bond proceeds fund in this article for specific projects are adjusted as necessary to reach the $400,000,000 in changes of funding source for the aggregate of the individual projects of this article from the general fund to the bond proceeds fund. The commissioner may make the adjustments due to spending in process and not yet entered on the state's accounts as of May 13, 1999. The amounts adjusted under this section are appropriated.

Sec. 18. [DEBT SERVICES RESPONSIBILITIES.]

This article does not change the debt service responsibilities of the University of Minnesota under Laws 1998, chapter 404, section 2, subdivision 11, or of the board of trustees of the Minnesota state colleges and universities under Laws 1998, chapter 404, section 3, subdivision 29.

Sec. 19. [EFFECTIVE DATE.]

This article is effective the day after its final enactment.

ARTICLE 3

Section 1. [MINNESOTA MINERALS 21ST CENTURY FUND APPROPRIATION.]

Subdivision 1. [APPROPRIATION.] $20,000,000 is appropriated in fiscal year 2000 from the general fund to the Minnesota minerals 21st century fund, if a bill styled as H.F. No. 2390 is enacted in 1999 and creates such a fund. Notwithstanding any other law enacted during the 1999 regular legislative session, the maximum total appropriation authorized for the purposes of the Minnesota minerals 21st century fund under all laws enacted during the 1999 regular legislative session is $20,000,000. Any amounts appropriated in any other law enacted during the 1999 legislative session that would cause the appropriation to exceed $20,000,000 are canceled. This limitation does not apply to the appropriation transfer contained in 1999 H.F. No. 2390, article 2, section 71.

Subd. 2. [MATCHING REQUIREMENT.] If a bill styled as H.F. No. 2390 is enacted in 1999 and it provides for creation of the Minnesota minerals 21st century fund, the commissioner of the iron range resources and rehabilitation board shall, upon the recommendation of the board, match the funds allocated under subdivision 1 to the extent they are used for a loan or equity investment meeting the requirements of the provision creating the Minnesota minerals 21st century fund within H.F. No. 2390. Notwithstanding Minnesota Statutes, section 645.33, this subdivision supersedes any contrary provisions of H.F. No. 2390 that is enacted in 1999."

Delete the title and insert:

"A bill for an act relating to capital improvements; authorizing spending for public purposes; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature; authorizing certain improvements and transfers between accounts; making technical corrections; amending earlier authorizations; reauthorizing certain projects; authorizing and reauthorizing sale of state bonds; providing for storage and retention of certain documents; authorizing certain easements; providing for certain port authority leases or management contracts; requesting an investigation and report; converting certain capital project financing from general fund cash to general obligation bonding; canceling certain money to the general fund; appropriating money for the Minnesota minerals 21st century fund; appropriating money with certain conditions and directions; amending Minnesota Statutes 1998, sections 16A.69, subdivision 2; 16B.30; 136F.36, by adding a subdivision; and 136F.60, by adding a subdivision; Laws 1998, chapter 404, sections 3, subdivision 17; 7, subdivisions 23 and 26; 13, subdivision 12; 27, subdivision 1."

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

House Conferees: JIM KNOBLACH, JERRY DEMPSEY, ROXANN DAGGETT AND MICHELLE RIFENBERG.

Senate Conferees: KEITH LANGSETH, DAVID J. TEN EYCK, LINDA BERGLIN, ROY W. TERWILLIGER AND STEVE DILLE.

Knoblach moved that the report of the Conference Committee on H. F. No. 2205 be adopted and that the bill be repassed as amended by the Conference Committee.

POINT OF ORDER

Pugh raised a point of order pursuant to rule 6.40 relating to Reports of Conference Committees. The Speaker ruled the point of order not well taken.

Pugh appealed the decision of the Speaker.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 71 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Hackbarth	Mares	Rhodes	Tingelstad
Abrams	Dempsey	Harder	McElroy	Rifenberg	Tuma
Anderson, B.	Dorman	Holberg	Molnau	Rostberg	Van Dellen
Bishop	Erhardt	Holsten	Mulder	Seagren	Vandeveer
Boudreau	Erickson	Howes	Ness	Seifert, J.	Westerberg
Bradley	Finseth	Kielkucki	Nornes	Seifert, M.	Westfall
Broecker	Fuller	Knoblach	Olson	Smith	Westrom
Buesgens	Gerlach	Krinkie	Osskopp	Stanek	Wilkin
Cassell	Goodno	Kuisle	Ozment	Stang	Wolf
Clark, J.	Gunther	Larsen, P.	Paulsen	Storm	Workman
Daggett	Haake	Leppik	Pawlenty	Swenson	Spk. Sviggum
Davids	Haas	Lindner	Reuter	Sykora	

Those who voted in the negative were:

Anderson, I.	Gray	Kahn	Mariani	Paymar	Trimble
Bakk	Greenfield	Kalis	Marko	Pelowski	Tunheim
Biernat	Greiling	Kelliher	McCollum	Peterson	Wagenius
Carlson	Hasskamp	Koskinen	McGuire	Pugh	Wejcman
Carruthers	Hausman	Kubly	Milbert	Rest	Wenzel
Chaudhary	Hilty	Larson, D.	Mullery	Rukavina	Winter
Dawkins	Huntley	Leighton	Murphy	Schumacher	
Dorn	Jaros	Lenczewski	Opatz	Skoe	
Entenza	Jennings	Lieder	Orfield	Skoglund	
Folliard	Johnson	Luther	Osthoff	Solberg	
Gleason	Juhnke	Mahoney	Otremba	Tomassoni	

So it was the judgment of the House that the decision of the Speaker should stand.

The question recurred on the Knoblach motion that the report of the Conference Committee on H. F. No. 2205 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2205, A bill for an act relating to public administration; authorizing spending for public purposes; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature; authorizing certain improvements and transfers between accounts; providing a procedure for political subdivisions' request for capital assistance; making technical corrections; amending earlier authorizations; reauthorizing a project; authorizing bonds; providing for certain public pension associations' facilities; providing for storage and retention of certain documents; authorizing certain easements; providing for certain port authority leases or management contracts; requesting an investigation and report; authorizing a certain college project; appropriating money with certain conditions and directions; amending Minnesota Statutes 1998, sections 16A.69, subdivision 2;

16B.30; 136F.36, by adding a subdivision; 136F.60, by adding a subdivision; 353.03, subdivision 4; 354.06, subdivision 7; and 457A.04, by adding a subdivision; Laws 1998, chapter 404, sections 3, subdivision 17; 5, subdivision 4; 7, subdivisions 23 and 26; 13, subdivision 12; and 27, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 16A; and 356.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 81 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	McElroy	Rostberg	Van Dellen
Abrams	Erhardt	Howes	Molnau	Seagren	Wagenius
Bishop	Erickson	Huntley	Mulder	Seifert, J.	Wejcman
Boudreau	Finseth	Juhnke	Ness	Seifert, M.	Wenzel
Bradley	Fuller	Kelliher	Nornes	Skoglund	Westerberg
Broecker	Gerlach	Kielkucki	Orfield	Smith	Westfall
Buesgens	Goodno	Knoblach	Osskopp	Solberg	Westrom
Carruthers	Gunther	Kuisle	Ozment	Stanek	Wilkin
Cassell	Haake	Larsen, P.	Paulsen	Stang	Wolf
Clark, J.	Haas	Leppik	Pawlenty	Storm	Workman
Daggett	Hackbarth	Lieder	Pelowski	Swenson	Spk. Sviggum
Davids	Harder	Lindner	Peterson	Sykora	
Dehler	Hausman	Luther	Rhodes	Tingelstad	
Dempsey	Holberg	Mares	Rifenberg	Tuma	

Those who voted in the negative were:

Anderson, B.	Folliard	Johnson	Mahoney	Olson	Schumacher
Anderson, I.	Gleason	Kahn	Mariani	Opatz	Skoe
Bakk	Gray	Kalis	Marko	Osthoff	Tomassoni
Biernat	Greenfield	Koskinen	McCollum	Otremba	Trimble
Carlson	Greiling	Krinkie	McGuire	Paymar	Tunheim
Chaudhary	Hasskamp	Kubly	Milbert	Pugh	Vandeveer
Dawkins	Hilty	Larson, D.	Mullery	Rest	Winter
Dorn	Jaros	Leighton	Munger	Reuter	
Entenza	Jennings	Lenczewski	Murphy	Rukavina	

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2420

A bill for an act relating to financing state and local government; providing a sales tax rebate; reducing individual income tax rates; making changes to income, sales and use, property, excise, mortgage registry and deed, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, aircraft registration, lawful gambling, taconite production, solid waste, and special taxes; establishing an agricultural homestead credit; changing and allowing tax credits, subtractions, and exemptions; changing property tax valuation, assessment, levy, classification,

homestead, credit, aid, exemption, review, appeal, abatement, and distribution provisions; extending levy limits and changing levy authority; providing for reverse referenda on certain levy increases; phasing out health care provider taxes; extending the suspension of the tax on certain insurance premiums; reducing tax rates on lawful gambling; changing tax increment financing law and providing special authority for certain cities; authorizing water and sanitary sewer districts; providing for the funding of courts in certain judicial districts; changing tax forfeiture and delinquency provisions; changing and clarifying tax administration, collection, enforcement, and penalty provisions; freezing the taconite production tax and providing for its distribution; providing for funding for border cities; changing fiscal note requirements; providing for deposit of tobacco settlement funds; providing for allocation of certain budget surpluses; requiring studies; establishing a task force; and providing for appointments; transferring funds; appropriating money; amending Minnesota Statutes 1998, sections 3.986, subdivision 2; 3.987, subdivision 1; 16A.152, subdivision 2, and by adding a subdivision; 16A.1521; 60A.15, subdivision 1; 62J.041, subdivision 1; 62Q.095, subdivision 6; 92.51; 97A.065, subdivision 2; 214.16, subdivisions 2 and 3; 270.07, subdivision 1; 270.65; 270.67, by adding a subdivision; 270B.01, subdivision 8; 270B.14, subdivision 1, and by adding a subdivision; 271.01, subdivision 5; 271.21, subdivision 2; 272.02, subdivision 1; 272.027; 272.03, subdivision 6; 273.11, subdivisions 1a and 16; 273.111, by adding a subdivision; 273.124, subdivisions 1, 7, 8, 13, 14, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.1382; 273.1398, subdivisions 2, 8, and by adding a subdivision; 273.1399, subdivision 6; 273.20; 274.01, subdivision 1; 275.065, subdivisions 3, 5a, 6, 8, and by adding a subdivision; 275.07, subdivision 1; 275.71, subdivisions 2, 3, and 4; 276.131; 279.37, subdivisions 1, 1a, and 2; 281.23, subdivisions 2, 4, and 6; 282.01, subdivisions 1, 4, and 7; 282.04, subdivision 2; 282.05; 282.08; 282.09; 282.241; 282.261, subdivision 4, and by adding a subdivision; 283.10; 287.01, subdivision 3, as amended; 287.05, subdivisions 1, as amended, and 1a, as amended; 289A.02, subdivision 7; 289A.18, subdivision 4; 289A.20, subdivision 4; 289A.31, subdivision 2; 289A.40, subdivisions 1 and 1a; 289A.50, subdivision 7, and by adding a subdivision; 289A.56, subdivision 4; 289A.60, subdivisions 3 and 21; 290.01, subdivisions 7, 19, 19a, 19b, 19f, 31, and by adding a subdivision; 290.06, subdivisions 2c, 2d, and by adding subdivisions; 290.0671, subdivision 1; 290.0672, subdivision 1; 290.0674, subdivisions 1 and 2; 290.091, subdivisions 1, 2, and 6; 290.0921, subdivision 5; 290.095, subdivision 3; 290.17, subdivisions 3, 4, and 6; 290.191, subdivisions 2 and 3; 290.9725; 290.9726, by adding a subdivision; 290A.03, subdivisions 3 and 15; 290B.03, subdivision 1; 290B.04, subdivisions 3 and 4; 290B.05, subdivision 1; 291.005, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 7; 295.53, subdivision 1; 295.55, subdivisions 2 and 3; 296A.16, by adding subdivisions; 297A.01, subdivision 15; 297A.15, subdivision 5; 297A.25, subdivisions 9, 11, 63, 73, and by adding subdivisions; 297A.48, by adding a subdivision; 297B.01, subdivision 7; 297B.03; 297E.01, by adding a subdivision; 297E.02, subdivisions 1, 3, 4, and 6; 297F.01, subdivision 23; 297F.17, subdivision 6; 297H.05; 297H.06, subdivision 2; 298.24, subdivision 1; 298.28, subdivision 9a; 299D.03, subdivision 5; 357.021, subdivision 1a; 360.55, by adding a subdivision; 375.192, subdivision 2; 383C.482, subdivision 1; 465.82, by adding a subdivision; 469.169, subdivision 12, and by adding a subdivision; 469.1735, by adding a subdivision; 469.176, subdivision 4g; 469.1763, by adding a subdivision; 469.1771, subdivision 1, and by adding a subdivision; 469.1791, subdivision 3; 469.1813, subdivisions 1, 2, 3, 6, and by adding a subdivision; 469.1815, subdivision 2; 473.249, subdivision 1; 473.252, subdivision 2; 473.253, subdivision 1; 477A.03, subdivision 2; 477A.06, subdivision 1; 485.018, subdivision 5; 487.02, subdivision 2; 487.32, subdivision 3; 487.33, subdivision 5; and 574.34, subdivision 1; Laws 1988, chapter 645, section 3; Laws 1997, chapter 231, article 1, section 19, subdivisions 1 and 3; Laws 1997, chapter 231, article 3, section 9; Laws 1997, First Special Session chapter 3, section 27; Laws 1997, Second Special Session chapter 2, section 6; Laws 1998, chapter 389, article 1, section 1; and Laws 1998, chapter 389, article 8, section 44, subdivisions 5, 6, and 7, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 62Q; 256L; 275; 297A; 469; and 473; repealing Minnesota Statutes 1998, sections 13.99, subdivision 86b; 16A.724; 16A.76; 92.22; 144.1484, subdivision 2; 256L.02, subdivision 3; 273.11, subdivision 10; 280.27; 281.13; 281.38; 284.01; 284.02; 284.03; 284.04; 284.05; 284.06; 295.50; 295.51; 295.52; 295.53; 295.54; 295.55; 295.56; 295.57; 295.58; 295.582; 295.59; 297E.12, subdivision 3; 297F.19, subdivision 4; 297G.18, subdivision 4; and 473.252, subdivisions 4 and 5; Laws 1997, chapter 231, article 1, section 19, subdivision 2; and Laws 1998, chapter 389, article 3, section 45.

May 17, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 2420, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2420 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

SALES TAX REBATE

Section 1. [STATEMENT OF PURPOSE.]

(a) The state of Minnesota derives revenues from a variety of taxes, fees, and other sources, including the state sales tax.

(b) It is fair and reasonable to refund the existing state budget surplus in the form of a rebate of nonbusiness consumer sales taxes paid by individuals in calendar year 1997.

(c) Information concerning the amount of sales tax paid at various income levels is contained in the Minnesota tax incidence report, which is written by the commissioner of revenue and presented to the legislature according to Minnesota Statutes, section 270.0682.

(d) It is fair and reasonable to use information contained in the Minnesota tax incidence report to determine the proportionate share of the sales tax rebate due each eligible taxpayer since no effective or practical mechanism exists for determining the amount of actual sales tax paid by each eligible individual.

Sec. 2. [SALES TAX REBATE.]

(a) An individual who:

(1) was eligible for a credit under Laws 1997, chapter 231, article 1, section 16, as amended by Laws 1997, First Special Session chapter 5, section 35, and Laws 1997, Third Special Session chapter 3, section 11, and Laws 1998, chapter 304, and Laws 1998, chapter 389, article 1, section 3, and who filed for or received that credit on or before June 15, 1999; or

(2) filed a 1997 Minnesota income tax return on or before June 15, 1999, and had a tax liability before refundable credits on that return of at least $1 but did not file the claim for credit authorized under Laws 1997, chapter 231, article 1, section 16, as amended, and who was not allowed to be claimed as a dependent on a 1997 federal income tax return filed by another person; or

(3) had the property taxes payable on his or her homestead abated to zero under Laws 1997, chapter 231, article 2, section 64,

shall receive a sales tax rebate.

(b) The sales tax rebate for taxpayers who qualify under paragraph (a) as married filing joint or head of household must be computed according to the following schedule:

Income	Sales Tax Rebate
less than $2,500	$ 358
at least $2,500 but less than $5,000	$ 469
at least $5,000 but less than $10,000	$ 502
at least $10,000 but less than $15,000	$ 549
at least $15,000 but less than $20,000	$ 604
at least $20,000 but less than $25,000	$ 641
at least $25,000 but less than $30,000	$ 690
at least $30,000 but less than $35,000	$ 762
at least $35,000 but less than $40,000	$ 820
at least $40,000 but less than $45,000	$ 874
at least $45,000 but less than $50,000	$ 921
at least $50,000 but less than $60,000	$ 969
at least $60,000 but less than $70,000	$1,071
at least $70,000 but less than $80,000	$1,162
at least $80,000 but less than $90,000	$1,276
at least $90,000 but less than $100,000	$1,417
at least $100,000 but less than $120,000	$1,535
at least $120,000 but less than $140,000	$1,682
at least $140,000 but less than $160,000	$1,818
at least $160,000 but less than $180,000	$1,946
at least $180,000 but less than $200,000	$2,067
at least $200,000 but less than $400,000	$2,644
at least $400,000 but less than $600,000	$3,479
at least $600,000 but less than $800,000	$4,175
at least $800,000 but less than $1,000,000	$4,785
$1,000,000 and over	$5,000

(c) The sales tax rebate for individuals who qualify under paragraph (a) as single or married filing separately must be computed according to the following schedule:

Income	Sales Tax Rebate
less than $2,500	$ 204
at least $2,500 but less than $5,000	$ 249
at least $5,000 but less than $10,000	$ 299
at least $10,000 but less than $15,000	$ 408
at least $15,000 but less than $20,000	$ 464
at least $20,000 but less than $25,000	$ 496
at least $25,000 but less than $30,000	$ 515
at least $30,000 but less than $40,000	$ 570
at least $40,000 but less than $50,000	$ 649
at least $50,000 but less than $70,000	$ 776
at least $70,000 but less than $100,000	$ 958
at least $100,000 but less than $140,000	$1,154
at least $140,000 but less than $200,000	$1,394
at least $200,000 but less than $400,000	$1,889
at least $400,000 but less than $600,000	$2,485
$600,000 and over	$2,500

(d) Individuals who were not residents of Minnesota for any part of 1997 and who paid more than $10 in Minnesota sales tax on nonbusiness consumer purchases in that year qualify for a rebate under this paragraph only. Qualifying nonresidents must file a claim for rebate on a form prescribed by the commissioner before the later of June 15, 1999, or 30 days after the date of enactment of this act. The claim must include receipts showing the Minnesota sales tax paid and the date of the sale. Taxes paid on purchases allowed in the computation of federal taxable income or reimbursed by an employer are not eligible for the rebate. The commissioner shall determine the qualifying taxes paid and rebate the lesser of:

(1) 69.0 percent of that amount; or

(2) the maximum amount for which the claimant would have been eligible as determined under paragraph (b) if the taxpayer filed the 1997 federal income tax return as a married taxpayer filing jointly or head of household, or as determined under paragraph (c) for other taxpayers.

(e) "Income," for purposes of this section other than paragraph (d), is taxable income as defined in section 63 of the Internal Revenue Code of 1986, as amended through December 31, 1996, plus the sum of any additions to federal taxable income for the taxpayer under Minnesota Statutes, section 290.01, subdivision 19a, and reported on the original 1997 income tax return including subsequent adjustments to that return made within the time limits specified in paragraph (h). For an individual who was a resident of Minnesota for less than the entire year, the sales tax rebate equals the sales tax rebate calculated under paragraph (b) or (c) multiplied by the percentage determined pursuant to Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e), as calculated on the original 1997 income tax return including subsequent adjustments to that return made within the time limits specified in paragraph (h). For purposes of paragraph (d), "income" is taxable income as defined in section 63 of the Internal Revenue Code of 1986, as amended through December 31, 1996, and reported on the taxpayer's original federal tax return for the first taxable year beginning after December 31, 1996.

(f) Before payment, the commissioner of revenue shall adjust the rebate as follows:

(1) the rebates calculated in paragraphs (b), (c), and (d) must be proportionately reduced to account for 1997 income tax returns that are filed on or after January 1, 1999, but before July 1, 1999, so that the amount of sales tax rebates payable under paragraphs (b), (c), and (d) does not exceed $1,250,000,000; and

(2) the commissioner of finance shall certify by July 15, 1999, preliminary fiscal year 1999 general fund net nondedicated revenues. The certification shall exclude the impact of any legislation enacted during the 1999 regular session. If certified net nondedicated revenues exceed the amount forecast in February 1999, up to $50,000,000 of the increase shall be added to the total amount rebated. The commissioner of revenue shall adjust all rebates proportionally to reflect any increases. The total amount of the rebate shall not exceed $1,300,000,000.

The adjustments under this paragraph are not rules subject to Minnesota Statutes, chapter 14.

(g) The commissioner of revenue may begin making sales tax rebates by August 1, 1999. Sales tax rebates not paid by October 1, 1999, bear interest at the rate specified in Minnesota Statutes, section 270.75.

(h) A sales tax rebate shall not be adjusted based on changes to a 1997 income tax return that are made by order of assessment after June 15, 1999, or made by the taxpayer that are filed with the commissioner of revenue after June 15, 1999.

(i) Individuals who filed a joint income tax return for 1997 shall receive a joint sales tax rebate. After the sales tax rebate has been issued, but before the check has been cashed, either joint claimant may request a separate check for one-half of the joint sales tax rebate. Notwithstanding anything in this section to the contrary, if prior to payment, the commissioner has been notified that persons who filed a joint 1997 income tax return are living at separate addresses, as indicated on their 1998 income tax return or otherwise, the commissioner may issue separate checks to each person. The amount payable to each person is one-half of the total joint rebate.

(j) The sales tax rebate is a "Minnesota tax law" for purposes of Minnesota Statutes, section 270B.01, subdivision 8.

(k) The sales tax rebate is "an overpayment of any tax collected by the commissioner" for purposes of Minnesota Statutes, section 270.07, subdivision 5. For purposes of this paragraph, a joint sales tax rebate is payable to each spouse equally.

(l) If the commissioner of revenue cannot locate an individual entitled to a sales tax rebate by July 1, 2001, or if an individual to whom a sales tax rebate was issued has not cashed the check by July 1, 2001, the right to the sales tax rebate lapses and the check must be deposited in the general fund.

(m) Individuals entitled to a sales tax rebate pursuant to paragraph (a), but who did not receive one, and individuals who receive a sales tax rebate that was not correctly computed, must file a claim with the commissioner before July 1, 2000, in a form prescribed by the commissioner. These claims must be treated as if they are a claim for refund under Minnesota Statutes, section 289A.50, subdivisions 4 and 7.

(n) The sales tax rebate is a refund subject to revenue recapture under Minnesota Statutes, chapter 270A. The commissioner of revenue shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, refund one-half of the joint sales tax rebate to the spouse who does not owe the debt.

(o) The rebate is a reduction of fiscal year 1999 sales tax revenues. The amount necessary to make the sales tax rebates and interest provided in this section is appropriated from the general fund to the commissioner of revenue in fiscal year 1999 and is available until June 30, 2001.

(p) If a sales tax rebate check is cashed by someone other than the payee or payees of the check, and the commissioner of revenue determines that the check has been forged or improperly endorsed, the commissioner may issue an order of assessment for the amount of the check against the person or persons cashing it. The assessment must be made within two years after the check is cashed, but if cashing the check constitutes theft under Minnesota Statutes, section 609.52, or forgery under Minnesota Statutes, section 609.631, the assessment can be made at any time. The assessment may be appealed administratively and judicially. The commissioner may take action to collect the assessment in the same manner as provided by Minnesota Statutes, chapter 289A, for any other order of the commissioner assessing tax.

(q) Notwithstanding Minnesota Statutes, sections 9.031, 16A.40, 16B.49, 16B.50, and any other law to the contrary, the commissioner of revenue may take whatever actions the commissioner deems necessary to pay the rebates required by this section, and may, in consultation with the commissioner of finance and the state treasurer, contract with a private vendor or vendors to process, print, and mail the rebate checks or warrants required under this section and receive and disburse state funds to pay those checks or warrants.

(r) The commissioner may pay rebates required by this section by electronic funds transfer to individuals who requested that their 1998 individual income tax refund be paid through electronic funds transfer. The commissioner may make the electronic funds transfer payments to the same financial institution and into the same account as the 1998 individual income tax refund.

Sec. 3. [APPROPRIATIONS.]

$1,257,000 is appropriated from the general fund to the commissioner of revenue to administer the sales tax rebate for fiscal year 1999. Any unencumbered balance remaining on June 30, 1999, does not cancel but is available for expenditure by the commissioner of revenue until June 30, 2001. This is a one-time appropriation and may not be added to the agency's budget base.

Sec. 4. [EFFECTIVE DATE.]

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

ARTICLE 2

INCOME AND FRANCHISE TAXES

Section 1. Minnesota Statutes 1998, section 16D.09, is amended to read:

16D.09 [UNCOLLECTIBLE DEBTS.]

Subdivision 1. [GENERALLY.] When a debt is determined by a state agency to be uncollectible, the debt may be written off by the state agency from the state agency's financial accounting records and no longer recognized as an account receivable for financial reporting purposes. A debt is considered to be uncollectible when (1) all reasonable collection efforts have been exhausted, (2) the cost of further collection action will exceed the amount recoverable, (3) the debt is legally without merit or cannot be substantiated by evidence, (4) the debtor cannot be located, (5) the available assets or income, current or anticipated, that may be available for payment of the debt are insufficient, (6) the debt has been discharged in bankruptcy, (7) the applicable statute of limitations for collection of the debt has expired, or (8) it is not in the public interest to pursue collection of the debt. The determination of the uncollectibility of a debt must be reported by the state agency along with the basis for that decision as part of its quarterly reports to the commissioner of finance. Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt, except in the case of a debt related to a tax liability that is canceled by the department of revenue.

Subd. 2. [NOTIFICATION OF ACTION BY DEPARTMENT OF REVENUE.] When the department of revenue has determined that a debt is uncollectible and has written off that debt as provided in subdivision 1, the commissioner of revenue must make a reasonable attempt to notify the debtor of that action and of the release of any liens imposed under section 270.69 related to that debt, within 30 days after the determination has been reported to the commissioner of finance.

Sec. 2. Minnesota Statutes 1998, section 290.01, subdivision 7, is amended to read:

Subd. 7. [RESIDENT.] The term "resident" means (1) any individual domiciled in Minnesota, except that an individual is not a "resident" for the period of time that the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code, if the qualified individual notifies the county within three months of moving out of the country that homestead status be revoked for the Minnesota residence of the qualified individual, and the property is not classified as a homestead while the individual remains a qualified individual; and (2) any individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless the individual or the spouse of the individual is in the armed forces of the United States, or the individual is covered under the reciprocity provisions in section 290.081.

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. Individuals shall keep adequate records to substantiate the days spent outside the state.

The term "abode" means a dwelling maintained by an individual, whether or not owned by the individual and whether or not occupied by the individual, and includes a dwelling place owned or leased by the individual's spouse.

Neither the commissioner nor any court shall consider charitable contributions made by an individual within or without the state in determining if the individual is domiciled in Minnesota.

Sec. 3. Minnesota Statutes 1998, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute, and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code, making the payment; and

(iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;

(2) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income tax is the last itemized deduction disallowed;

(3) the capital gain amount of a lump sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law Number 99-514, applies;

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

~~(5) the amount of loss or expense included in federal taxable income under section 1366 of the Internal Revenue Code flowing from a corporation that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code, but which is not allowed to be an "S" corporation under section 290.9725;~~

~~(6) the amount of any distributions in cash or property made to a shareholder during the taxable year by a corporation that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code, but which is not allowed to be an "S" corporation under section 290.9725 to the extent not already included in federal taxable income under section 1368 of the Internal Revenue Code;~~

~~(7) in the year stock of a corporation that had made a valid election under section 1362 of the Internal Revenue Code but was not an "S" corporation under section 290.9725 is sold or disposed of in a transaction taxable under the Internal Revenue Code, the amount of difference between the Minnesota basis of the stock under subdivision 19f, paragraph (m), and the federal basis if the Minnesota basis is lower than the shareholder's federal basis;~~

~~(8)~~ (5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10; and

~~(9)~~ (6) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code.

Sec. 4. Minnesota Statutes 1998, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the credit allowed under section 290.0674, not to exceed $1,625 for each ~~dependent~~ qualifying child in grades kindergarten to 6 and $2,500 for each ~~dependent~~ qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each ~~dependent~~ qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) contributions made in taxable years beginning after December 31, 1981, and before January 1, 1985, to ~~the extent included in federal taxable income, distributions from~~ a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person ~~that represent a return of contributions~~ that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. ~~The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted~~, less any amount allowed to be subtracted as a distribution under this subdivision or a predecessor provision in taxable years that began before January 1, 2000. This subtraction applies only ~~to contributions made in a taxable year prior to 1985~~ for taxable years beginning after December 31, 1999, and before January 1, 2001;

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g;

(7) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(8) to the extent not deducted in determining federal taxable income, the amount paid for health insurance of self-employed individuals as determined under section 162(l) of the Internal Revenue Code, except that the ~~25~~ percent limit does not apply. If the taxpayer deducted insurance payments under section 213 of the Internal Revenue Code of 1986, the subtraction under this clause must be reduced by the lesser of:

(i) the total itemized deductions allowed under section 63(d) of the Internal Revenue Code, less state, local, and foreign income taxes deductible under section 164 of the Internal Revenue Code and the standard deduction under section 63(c) of the Internal Revenue Code; or

(ii) the lesser of (A) the amount of insurance qualifying as "medical care" under section 213(d) of the Internal Revenue Code to the extent not deducted under section 162(l) of the Internal Revenue Code or excluded from income or (B) the total amount deductible for medical care under section 213(a);

(9) the exemption amount allowed under Laws 1995, chapter 255, article 3, section 2, subdivision 3;

(10) to the extent included in federal taxable income, postservice benefits for youth community service under section 124D.42 for volunteer service under United States Code, title 42, section 5011(d), as amended;

~~(11) to the extent not subtracted under clause (1), the amount of income or gain included in federal taxable income under section 1366 of the Internal Revenue Code flowing from a corporation that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code which is not allowed to be an "S" corporation under section 290.9725;~~

~~(12) in the year stock of a corporation that had made a valid election under section 1362 of the Internal Revenue Code but was not an "S" corporation under section 290.9725 is sold or disposed of in a transaction taxable under the Internal Revenue Code, the amount of difference between the Minnesota basis of the stock under subdivision 19f, paragraph (m), and the federal basis if the Minnesota basis is higher than the shareholder's federal basis; and~~

~~(13) an amount equal to an individual's, trust's, or estate's net federal income tax liability for the tax year that is attributable to items of income, expense, gain, loss, or credits federally flowing to the taxpayer in the tax year from a corporation, having a valid election in effect for federal tax purposes under section 1362 of the Internal Revenue Code but not treated as an "S" corporation for state tax purposes under section 290.9725.~~

(11) to the extent not deducted in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code over $500; and

(12) to the extent included in federal taxable income, holocaust victims' settlement payments for any injury incurred as a result of the holocaust, if received by an individual who was persecuted for racial or religious reasons by Nazi Germany or any other Axis regime or an heir of such a person.

Sec. 5. Minnesota Statutes 1998, section 290.01, subdivision 19f, is amended to read:

Subd. 19f. [BASIS MODIFICATIONS AFFECTING GAIN OR LOSS ON DISPOSITION OF PROPERTY.] (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for federal income tax purposes except as set forth in paragraphs (f), (g), and (m). For corporations, the basis of property is its adjusted basis for federal income tax purposes, without regard to the time when the property became subject to tax under this chapter or to whether out-of-state losses or items of tax preference with respect to the property were not deductible under this chapter, except that the modifications to the basis for federal income tax purposes set forth in paragraphs (b) to (j) are allowed to corporations, and the resulting modifications to federal taxable income must be made in the year in which gain or loss on the sale or other disposition of property is recognized.

(b) The basis of property shall not be reduced to reflect federal investment tax credit.

(c) The basis of property subject to the accelerated cost recovery system under section 168 of the Internal Revenue Code shall be modified to reflect the modifications in depreciation with respect to the property provided for in subdivision 19e. For certified pollution control facilities for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, the basis of the property must be increased by the amount of the amortization deduction not previously allowed under this chapter.

(d) For property acquired before January 1, 1933, the basis for computing a gain is the fair market value of the property as of that date. The basis for determining a loss is the cost of the property to the taxpayer less any depreciation, amortization, or depletion, actually sustained before that date. If the adjusted cost exceeds the fair market value of the property, then the basis is the adjusted cost regardless of whether there is a gain or loss.

(e) The basis is reduced by the allowance for amortization of bond premium if an election to amortize was made pursuant to Minnesota Statutes 1986, section 290.09, subdivision 13, and the allowance could have been deducted by the taxpayer under this chapter during the period of the taxpayer's ownership of the property.

(f) For assets placed in service before January 1, 1987, corporations, partnerships, or individuals engaged in the business of mining ores other than iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

(g) For assets placed in service before January 1, 1990, corporations, partnerships, or individuals engaged in the business of mining iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

(h) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and 316(a)(1) of the Internal Revenue Code, the dates December 31, 1932, and January 1, 1933, shall be substituted for February 28, 1913, and March 1, 1913, respectively.

(i) In applying the provisions of section 362(a) and (c) of the Internal Revenue Code, the date December 31, 1956, shall be substituted for June 22, 1954.

(j) The basis of property shall be increased by the amount of intangible drilling costs not previously allowed due to differences between this chapter and the Internal Revenue Code.

(k) The adjusted basis of any corporate partner's interest in a partnership is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (b) to (j). The adjusted basis of a partnership in which the partner is an individual, estate, or trust is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (f) and (g).

(l) The modifications contained in paragraphs (b) to (j) also apply to the basis of property that is determined by reference to the basis of the same property in the hands of a different taxpayer or by reference to the basis of different property.

~~(m) If a corporation has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code, but is not allowed to be an "S" corporation under section 290.9725, and the corporation is liquidated or the individual shareholder disposes of the stock, the Minnesota basis in the shareholder's stock in the corporation shall be computed as if the corporation were not an "S" corporation for federal tax purposes.~~

Sec. 6. Minnesota Statutes 1998, section 290.01, subdivision 19g, is amended to read:

Subd. 19g. [ACRS MODIFICATION FOR INDIVIDUALS.] (a) An individual is allowed a subtraction from federal taxable income for the amount of accelerated cost recovery system deductions that were added to federal adjusted gross income in computing Minnesota gross income for taxable year 1981, 1982, 1983, or 1984 and that were not deducted in a ~~later~~ taxable year beginning before January 1, 2000. The deduction is allowed ~~beginning~~ in the first taxable year ~~after the entire allowable deduction for the property has been allowed under federal law or the first taxable year~~ beginning after December 31, ~~1987, whichever is later~~ 1999. The amount of the deduction ~~is computed by deducting~~ equals the amount added to federal adjusted gross income in computing Minnesota gross income, ~~(~~less any:

(1) deduction ~~allowed~~ allowable under Minnesota Statutes 1986, section 290.01, subdivision 20f~~) in equal annual amounts over five years.~~; and

(2) amount allowable as a subtraction under this subdivision in a taxable year beginning before January 1, 2000.

This paragraph does not apply to property that was sold or exchanged in a taxable year beginning before January 1, 2001.

(b) In the event of a sale or exchange of the property occurring during a taxable year beginning after December 31, 1999, and before January 1, 2001, a deduction is allowed equal to the lesser of (1) the remaining amount that would be allowed as a deduction under paragraph (a) or (2) the amount of capital gain recognized and the amount of cost recovery deductions that were subject to recapture under sections 1245 and 1250 of the Internal Revenue Code of 1986 for the taxable year.

(c) In the case of a corporation treated as an "S" corporation under section 290.9725, the amount of the corporation's cost recovery allowances that have been deducted in computing federal tax, but have been added to federal taxable income or not deducted in computing tax under this chapter as a result of the application of subdivision 19e, paragraphs (a) and (c) or Minnesota Statutes 1986, section 290.09, subdivision 7, is allowed as a deduction to the shareholders under the provisions of paragraph (a).

Sec. 7. Minnesota Statutes 1998, section 290.01, is amended by adding a subdivision to read:

Subd. 32. [HOLOCAUST SETTLEMENT PAYMENTS.] "Holocaust victims' settlement payments" means:

(1) a payment received as a result of settlement of the action entitled In re Holocaust Victims' Asset Litigation, in United States district court for the eastern district of New York, C.A. No. 96-4849;

(2) any amount received under the German Act Regulating Unresolved Property Claims or any other foreign law providing for payments for holocaust claims; and

(3) a payment received as a result of the settlement of a holocaust claim not described in clause (1) or (2), including an insurance claim, a claim relating to looted art or financial assets, and a claim relating to slave labor wages.

Sec. 8. Minnesota Statutes 1998, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

(1) On the first ~~$19,910~~ $25,220, ~~6~~ 5.5 percent;

(2) On all over ~~$19,910~~ $25,220, but not over ~~$79,120~~ $100,200, ~~8~~ 7.25 percent;

(3) On all over ~~$79,120~~ $100,200, ~~8.5~~ 8 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

(1) On the first ~~$13,620~~ $17,250, ~~6~~ 5.5 percent;

(2) On all over ~~$13,620~~ $17,250, but not over ~~$44,750~~ $56,680, ~~8~~ 7.25 percent;

(3) On all over ~~$44,750~~ $56,680, ~~8.5~~ 8 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

(1) On the first ~~$16,770~~ $21,240, ~~6~~ 5.5 percent;

(2) On all over ~~$16,770~~ $21,240, but not over ~~$67,390~~ $85,350, ~~8~~ 7.25 percent;

(3) On all over ~~$67,390~~ $85,350, ~~8.5~~ 8 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than $100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to $1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code ~~disregarding income or loss flowing from a corporation having a valid election for the taxable year under section 1362 of the Internal Revenue Code but which is not an "S" corporation under section 290.9725~~ and increased by the additions required under section 290.01, subdivision 19a, clauses (1) and ~~(9)~~ (6), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in section 290.01, subdivision 19a, clauses (1)~~, (5), (6), (7),~~ and ~~(9)~~ (6), and reduced by the amounts specified in section 290.01, subdivision 19b, ~~clauses~~ clause (1)~~, (11), and (12)~~.

Sec. 9. Minnesota Statutes 1998, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] (a) For taxable years beginning after December 31, ~~1991~~ 1999, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, ~~1990~~ 1998, and before January 1, ~~1992~~ 2000. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest $10 amount. If the rate bracket ends in $5, it must be rounded up to the nearest $10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1990~~ 1998" shall be substituted for the word "~~1987~~ 1992." For ~~1991~~ 2000, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1990~~ 1998, to the 12 months ending on August 31, ~~1991~~ 1999, and in each subsequent year, from the 12 months ending on August 31, ~~1990~~ 1998, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

Sec. 10. Minnesota Statutes 1998, section 290.06, is amended by adding a subdivision to read:

Subd. 26. [BANK S CORPORATIONS.] A shareholder of an S corporation subject to tax under section 290.9725, clause (2), is allowed a credit against the tax imposed under this chapter. The credit equals 80 percent of the tax apportioned to the shareholder under section 290.9726, subdivision 7, for the taxable year.

Sec. 11. Minnesota Statutes 1998, section 290.06, is amended by adding a subdivision to read:

Subd. 27. [TAX PAID TO ANOTHER STATE; CORPORATIONS.] (a) A credit is allowed against the tax imposed under subdivision 1 for tax paid to another state based on net income. The credit must be claimed in a manner prescribed by the commissioner.

(b) The amount of the credit equals the amount of qualifying tax paid to the other state for the taxable year, multiplied by the taxpayer's apportionment percentage under section 290.191. If the item of income or gain is assigned to Minnesota as nonbusiness income, the entire amount of the qualifying tax is allowed as a credit. The maximum amount of the credit is limited to the tax liability under subdivision 1 for the taxable year and, in no case, may the credit exceed the reduction in the amount of tax under subdivision 1 if the item of income or gain were excluded from net income.

(c) For purposes of this subdivision, "qualifying tax" means the amount of tax paid to another state on an item of income or gain for the taxable year, if:

(1) the law of another state requires and the taxpayer assigns the entire amount of the income or gain to one other state; and

(2) the income or gain is included in the measure of the exercise of the corporate franchise that is taxable under subdivision 1.

(d) The amount of tax paid to another state on an item of income or gain is the difference between the tax paid to the state and the amount of tax that would have been paid to the state if the item of income or gain had not been included in the net income of that state.

(e) The taxpayer must report to the commissioner of revenue any change in tax in the other state, the change in qualifying tax, and a copy of the final determination of the tax by the taxing authority of the other state. A taxpayer who claims the credit consents to extend the period of limitation for the commissioner to recompute the credit and reassess the tax due, including a refund, for a period of one year following a report by the taxpayer of a final determination of tax by the state in which the entire amount of income or gain is reported, notwithstanding any period of limitations to the contrary, or within any applicable period of limitations, whichever is longer. If a taxpayer fails to report as required by this paragraph, the commissioner may recompute the tax, including a refund, based on the information available to the commissioner. The tax may be recomputed within six years after the report should have been filed, notwithstanding any period of limitations to the contrary.

Sec. 12. Minnesota Statutes 1998, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] (a) An individual is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals 1.1475 percent of the first $4,460 of earned income. The credit is reduced by 1.1475 percent of earned income or modified adjusted gross income, whichever is greater, in excess of $5,570, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals ~~6.8~~ 7.45 percent of the first $6,680 of earned income and 8.5 percent of earned income over $11,650 but less than $12,990. The credit is reduced by ~~4.77~~ 5.13 percent of earned income or modified adjusted gross income, whichever is greater, in excess of $14,560, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals ~~eight~~ 8.8 percent of the first $9,390 of earned income and 20 percent of earned income over $14,350 but less than $16,230. The credit is reduced by ~~8.8~~ 9.38 percent of earned income or modified adjusted gross income, whichever is greater, in excess of $17,280, but in no case is the credit less than zero.

(e) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(f) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income.

(g) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

Sec. 13. Minnesota Statutes 1998, section 290.0674, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter in an amount equal to the amount paid for education-related expenses for a ~~dependent~~ qualifying child in kindergarten through grade 12. For purposes of this section, "education-related expenses" means:

(1) fees or tuition for instruction by an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5), or by a member of the Minnesota music teachers association, for instruction outside the regular school day or school year, including tutoring, driver's education offered as part of school curriculum, regardless of whether it is taken from a public or private entity or summer camps, in grade or age appropriate curricula that supplement curricula and instruction available during the regular school year, that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the graduation rule under section 120B.02 and that do not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

(2) expenses for textbooks, including books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(3) a maximum expense of $200 per family for personal computer hardware, excluding single purpose processors, and educational software that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the graduation rule under section 120B.02 purchased for use in the taxpayer's home and not used in a trade or business regardless of whether the computer is required by the dependent's school; and

(4) the amount paid to others for transportation of a ~~dependent~~ qualifying child attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363.

For purposes of this section, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code.

Sec. 14. Minnesota Statutes 1998, section 290.0674, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS.] (a) For claimants with income not greater than $33,500, the maximum credit allowed is $1,000 per qualifying child and $2,000 per family. No credit is allowed for education-related expenses for claimants with income greater than ~~$33,500~~ $37,500. The maximum credit per child is reduced by $1 for each $4 of household income over $33,500, and the maximum credit per family is reduced by $2 for each $4 of household income over $33,500, but in no case is the credit less than zero.

For purposes of this section "income" has the meaning given in section 290.067, subdivision 2a. In the case of a married claimant, a credit is not allowed unless a joint income tax return is filed.

(b) For a nonresident or part-year resident, the credit determined under subdivision 1 and the maximum credit amount in paragraph (a) must be allocated using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

Sec. 15. [290.0675] [MARRIAGE PENALTY CREDIT.]

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

(b) "Earned income" means earned income as defined in section 32(c)(2) of the Internal Revenue Code.

(c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

(d) "Earned income of lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income as defined in paragraph (b) for the taxable year.

Subd. 2. [CREDIT ALLOWED.] A married couple filing a joint return is allowed a credit against the tax imposed under section 290.06.

The minimum taxable income for the married couple to be eligible for the credit is $25,000, and the minimum earned income in order for the couple to be eligible for the credit is $14,000 for each spouse.

Subd. 3. [CREDIT AMOUNT.] The credit amount is as shown in the table in this subdivision, based on the couple's taxable income for the tax year and on the earned income of the lesser-earning spouse.

Earned Income of Lesser Earning Spouse	Credit For Taxable Income $25,000-$99,999	Credit For Taxable Income $100,000-over
$14,000 - $14,999	$ 9	$ 0
$15,000 - $15,999	$ 27	$ 0
$16,000 - $16,999	$ 44	$ 0
$17,000 - $17,999	$ 62	$ 0
$18,000 - $18,999	$ 79	$ 0
$19,000 - $19,999	$ 97	$ 0
$20,000 - $20,999	$114	$ 0
$21,000 - $21,999	$132	$ 0
$22,000 - $22,999	$149	$ 0
$23,000 - $23,999	$162	$ 0
$24,000 - $24,999	$162	$ 0
$25,000 - $25,999	$162	$ 0
$26,000 - $26,999	$162	$ 0
$27,000 - $27,999	$162	$ 0
$28,000 - $28,999	$162	$ 9
$29,000 - $29,999	$162	$ 16
$30,000 - $30,999	$162	$ 24
$31,000 - $31,999	$162	$ 31
$32,000 - $32,999	$162	$ 39
$33,000 - $33,999	$162	$ 46
$34,000 - $34,999	$162	$ 54
$35,000 - $35,999	$162	$ 61
$36,000 - $36,999	$162	$ 69
$37,000 - $37,999	$162	$ 76
$38,000 - $38,999	$162	$ 84
$39,000 - $39,999	$162	$ 91

$40,000 - $40,999	$162	$ 99
$41,000 - $41,999	$162	$106
$42,000 - $42,999	$162	$114
$43,000 - $43,999	$162	$121
$44,000 - $44,999	$162	$129
$45,000 - $45,999	$162	$136
$46,000 - $46,999	$162	$144
$47,000 - $47,999	$162	$151
$48,000 - $48,999	$162	$159
$49,000 - $49,999	$162	$166
$50,000 - $50,999	$162	$174
$51,000 - $51,999	$162	$181
$52,000 - $52,999	$162	$189
$53,000 - $53,999	$162	$196
$54,000 - $54,999	$162	$204
$55,000 - $55,999	$162	$211
$56,000 - $56,999	$162	$219
$57,000 - $57,999	$162	$226
$58,000 - $58,999	$162	$234
$59,000 - $59,999	$162	$241
$60,000 - $60,999	$162	$249
$61,000 - $61,999	$162	$256
$62,000 and over	$162	$261

Subd. 4. [NONRESIDENTS AND PART-YEAR RESIDENTS.] For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 5. [INFLATION ADJUSTMENT.] The dollar amount of earned income of the lesser-earning spouse, taxable income, and marriage penalty credit in the table in subdivision 3 must be adjusted for inflation. The commissioner shall adjust the amounts by the percentage determined under section 290.06, subdivision 2d, for the taxable year.

Sec. 16. Minnesota Statutes 1998, section 290.091, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION OF TAX.] In addition to all other taxes imposed by this chapter a tax is imposed on individuals, estates, and trusts equal to the excess (if any) of

(a) an amount equal to ~~seven~~ 6.5 percent of alternative minimum taxable income after subtracting the exemption amount, over

(b) the regular tax for the taxable year.

Sec. 17. Minnesota Statutes 1998, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the Minnesota charitable contribution deduction;

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction; ~~and~~

(iv) the impairment-related work expenses of a disabled person; and

(v) holocaust victims' settlement payments to the extent allowed under section 290.01, subdivision 19b; and

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1);

~~(6) amounts added to federal taxable income as provided by section 290.01, subdivision 19a, clauses (5), (6), and (7);~~

less the sum of the amounts determined under the following ~~clauses (1) to (4)~~:

(1) interest income as defined in section 290.01, subdivision 19b, clause (1);

(2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income; and

(3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income~~; and~~.

~~(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (11) and (12).~~

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Tentative minimum tax" equals ~~seven~~ 6.5 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Net minimum tax" means the minimum tax imposed by this section.

(f) "Minnesota charitable contribution deduction" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses (a) to (e). When the federal deduction for charitable contributions is limited under section 170(b) of the Internal Revenue Code, the allowable contributions in the year of contribution are deemed to be first contributions to entities described in section 290.21, subdivision 3, clauses (a) to (e).

Sec. 18. Minnesota Statutes 1998, section 290.091, subdivision 6, is amended to read:

Subd. 6. [CREDIT FOR PRIOR YEARS' LIABILITY.] (a) A credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for the taxable year of

(1) the regular tax, over

(2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

(b) The adjusted net minimum tax for a taxable year equals the lesser of the net minimum tax or the excess (if any) of

(1) the tentative minimum tax, over

(2) ~~seven~~ 6.5 percent of the sum of

(i) adjusted gross income as defined in section 62 of the Internal Revenue Code,

(ii) interest income as defined in section 290.01, subdivision 19a, clause (1),

(iii) ~~the amount added to federal taxable income as provided by section 290.01, subdivision 19a, clauses (5), (6), and (7),~~

~~(iv)~~ interest on specified private activity bonds, as defined in section 57(a)(5) of the Internal Revenue Code, to the extent not included under clause (ii),

~~(v)~~ (iv) depletion as defined in section 57(a)(1), determined without regard to the last sentence of paragraph (1), of the Internal Revenue Code, less

~~(vi)~~ (v) the deductions allowed in computing alternative minimum taxable income provided in subdivision 2, paragraph (a), clause (2) of the first series of clauses and clauses (1), (2), and (3)~~, and (4)~~ of the second series of clauses, and

~~(vii)~~ (vi) the exemption amount determined under subdivision 3.

In the case of an individual who is not a Minnesota resident for the entire year, adjusted net minimum tax must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax must be multiplied by the fraction defined under subdivision 4, paragraph (b).

Sec. 19. Minnesota Statutes 1998, section 290.0921, subdivision 5, is amended to read:

Subd. 5. [CHARITABLE CONTRIBUTIONS.] (a) A deduction from alternative minimum taxable net income is allowed equal to the contributions subject to the deduction for charitable contributions under section 290.21, subdivision 3, without application of the limitation in section 290.21, subdivision 3. The deduction allowable for capital gain property is limited to the adjusted basis of the property as defined in section 290.01, subdivision 19f. The term capital gain property has the meaning given by section 170(b)(1)(C)(iv) of the Internal Revenue Code, but does not include property to which an election under section 170(b)(1)(C)(iii) of the Internal Revenue Code applies.

(b) The amount of the deduction may not exceed 15 percent of alternative minimum taxable net income less the deduction allowed under subdivision 6.

Sec. 20. Minnesota Statutes 1998, section 290.095, subdivision 3, is amended to read:

Subd. 3. [CARRYOVER.] (a) A net operating loss incurred in a taxable year: (i) beginning after December 31, 1986, shall be a net operating loss carryover to each of the 15 taxable years following the taxable year of such loss; (ii) beginning before January 1, 1987, shall be a net operating loss carryover to each of the five taxable years following the taxable year of such loss subject to the provisions of Minnesota Statutes 1986, section 290.095; and (iii) beginning before January 1, 1987, shall be a net operating loss carryback to each of the three taxable years preceding the loss year subject to the provisions of Minnesota Statutes 1986, section 290.095.

(b) The entire amount of the net operating loss for any taxable year shall be carried to the earliest of the taxable years to which such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable net income, adjusted by the modifications specified in subdivision 4, for each of the taxable years to which such loss may be carried.

(c) Where a corporation ~~does business both within and without Minnesota, and~~ apportions its income under the provisions of section 290.191, the net operating loss deduction incurred in any taxable year shall be allowed to the extent of the apportionment ratio of the loss year.

(d) The provisions of sections 381, 382, and 384 of the Internal Revenue Code apply to carryovers in certain corporate acquisitions and special limitations on net operating loss carryovers. The limitation amount determined under section 382 shall be applied to net income, before apportionment, in each post change year to which a loss is carried.

Sec. 21. Minnesota Statutes 1998, section 290.17, subdivision 3, is amended to read:

Subd. 3. [TRADE OR BUSINESS INCOME; GENERAL RULE.] All income of a trade or business is subject to apportionment except nonbusiness income. Income derived from carrying on a trade or business must be assigned to this state if the trade or business is conducted wholly within this state, assigned outside this state if conducted wholly without this state and apportioned between this state and other states and countries under this subdivision if conducted partly within and partly without this state. For purposes of determining whether a trade or business is carried on exclusively within or without this state:

(a) A trade or business physically located exclusively within this state is nevertheless carried on partly within and partly without this state if any of the principles set forth in section 290.191 for the allocation of sales or receipts within or without this state when applied to the taxpayer's situation result in the allocation of any sales or receipts without this state.

(b) A trade or business physically located exclusively without this state is nevertheless carried on partly within and partly without this state if any of the principles set forth in section 290.191 for the allocation of sales or receipts within or without this state when applied to the taxpayer's situation result in the allocation of any sales or receipts without this state. The jurisdiction to tax such a business under this chapter must be determined in accordance with sections 290.014 and 290.015.

Sec. 22. Minnesota Statutes 1998, section 290.17, subdivision 4, is amended to read:

Subd. 4. [UNITARY BUSINESS PRINCIPLE.] (a) If a trade or business conducted wholly within this state or partly within and partly without this state is part of a unitary business, the entire income of the unitary business is subject to apportionment pursuant to section 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is considered to be derived from any particular source and none may be allocated to a particular place except as provided by the applicable apportionment formula. The provisions of this subdivision do not apply to ~~farm income subject to subdivision 5, paragraph (a),~~ business income subject to subdivision 5, ~~paragraph (b) or (c),~~ income of an insurance company determined under section 290.35, or income of an investment company determined under section 290.36.

(b) The term "unitary business" means business activities or operations which ~~are of mutual benefit, dependent upon, or contributory to one another, individually or as a group~~ result in a flow of value between them. The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a sole proprietorship, a corporation, a partnership or a trust.

(c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity is also presumed when business activities or operations are of mutual benefit, dependent upon or contributory to one another, either individually or as a group.

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

(e) Unity of ownership is not deemed to exist when a corporation is involved unless that corporation is a member of a group of two or more business entities and more than 50 percent of the voting stock of each member of the group is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group. For this purpose, the term "voting stock" shall include membership interests of mutual insurance holding companies formed under section 60A.077.

(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign corporations and other foreign entities which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business. A foreign corporation or other foreign entity which is required to file a return under this chapter shall file on a separate return basis. The net income and apportionment factors under section 290.191 or 290.20 of foreign operating corporations shall not be included in the net income or the apportionment factors of the unitary business except as provided in paragraph (g).

(g) The adjusted net income of a foreign operating corporation shall be deemed to be paid as a dividend on the last day of its taxable year to each shareholder thereof, in proportion to each shareholder's ownership, with which such corporation is engaged in a unitary business. Such deemed dividend shall be treated as a dividend under section 290.21, subdivision 4.

Dividends actually paid by a foreign operating corporation to a corporate shareholder which is a member of the same unitary business as the foreign operating corporation shall be eliminated from the net income of the unitary business in preparing a combined report for the unitary business. The adjusted net income of a foreign operating corporation shall be its net income adjusted as follows:

(1) any taxes paid or accrued to a foreign country, the commonwealth of Puerto Rico, or a United States possession or political subdivision of any of the foregoing shall be a deduction; and

(2) the subtraction from federal taxable income for payments received from foreign corporations or foreign operating corporations under section 290.01, subdivision 19d, clause (11), shall not be allowed.

If a foreign operating corporation incurs a net loss, neither income nor deduction from that corporation shall be included in determining the net income of the unitary business.

(h) For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of domestic corporations or other domestic entities other than foreign operating corporations that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that foreign corporations or other foreign entities might be included in the unitary business.

(i) Deductions for expenses, interest, or taxes otherwise allowable under this chapter that are connected with or allocable against dividends, deemed dividends described in paragraph (g), or royalties, fees, or other like income described in section 290.01, subdivision 19d, clause (11), shall not be disallowed.

(j) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph (h) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph (h) in the denominators of the apportionment formula.

(k) If a corporation has been divested from a unitary business and is included in a combined report for a fractional part of the common accounting period of the combined report:

(1) its income includable in the combined report is its income incurred for that part of the year determined by proration or separate accounting; and

(2) its sales, property, and payroll included in the apportionment formula must be prorated or accounted for separately.

Sec. 23. Minnesota Statutes 1998, section 290.17, subdivision 6, is amended to read:

Subd. 6. [NONBUSINESS INCOME.] ~~For a trade or business for which allocation of income within and without this state is required, if the taxpayer has any income not connected with the trade or business carried on partly within and partly without this state that income must be allocated under subdivision 2. Intangible property is employed in a trade or business if the owner of the property holds it as a means of furthering the trade or business.~~ Nonbusiness income is income of the trade or business that cannot be apportioned by this state because of the United States Constitution or the constitution of the state of Minnesota and includes income that cannot constitutionally be apportioned to this state because it is derived from a capital transaction that solely serves an investment function. Nonbusiness income must be allocated under subdivision 2.

Sec. 24. Minnesota Statutes 1998, section 290.191, subdivision 2, is amended to read:

Subd. 2. [APPORTIONMENT FORMULA OF GENERAL APPLICATION.] Except for those trades or businesses required to use a different formula under subdivision 3 or section 290.35 or 290.36, and for those trades or businesses that receive permission to use some other method under section 290.20 or under subdivision 4, a trade or business required to apportion its net income must apportion its income to this state on the basis of the percentage obtained by taking the sum of:

(1) ~~70~~ 75 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period~~;~~

(2) ~~15~~ 12.5 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and

(3) ~~15~~ 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

Sec. 25. Minnesota Statutes 1998, section 290.191, subdivision 3, is amended to read:

Subd. 3. [APPORTIONMENT FORMULA FOR FINANCIAL INSTITUTIONS.] Except for an investment company required to apportion its income under section 290.36, a financial institution that is required to apportion its net income must apportion its net income to this state on the basis of the percentage obtained by taking the sum of:

(1) ~~70~~ 75 percent of the percentage which the receipts from within this state in connection with the trade or business during the tax period are of the total receipts in connection with the trade or business during the tax period, from wherever derived;

(2) ~~15~~ 12.5 percent of the percentage which the sum of the total tangible property used by the taxpayer in this state and the intangible property owned by the taxpayer and attributed to this state in connection with the trade or business during the tax period is of the sum of the total tangible property, wherever located, used by the taxpayer and the intangible property owned by the taxpayer and attributed to all states in connection with the trade or business during the tax period; and

(3) ~~15~~ 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

Sec. 26. Minnesota Statutes 1998, section 290.9725, is amended to read:

290.9725 [S CORPORATION.]

For purposes of this chapter, the term "S corporation" means any corporation having a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code~~, except that a corporation which either:~~

~~(1) is a financial institution to which either section 585 or section 593 of the Internal Revenue Code applies; or~~

~~(2) has a wholly owned subsidiary as described in section 1361(b)(3)(B) of the Internal Revenue Code which is a financial institution as described above~~

~~is not an "S" corporation for the purposes of this chapter~~. An S corporation shall not be subject to the taxes imposed by this chapter, except:

(1) the taxes imposed under sections 290.0922, 290.92, 290.9727, 290.9728, and 290.9729; and

(2) the tax under sections 290.06, subdivision 1, and 290.0921 apply to a financial institution to which either section 585 or 593 of the Internal Revenue Code applies or that has a wholly owned subsidiary as described in section 1361(b)(3)(B) of the Internal Revenue Code which is a financial institution under section 585 or 593 of the Internal Revenue Code.

Sec. 27. Minnesota Statutes 1998, section 290.9726, is amended by adding a subdivision to read:

Subd. 7. [FINANCIAL INSTITUTIONS.] An S corporation that is subject to the tax under section 290.9725, clause (2), must report to each shareholder an apportionment of the S corporation's tax obligation for the taxable year for purposes of the credit under section 290.06, subdivision 26. The apportionment to a shareholder must be made in proportion to the amount of taxable income of the S corporation apportioned to the shareholder.

Sec. 28. Minnesota Statutes 1998, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code; and

(xii) nontaxable scholarship or fellowship grants.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(2) "Income" does not include:

(a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter; ~~or~~

(e) child support payments received under a temporary or final decree of dissolution or legal separation; or

(f) holocaust settlement payments as defined in section 290.01, subdivision 32.

(3) The sum of the following amounts may be subtracted from income:

(a) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(b) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(c) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(e) for the claimant's fifth dependent, the exemption amount; and

(f) if the claimant or claimant's spouse was disabled or attained the age of 65 on or before December 31 of the year for which the taxes were levied or rent paid, the exemption amount.

For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code for the taxable year for which the income is reported.

Sec. 29. [NONBUSINESS INCOME; PRE-1999 TAX YEARS.]

If all items of income, gain, or loss are reported by a taxpayer as business income or loss on an original or amended return for a tax year to which this section applies, the commissioner of revenue shall not adjust the tax liability for that tax year, or for any other tax year affected by a carryover from that tax year, by treating any of the items as nonbusiness income or loss under Minnesota Statutes, section 290.17, subdivision 6. Any adjustment treating an item as nonbusiness income or loss ordered by the commissioner before the effective date of this section must be reversed if the order is subject to administrative or judicial challenge on the effective date and such a challenge is timely filed. The reporting of any item as nonbusiness income, gain, or loss does not preclude the application of this section if the taxpayer may not constitutionally be required to treat the item as business income, gain, or loss.

Sec. 30. [BANK S CORPORATION SHAREHOLDERS; ALTERNATIVE MINIMUM TAX.]

For taxable years beginning after December 31, 1997, and before January 1, 1999, a taxpayer is allowed a deduction in computing alternative minimum taxable income under Minnesota Statutes 1998, section 290.091, subdivision 2, paragraph (a), equal to the amount of the subtraction under Minnesota Statutes 1998, section 290.01, subdivision 19b, clause (13).

Sec. 31. [APPROPRIATION.]

(a) $100,000 is appropriated from the general fund to the commissioner of revenue to make grants to one or more nonprofit organizations, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services. In making grants under this appropriation, the commissioner shall give preference to organizations that will use the grants to attract new and train new and existing volunteers to provide taxpayer assistance. This appropriation is available for fiscal years 2000 and 2001 and does not become a part of the base.

(b) "Taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the department of revenue and the Internal Revenue Service.

Sec. 32. [EFFECTIVE DATE.]

(a) Section 1 applies to claims written off after June 30, 1999.

(b) Section 2 is intended to clarify rather than to change the definition of resident and is effective for all examinations, claims for refund, administrative appeals, and court proceedings that are pending or begin on or after the day following final enactment.

(c) Except as otherwise provided, sections 3 to 5, 7 to 11, 13 to 18, 21, 22, the changes to clauses (b), (c), and (j), 23, and 26 to 28 are effective for tax years beginning after December 31, 1998. The provisions substituting qualifying child for dependent in sections 4 and 13 are effective for taxable years beginning after December 31, 1999.

(d) Section 4, clause (4), and section 6 are effective for taxable years beginning after December 31, 1999.

(e) Section 12, clause (g), is effective for tax years beginning after December 31, 1997. The rest of section 12 is effective for taxable years beginning after December 31, 1998.

(f) Sections 19, 20, and 22, the changes to clause (a), are effective for tax years beginning on or after the day following final enactment.

(g) Sections 24 and 25 are effective for taxable years beginning after December 31, 2000.

(h) Section 29 is effective on the day after final enactment and applies to tax years beginning before January 1, 1999.

(i) Section 30 is effective for tax years after December 31, 1997, and beginning before January 1, 1999.

(j) Section 31 is effective the day following final enactment.

ARTICLE 3

FEDERAL UPDATE

Section 1. Minnesota Statutes 1998, section 289A.02, subdivision 7, is amended to read:

Subd. 7. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1997~~ 1998.

Sec. 2. Minnesota Statutes 1998, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provisions of sections 1305, 1704(r), and 1704(e)(1) of the Small Business Job Protection Act, Public Law Number 104-188, and the provisions of sections 975 and 1604(d)(2) and (e) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, and the provisions of section 4004 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277 shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, and the provisions of sections 1702(g) and 1704(f)(2)(A) and (B) of the Small Business Job Protection Act, Public Law Number 104-188, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, and the provisions of sections 13224 and 13261 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

The provisions of section 13431 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they became effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

The provisions of sections 1936 and 1937 of the Comprehensive National Energy Policy Act of 1992, Public Law Number 102-486, the provisions of sections 13101, 13114, 13122, 13141, 13150, 13151, 13174, 13239, 13301, and 13442 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, and the provisions of section 1604(a)(1), (2), and (3) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1992, shall be in effect for taxable years beginning after December 31, 1992.

The provisions of sections 13116, 13121, 13206, 13210, 13222, 13223, 13231, 13232, 13233, 13239, 13262, and 13321 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, the provisions of sections 1703(a), 1703(d), 1703(i), 1703(l), and 1703(m) of the Small Business Job Protection Act, Public Law Number 104-188, and the provision of section 1604(c) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1993, shall be in effect for taxable years beginning after December 31, 1993.

The provision of section 741 of Legislation to Implement Uruguay Round of General Agreement on Tariffs and Trade, Public Law Number 103-465, the provisions of sections 1, 2, and 3, of the Self-Employed Health Insurance Act of 1995, Public Law Number 104-7, the provision of section 501(b)(2) of the Health Insurance Portability and Accountability Act, Public Law Number 104-191, the provisions of sections 1604 and 1704(p)(1) and (2) of the Small Business Job Protection Act, Public Law Number 104-188, and the provisions of sections 1011, 1211(b)(1), and 1602(f) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1994, shall be in effect for taxable years beginning after December 31, 1994.

The provisions of sections 1119(a), 1120, 1121, 1202(a), 1444, 1449(b), 1602(a), 1610(a), 1613, and 1805 of the Small Business Job Protection Act, Public Law Number 104-188, the provision of section 511 of the Health Insurance Portability and Accountability Act, Public Law Number 104-191, and the provisions of sections 1174 and 1601(i)(2) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through March 22, 1996, is in effect for taxable years beginning after December 31, 1995.

The provisions of sections 1113(a), 1117, 1206(a), 1313(a), 1402(a), 1403(a), 1443, 1450, 1501(a), 1605, 1611(a), 1612, 1616, 1617, 1704(l), and 1704(m) of the Small Business Job Protection Act, Public Law Number 104-188, the provisions of Public Law Number 104-117, ~~and~~ the provisions of sections 313(a) and (b)(1), 602(a), 913(b), 941, 961, 971, 1001(a) and (b), 1002, 1003, 1012, 1013, 1014, 1061, 1062, 1081, 1084(b), 1086, 1087, 1111(a), 1131(b) and (c), 1211(b), 1213, 1530(c)(2), 1601(f)(5) and (h), and 1604(d)(1) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, the provisions of section 6010 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, and the provisions of section 4003 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1996, shall be in effect for taxable years beginning after December 31, 1996.

The provisions of sections 202(a) and (b), 221(a), 225, 312, 313, 913(a), 934, 962, 1004, 1005, 1052, 1063, 1084(a) and (c), 1089, 1112, 1171, 1204, 1271(a) and (b), 1305(a), 1306, 1307, 1308, 1309, 1501(b), 1502(b), 1504(a), 1505, 1527, 1528, 1530, 1601(d), (e), (f), and (i) and 1602(a), (b), (c), and (e) of the Taxpayer Relief Act

of 1997, Public Law Number 105-34, the provisions of sections 6004, 6005, 6012, 6013, 6015, 6016, 7002, and 7003 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, and the provisions of section 3001 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1997, shall be in effect for taxable years beginning after December 31, 1997.

The provisions of sections 5002, 6009, 6011, and 7001 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, the provisions of section 9010 of the Transportation Equity Act for the 21st Century, Public Law Number 105-178, the provisions of sections 1004, 4002, and 5301 of the Omnibus Consolidation and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, and the provision of section 303 of the Ricky Ray Hemophilia Relief Fund Act of 1998, Public Law Number 105-369, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1998, shall be in effect for taxable years beginning after December 31, 1998.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 3. Minnesota Statutes 1998, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the credit allowed under section 290.0674, not to exceed $1,625 for each dependent in grades kindergarten to 6 and $2,500 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(4) to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted. This subtraction applies only to contributions made in a taxable year prior to 1985;

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g;

(7) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(8) to the extent not deducted in determining federal taxable income, the amount paid for health insurance of self-employed individuals as determined under section 162(l) of the Internal Revenue Code, except that the ~~25~~ percent limit does not apply. If the taxpayer deducted insurance payments under section 213 of the Internal Revenue Code of 1986, the subtraction under this clause must be reduced by the lesser of:

(i) the total itemized deductions allowed under section 63(d) of the Internal Revenue Code, less state, local, and foreign income taxes deductible under section 164 of the Internal Revenue Code and the standard deduction under section 63(c) of the Internal Revenue Code; or

(ii) the lesser of (A) the amount of insurance qualifying as "medical care" under section 213(d) of the Internal Revenue Code to the extent not deducted under section 162(1) of the Internal Revenue Code or excluded from income or (B) the total amount deductible for medical care under section 213(a);

(9) the exemption amount allowed under Laws 1995, chapter 255, article 3, section 2, subdivision 3;

(10) to the extent included in federal taxable income, postservice benefits for youth community service under section 124D.42 for volunteer service under United States Code, title 42, section 5011(d), as amended;

(11) to the extent not subtracted under clause (1), the amount of income or gain included in federal taxable income under section 1366 of the Internal Revenue Code flowing from a corporation that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code which is not allowed to be an "S" corporation under section 290.9725;

(12) in the year stock of a corporation that had made a valid election under section 1362 of the Internal Revenue Code but was not an "S" corporation under section 290.9725 is sold or disposed of in a transaction taxable under the Internal Revenue Code, the amount of difference between the Minnesota basis of the stock under subdivision 19f, paragraph (m), and the federal basis if the Minnesota basis is higher than the shareholder's federal basis; and

(13) an amount equal to an individual's, trust's, or estate's net federal income tax liability for the tax year that is attributable to items of income, expense, gain, loss, or credits federally flowing to the taxpayer in the tax year from a corporation, having a valid election in effect for federal tax purposes under section 1362 of the Internal Revenue Code but not treated as an "S" corporation for state tax purposes under section 290.9725.

Sec. 4. Minnesota Statutes 1998, section 290.01, subdivision 31, is amended to read:

Subd. 31. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1997~~ 1998.

Sec. 5. Minnesota Statutes 1998, section 290A.03, subdivision 15, is amended to read:

Subd. 15. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1997~~ 1998.

Sec. 6. Minnesota Statutes 1998, section 291.005, subdivision 1, is amended to read:

Subdivision 1. Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Federal gross estate" means the gross estate of a decedent as valued and otherwise determined for federal estate tax purposes by federal taxing authorities pursuant to the provisions of the Internal Revenue Code.

(2) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included therein which has its situs outside Minnesota and (b) including therein any property omitted from the federal gross estate which is includable therein, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(3) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(4) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota.

(5) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(6) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death.

(7) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(8) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through December 31, ~~1997~~ 1998.

Sec. 7. [EFFECTIVE DATES.]

Sections 1, 4, 5, and 6 are effective at the same time federal changes made by the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206 and the Omnibus Consolidation and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277 which are incorporated into Minnesota Statutes, chapters 289A, 290, 290A, and 291 by these sections become effective for federal tax purposes. Section 3 is effective for tax years beginning after December 31, 1998.

ARTICLE 4

SALES AND USE TAXES

Section 1. Minnesota Statutes 1998, section 289A.18, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX RETURNS.] (a) Sales and use tax returns must be filed on or before the 20th day of the month following the close of the preceding reporting period, except that annual use tax returns provided for under section 289A.11, subdivision 1, must be filed by April 15 following the close of the calendar year, in the case of individuals. Annual use tax returns of businesses, including sole proprietorships, and annual sales tax returns must be filed by February 5 following the close of the calendar year.

(b) Except for the return for the June reporting period, which is due on the following August 25, returns filed by retailers required to remit liabilities by means of funds transfer under section 289A.20, subdivision 4, paragraph (d), are due on or before the 25th day of the month following the close of the preceding reporting period.

(c) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than $500 per month in any quarter of a calendar year, and has substantially complied with the tax laws during the preceding four calendar quarters, the retailer may request authorization to file and pay the taxes quarterly in subsequent calendar quarters. The authorization remains in effect during the period in which the retailer's quarterly returns reflect sales and use tax liabilities of less than $1,500 and there is continued compliance with state tax laws.

(d) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than $100 per month during a calendar year, and has substantially complied with the tax laws during that period, the retailer may request authorization to file and pay the taxes annually in subsequent years. The authorization remains in effect during the period in which the retailer's annual returns reflect sales and use tax liabilities of less than $1,200 and there is continued compliance with state tax laws.

(e) The commissioner may also grant quarterly or annual filing and payment authorizations to retailers if the commissioner concludes that the retailers' future tax liabilities will be less than the monthly totals identified in paragraphs (c) and (d). An authorization granted under this paragraph is subject to the same conditions as an authorization granted under paragraphs (c) and (d).

(f) A taxpayer who is a materials supplier may report gross receipts either on:

(1) the cash basis as the consideration is received; or

(2) the accrual basis as sales are made.

As used in this paragraph, "materials supplier" means a person who provides materials for the improvement of real property; who is primarily engaged in the sale of lumber and building materials-related products to owners, contractors, subcontractors, repairers, or consumers; who is authorized to file a mechanics lien upon real property and improvements under chapter 514; and who files with the commissioner an election to file sales and use tax returns on the basis of this paragraph.

Sec. 2. Minnesota Statutes 1998, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of $120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit 75 percent of the estimated June liability to the commissioner.

(2) On or before August 14 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of $120,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the 14th day of the month following the month in which the taxable event occurred, or on or before the 14th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4, except for 75 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 14. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(d) If the vendor required to remit by electronic funds transfer as provided in paragraph (c) is unable due to reasonable cause to determine the actual sales and use tax due on or before the due date for payment, the vendor may remit an estimate of the tax owed using one of the following options:

(1) 100 percent of the tax reported on the previous month's sales and use tax return;

(2) 100 percent of the tax reported on the sales and use tax return for the same month in the previous calendar year; or

(3) 95 percent of the actual tax due.

Any additional amount of tax that is not remitted on or before the due date for payment, must be remitted with the return. If a vendor fails to remit the actual liability or does not remit using one of the estimate options by the due date for payment, the vendor must remit actual liability as provided in paragraph (c) in all subsequent periods. This paragraph does not apply to the June sales and use tax liability.

Sec. 3. Minnesota Statutes 1998, section 289A.56, subdivision 4, is amended to read:

Subd. 4. [CAPITAL EQUIPMENT REFUNDS; REFUNDS TO PURCHASERS.] Notwithstanding subdivision 3, for refunds payable under section 297A.15, subdivision 5, interest is computed from the date the refund claim is filed with the commissioner. For refunds payable under section 289A.50, subdivision 2a, interest is computed from the 20th day of the month following the month of the invoice date for the purchase which is the subject of the refund, if the refund claim includes a detailed schedule of purchases made during each of the periods in the claim. If the refund claim submitted does not contain a schedule reflecting purchases made in each period, interest is computed from the date the claim was filed.

Sec. 4. Minnesota Statutes 1998, section 297A.25, subdivision 9, is amended to read:

Subd. 9. [MATERIALS CONSUMED IN PRODUCTION.] The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced are exempt. Seeds, trees, fertilizers, and herbicides purchased for use by farmers in the Conservation Reserve Program under United States Code, title 16, section 590h, as amended through December 31, 1991, the Integrated Farm Management Program under section 1627 of Public Law Number 101-624, the Wheat and Feed Grain Programs under sections 301 to 305 and 401 to 405 of Public Law Number 101-624, and the conservation reserve program under sections 103F.505 to 103F.531, are included in this exemption. Sales to a veterinarian of materials used or consumed in the care, medication, and treatment of horses and agricultural production animals are exempt under this subdivision. Chemicals used for cleaning food processing machinery and equipment are included in this exemption. Materials, including chemicals, fuels, and electricity purchased by persons engaged in agricultural or industrial production to treat waste generated as a result of the production process are included in this exemption. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein. The following materials, tools, and equipment used in metalcasting are exempt under this subdivision: crucibles, thermocouple protection sheaths and tubes, stalk tubes, refractory materials, molten metal filters and filter boxes, and degassing lances. Electricity used to make snow for outdoor use for ski hills, ski slopes, or ski trails is included in this exemption. Petroleum and special fuels used in producing or generating power for propelling ready-mixed concrete trucks on the public highways of this state are not included in this exemption.

Sec. 5. Minnesota Statutes 1998, section 297A.25, subdivision 63, is amended to read:

Subd. 63. [HOSPITALS AND OUTPATIENT SURGICAL CENTERS.] (a) The gross receipts from the sale of tangible personal property to, and the storage, use, or consumption of such property by, a hospital are exempt, if the property purchased is to be used in providing hospital services to human beings. For purposes of this subdivision, "hospital" means a hospital organized and operated for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and licensed under chapter 144 or by any other jurisdiction. For purposes of this subdivision, "hospital services" ~~are~~ means services authorized or required to be performed by a ~~"hospital"~~ hospital under chapter 144 and ~~regulations~~ rules thereunder or under the applicable licensure law of any other jurisdiction. ~~This exemption does~~

(b) The gross receipts from the sale of tangible personal property to, and the storage, use, or consumption of such property by, an outpatient surgical center are exempt, if the property purchased is to be used in providing outpatient surgical services to human beings. For purposes of this subdivision, "outpatient surgical center" means an outpatient surgical center organized and operated for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and licensed under chapter 144 or by any other jurisdiction. For the purposes of this subdivision, "outpatient surgical services" means: (1) services authorized or required to be performed by an outpatient surgical center under chapter 144 and rules thereunder or under the applicable licensure law of any other jurisdiction; and (2) urgent care. For purposes of this subdivision, "urgent care" means health services furnished to a person whose medical condition is sufficiently acute to require treatment unavailable through, or inappropriate to be provided by, a clinic or physician's office, but not so acute as to require treatment in a hospital emergency room.

(c) These exemptions do not apply to purchases made by a clinic, physician's office, or any other medical facility not operating as a hospital or outpatient surgical center, even though the clinic, office, or facility may be owned and operated by a hospital or outpatient surgical center. Sales exempted by this subdivision do not include sales under section 297A.01, subdivision 3, paragraphs (c) and (e). ~~This exemption does~~ These exemptions do not apply to building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a hospital or outpatient surgical center. ~~This exemption does~~ These exemptions do not apply to construction materials to be used in constructing buildings or facilities which will not be used principally by a hospital or outpatient surgical center. ~~This exemption does~~ These exemptions do not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5.

Sec. 6. Minnesota Statutes 1998, section 297A.25, subdivision 73, is amended to read:

Subd. 73. [BIOSOLIDS PROCESSING EQUIPMENT.] (a) The gross receipts from the sale of and the storage, use, or consumption of equipment designed to process, dewater, and recycle biosolids for wastewater treatment facilities of political subdivisions, and materials incidental to installation of that equipment, are exempt.

(b) The gross receipts from the sale of and the storage, use, or consumption of materials used to construct buildings to house the equipment in paragraph (a) are exempt if purchased after June 30, 1998, and before July 1, 2001.

Sec. 7. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 79. [PRIZES.] The gross receipts from the sales of tangible personal property which will be given as prizes to players in games of skill or chance conducted at events such as community festivals, fairs, and carnivals lasting less than six days are exempt. This exemption shall not apply to property awarded as prizes in connection with lawful gambling as defined in section 349.12 or the state lottery.

Sec. 8. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 80. [CONSTRUCTION MATERIALS AND SUPPLIES; AGRICULTURAL PROCESSING FACILITY.] Purchases of construction materials, supplies, and equipment are exempt from the sales and use taxes imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if:

(1) the materials and supplies are used or consumed in, and the equipment is incorporated into, the expansion, remodeling, or improvement of a facility used for cattle slaughtering;

(2) the cost of the project is expected to exceed $15,000,000;

(3) the expansion, remodeling, or improvement of the facility will be used to fabricate beef;

(4) the number of jobs at the facility are expected to increase by at least 150 when the project is completed; and

(5) the project is expected to be completed by December 31, 2001.

Sec. 9. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 82. [TELEVISION COMMERCIALS.] The gross receipts from the sale of and storage, use, or consumption of tangible personal property which is primarily used or consumed in the preproduction, production, or postproduction of any television commercial and any such commercial, regardless of the medium in which it is transferred, are exempt. "Preproduction" and "production" include but are not limited to all activities related to the preparation for shooting and the shooting of television commercials, including film processing. Equipment rented for the preproduction and production activities is exempt. "Postproduction" includes but is not limited to all activities related to the finishing and duplication of television commercials. This exemption does not apply to tangible personal property used primarily in administration, general management, or marketing. Machinery and equipment purchased for use in producing such commercials and fuel, electricity, gas, or steam used for space heating or lighting are not exempt under this subdivision.

Sec. 10. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 83. [CONSTRUCTION MATERIALS AND EQUIPMENT; BIOMASS ELECTRICAL GENERATING FACILITY.] The gross receipts from the purchases of materials and supplies used or consumed in, and equipment incorporated into, the construction, improvement, or expansion of a facility using biomass to generate electricity are exempt from the sales and use taxes imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if:

(1) the facility exclusively utilizes residue wood, sawdust, bark, chipped wood, or brush to generate electricity;

(2) the facility utilizes a reciprocated grate combination system; and

(3) the total gross capacity of the facility is 15 to 21 megawatts.

Sec. 11. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 84. [WASTE MANAGEMENT CONTAINERS AND COMPACTORS.] The gross receipts from the sale of and storage, use, or consumption of compactors and waste collection containers are exempt from the sales and use taxes imposed under this chapter provided that they are purchased by a waste management service provider, and are used in providing waste management services as defined in section 297H.01, subdivision 12. A waste management service provider that does not remit tax on customer charges or lease or rental payments for compactors and waste collection containers under chapter 297H is ineligible for this exemption.

Sec. 12. Minnesota Statutes 1998, section 297A.48, is amended by adding a subdivision to read:

Subd. 1a. [RULES FOR ADOPTION, USE, TERMINATION.] (a) Imposition of a local sales tax is subject to approval by voters of the political subdivision at a general election.

(b) The proceeds of the tax must be dedicated exclusively to payment of the cost of a specific capital improvement which is designated at least 90 days before the referendum on imposition of the tax is conducted.

(c) The tax must terminate after the improvement designated under paragraph (b) has been completed.

(d) After a sales tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a local sales tax for a period of one year. Notwithstanding subdivision 10, this paragraph applies to all local sales taxes in effect at the time of or imposed after the date of enactment of this section.

Sec. 13. Minnesota Statutes 1998, section 297A.48, is amended by adding a subdivision to read:

Subd. 7a. [USE OF ZIP CODE IN DETERMINING LOCATION OF SALE.] To determine whether to impose the local tax, the retailer may use zip codes if the zip code area is entirely within the political subdivision. When a zip code area is not entirely within a political subdivision, the retailer shall not collect the local tax if the purchaser notified the retailer that their delivery address is outside of the political subdivision, unless the retailer verifies that the delivery address is in the political subdivision using a means other than the zip code. Notwithstanding subdivision 10, this subdivision applies to all local sales taxes without regard to the date of authorization.

Sec. 14. Laws 1998, chapter 389, article 8, section 44, subdivision 5, is amended to read:

Subd. 5. [USE OF REVENUES.] (a) Revenues received from the taxes authorized by subdivisions 1 to 4 must be used to pay for the cost of collecting the taxes; to pay all or part of the capital or administrative cost of the acquisition, construction, and improvement of the Central Minnesota Events Center and related on-site and off-site improvements; and to pay for the operating deficit, if any, in the first five years of operation of the facility. Authorized expenses related to acquisition, construction, and improvement of the center include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of the facility, and securing and paying debt service on bonds or other obligations issued to finance construction or improvement of the authorized facility.

(b) In addition, if the revenues collected from a tax imposed in subdivisions 1 to 4 are greater than the amount needed to meet obligations under paragraph (a) in any year, the surplus may be returned to the cities in a manner agreed upon by the participating cities under this section, to be used by the cities for projects of regional significance, limited to the acquisition and improvement of park land and open space; the purchase, renovation, and construction of public buildings and land primarily used for the arts, libraries, and community centers; and for debt service on bonds issued for these purposes. The amount of surplus revenues raised by a tax will be determined either as provided for by an applicable joint powers agreement or by a governing entity in charge of administering the project in paragraph (a).

(c) If start of the Central Minnesota Events Center under paragraph (a) is delayed, the cities may still impose the tax, and use a portion of the revenue to fund the projects under paragraph (b), provided that revenues are reserved to pay future costs of the construction of the events center in paragraph (a) as provided by a joint powers agreement or by a governing entity in charge of administering the project. If a decision is made not to proceed with the event center under paragraph (a) or construction of the event center has not begun by December 31, 2007, the funds in the reserve account shall be distributed to the cities based on the joint powers agreement to pay for other projects permitted under paragraph (b). All revenues raised from these taxes after December 31, 2008, must be used exclusively to pay off bonds for the event center project under paragraph (a) and to pay off bonds issued under subdivision 6.

Sec. 15. Laws 1998, chapter 389, article 8, section 44, subdivision 6, is amended to read:

Subd. 6. [BONDING AUTHORITY.] (a) The cities named in subdivision 1 may issue bonds under Minnesota Statutes, chapter 475, to finance the acquisition, construction, and improvement of the Central Minnesota Events Center. An election to approve the bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize imposition of the tax under subdivision 1. Whether to permit imposition of the tax and issuance of bonds may be posed to the voters as a single question. The question must state that the sales tax revenues are pledged to pay the bonds, but that the bonds are general obligations and will be guaranteed by the city's property taxes.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60.

(c) The bonds are not included in computing any debt limitation applicable to the city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

The aggregate principal amount of bonds issued by all cities named in subdivision 1, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements for the Central Minnesota Events Center, may not exceed $50,000,000, plus an amount equal to the costs related to issuance of the bonds, less any amount made available to the cities for the project described in subdivision 5 under the capital expenditure legislation adopted during the 1998 session of the legislature.

(d) The taxes may be pledged to and used for the payment of the bonds and any bonds issued to refund them, only if the bonds and any refunding bonds are general obligations of the city.

(e) The cities named in subdivision 1 may issue bonds for the projects listed in subdivision 5, paragraph (b), under regular bonding authority. Bonds for these projects, to be paid from tax revenues under this section, may not be issued after December 31, 2008.

Sec. 16. Laws 1998, chapter 389, article 8, section 44, subdivision 7, as amended by Laws 1998, chapter 408, section 20, is amended to read:

Subd. 7. [TERMINATION OF TAXES.] The taxes imposed by each city under subdivisions 1 to 4 expire at the earlier of 30 years or when sufficient funds have been received from the taxes to finance the obligations under subdivisions 5, paragraph (a), and 6, and to prepay or retire at maturity the principal, interest, and premium due on the original bonds issued for the initial acquisition, construction, and improvement of the Central Minnesota Events Center as determined under an applicable joint powers agreement or by a governing entity in charge of administering the project. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general funds of the cities imposing the taxes. The taxes imposed by a city under this section may expire at an earlier time by city ordinance, if authorized under the applicable joint powers agreement or by the governing entity in charge of administering the project.

If the cities that pass a referendum required under subdivision ~~6~~ 1 determine that the revenues raised from the sum of all the taxes authorized by referendum under this ~~subdivision~~ section will not be sufficient to fund the project in subdivision 5, paragraph (a), none of the authorized taxes may be imposed.

If the taxes are imposed, as allowed under subdivision 5, paragraph (c), and the cities determine at a later date that there are not sufficient funds to fund the Central Minnesota Events Center under subdivision 5, paragraph (a), or the funding for the event center has not been determined by December 31, 2008, the taxes will be terminated as soon as sufficient revenues are raised to prepay or retire at maturity the principal, interest, and premium due on bonds issued under subdivision 6, paragraph (e).

Sec. 17. [CITY OF NEW ULM; TAXES AUTHORIZED.]

Subdivision 1. [SALES AND USE TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city voters at the first municipal general election held after the date of final enactment of this act, the city of New Ulm may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.48, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. [EXCISE TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of New Ulm may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to $20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for construction and improvement of a civic and community center and recreational facilities to serve all ages, including seniors and youth. Authorized expenses include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of an authorized facility, funding facilities replacement reserves, and paying debt service on bonds or other obligations issued to finance the construction or expansion of an authorized facility. The capital expenses for all projects authorized under this subdivision that may be paid with these taxes are limited to $9,000,000, plus an amount equal to the costs related to issuance of the bonds and funding facilities replacement reserves.

Subd. 4. [BONDING AUTHORITY.] (a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects. An election to approve the bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize imposition of the tax under subdivision 1. Whether to permit imposition of the tax and issuance of bonds may be posed to the voters as a single question. The question must state that the sales tax revenues are pledged to pay the bonds, but that the bonds are general obligations and will be guaranteed by the city's property taxes.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements may not exceed $9,000,000, plus an amount equal to the costs related to issuance of the bonds.

(d) The taxes may be pledged to and used for the payment of the bonds and any bonds issued to refund them, only if the bonds and any refunding bonds are general obligations of the city.

Subd. 5. [TERMINATION OF TAXES.] The taxes imposed under subdivisions 1 and 2 expire when the city council determines that sufficient funds have been received from the taxes to finance the capital and administrative costs for the acquisition, construction, and improvement of facilities described in subdivision 3, and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the facilities under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

Subd. 6. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of New Ulm with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 18. [CITY OF PROCTOR; TAXES AUTHORIZED.]

Subdivision 1. [SALES AND USE TAX.] Notwithstanding Minnesota Statutes, section 297A.48, subdivision 1a, 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city voters at the first municipal general election held after the date of final enactment of this act or at a special election held November 2, 1999, the city of Proctor may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.48, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. [EXCISE TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of Proctor may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to $20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for construction and improvement of the following city facilities:

(1) streets; and

(2) constructing and equipping the Proctor community activity center.

Authorized expenses include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of an authorized facility, and paying debt service on bonds or other obligations, including lease obligations, issued to finance the construction, expansion, or improvement of an authorized facility. The capital expenses for all projects authorized under this paragraph that may be paid with these taxes is limited to $3,600,000, plus an amount equal to the costs related to issuance of the bonds.

Subd. 4. [BONDING AUTHORITY.] (a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects described in subdivision 3. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 279.61.

(c) The bonds are not included in computing any debt limitation applicable to the city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

(d) The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements, may not exceed $3,600,000, plus an amount equal to the costs related to issuance of the bonds, including interest on the bonds.

(e) The sales and use and excise taxes authorized in this section may be pledged to and used for the payment of the bonds and any bonds issued to refund them only if the bonds and any refunding bonds are general obligations of the city.

Subd. 5. [TERMINATION OF TAXES.] The taxes imposed under subdivisions 1 and 2 expire when the city council determines that the amount described in subdivision 4, paragraph (d), has been received from the taxes to finance the capital and administrative costs for the acquisition, construction, expansion, and improvement of facilities described in subdivision 3, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

Subd. 6. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Proctor with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 19. [EFFECTIVE DATES.]

Sections 1, 2, 5, 7, 9, and 11 are effective for sales and purchases made after June 30, 1999.

Section 3 is effective for amended returns and refund claims filed on or after July 1, 1999.

Section 4 is effective the day following final enactment and applies retroactively to all open tax years and to assessments and appeals under Minnesota Statutes, sections 289A.38 and 289A.65, for which the time limits have not expired on the date of final enactment of this act. The provisions of Minnesota Statutes, section 289A.50, apply to refunds claimed under section 4. Refunds claimed under section 4 must be filed by the later of December 31, 1999, or the time limit under Minnesota Statutes, section 289A.40, subdivision 1.

Section 6 is effective retroactively for sales and purchases made after June 30, 1998.

Section 8 is effective for purchases and sales made after the date of final enactment.

Section 10 is effective for purchases made after the date of final enactment and before July 1, 2001.

Section 12 is effective the day after final enactment. Section 12, paragraphs (a) to (c), apply to all local sales taxes enacted after July 1, 1999. Section 12, paragraph (d), applies to all local sales taxes in effect at the time of, or imposed after the day of, the enactment of this section.

Section 13 is effective the day following final enactment.

ARTICLE 5

PROPERTY TAXES

Section 1. Minnesota Statutes 1998, section 271.01, subdivision 5, is amended to read:

Subd. 5. [JURISDICTION.] The tax court shall have statewide jurisdiction. Except for an appeal to the supreme court or any other appeal allowed under this subdivision, the tax court shall be the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the tax laws of the state, as defined in this subdivision, in those cases that have been appealed to the tax court and in any case that has been transferred by the district court to the tax court. The tax court shall have no jurisdiction in any case that does not arise under the tax laws of the state or in any criminal case or in any case determining or granting title to real property or in any case that is under the probate jurisdiction of the district court. The small claims division of the tax court shall have no jurisdiction in any case dealing with property valuation or assessment for property tax purposes until the taxpayer has appealed the valuation or assessment to the county board of equalization, and in those towns and cities which have not transferred their duties to the county, the town or city board of equalization, except for: (i) those taxpayers whose original assessments are determined by the commissioner of revenue; and (ii) those taxpayers appealing a denial of a current year application for the homestead classification for their property and the denial was not reflected on a valuation notice issued in the year. The tax court shall have no jurisdiction in any case involving an order of the state board of equalization unless a taxpayer contests the valuation of property. Laws governing taxes, aids, and related matters administered by the commissioner of revenue, laws dealing with property valuation, assessment or taxation of property for property tax purposes, and any other laws that contain provisions authorizing review of taxes, aids, and related matters by the tax court shall be considered tax laws of this state subject to the jurisdiction of the tax court. This subdivision shall not be construed to prevent an appeal, as provided by law, to an administrative agency, board of equalization, review under section 274.13, subdivision 1c, or to the commissioner of revenue. Wherever used in this chapter, the term commissioner shall mean the commissioner of revenue, unless otherwise specified.

Sec. 2. Minnesota Statutes 1998, section 271.21, subdivision 2, is amended to read:

Subd. 2. [JURISDICTION.] At the election of the taxpayer, the small claims division shall have jurisdiction only in the following matters:

(a) ~~in~~ cases involving valuation, assessment, or taxation of real or personal property, if the taxpayer has satisfied the requirements of section 271.01, subdivision 5, and: (i) the issue is a denial of a current year application for the homestead classification for the taxpayer's property and the denial was not reflected on a valuation notice issued in the year; or (ii) in the case of nonhomestead property, the assessor's estimated market value is less than $100,000; or

(b) any other case concerning the tax laws as defined in section 271.01, subdivision 5, in which the amount in controversy does not exceed $5,000, including penalty and interest.

Sec. 3. Minnesota Statutes 1998, section 272.02, subdivision 1, is amended to read:

Subdivision 1. [EXEMPT PROPERTY DESCRIBED.] All property described in this section to the extent herein limited shall be exempt from taxation:

(1) All public burying grounds.

(2) All public schoolhouses.

(3) All public hospitals.

(4) All academies, colleges, and universities, and all seminaries of learning.

(5) All churches, church property, and houses of worship.

(6) Institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (e), other than those that qualify for exemption under clause (25).

(7) All public property exclusively used for any public purpose.

(8) Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph (f); and

(f) flight property as defined in section 270.071.

(9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 15a; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the federal government, the state, or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days have passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least three months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota Housing Finance Agency Law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21)(a) Small scale wind energy conversion systems installed after January 1, 1991, and used as an electric power source are exempt.

"Small scale wind energy conversion systems" are wind energy conversion systems, as defined in section 216C.06, subdivision 12, including the foundation or support pad, which are (i) used as an electric power source; (ii) located within one county and owned by the same owner; and (iii) produce two megawatts or less of electricity as measured by nameplate ratings.

(b) Medium scale wind energy conversion systems installed after January 1, 1991, are treated as follows: (i) the foundation and support pad are taxable; (ii) the associated supporting and protective structures are exempt for the first five assessment years after they have been constructed, and thereafter, 30 percent of the market value of the associated supporting and protective structures are taxable; and (iii) the turbines, blades, transformers, and its related equipment, are exempt. "Medium scale wind energy conversion systems" are wind energy conversion systems as defined in section 216C.06, subdivision 12, including the foundation or support pad, which are: (i) used as an electric power source; (ii) located within one county and owned by the same owner; and (iii) produce more than two but equal to or less than 12 megawatts of energy as measured by nameplate ratings.

(c) Large scale wind energy conversion systems installed after January 1, 1991, are treated as follows: 25 percent of the market value of all property is taxable, including (i) the foundation and support pad; (ii) the associated supporting and protective structures; and (iii) the turbines, blades, transformers, and its related equipment. "Large scale wind energy conversion systems" are wind energy conversion systems as defined in section 216C.06, subdivision 12, including the foundation or support pad, which are: (i) used as an electric power source; and (ii) produce more than 12 megawatts of energy as measured by nameplate ratings.

(22) Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C.

(23) Photovoltaic devices, as defined in section 216C.06, subdivision 13, installed after January 1, 1992, and used to produce or store electric power.

(24) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used for an ice arena or ice rink, and used primarily for youth and high school programs.

(25) A structure that is situated on real property that is used for:

(i) housing for the elderly or for low- and moderate-income families as defined in Title II of the National Housing Act, as amended through December 31, 1990, and funded by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) housing lower income families or elderly or handicapped persons, as defined in Section 8 of the United States Housing Act of 1937, as amended.

In order for a structure to be exempt under item (i) or (ii), it must also meet each of the following criteria:

(A) is owned by an entity which is operated as a nonprofit corporation organized under chapter 317A;

(B) is owned by an entity which has not entered into a housing assistance payments contract under Section 8 of the United States Housing Act of 1937, or, if the entity which owns the structure has entered into a housing assistance payments contract under Section 8 of the United States Housing Act of 1937, the contract provides assistance for less than 90 percent of the dwelling units in the structure, excluding dwelling units intended for management or maintenance personnel;

(C) operates an on-site congregate dining program in which participation by residents is mandatory, and provides assisted living or similar social and physical support services for residents; and

(D) was not assessed and did not pay tax under chapter 273 prior to the 1991 levy, while meeting the other conditions of this clause.

An exemption under this clause remains in effect for taxes levied in each year or partial year of the term of its permanent financing.

(26) Real and personal property that is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

(27) Manure pits and appurtenances, which may include slatted floors and pipes, installed or operated in accordance with a permit, order, or certificate of compliance issued by the Minnesota pollution control agency. The exemption shall continue for as long as the permit, order, or certificate issued by the Minnesota pollution control agency remains in effect.

(28) Notwithstanding clause (8), item (a), attached machinery and other personal property which is part of a facility containing a cogeneration system as described in section 216B.166, subdivision 2, paragraph (a), if the cogeneration system has met the following criteria: (i) the system utilizes natural gas as a primary fuel and the cogenerated steam initially replaces steam generated from existing thermal boilers utilizing coal; (ii) the facility developer is selected as a result of a procurement process ordered by the public utilities commission; and (iii) construction of the facility is commenced after July 1, 1994, and before July 1, 1997.

(29) Real property acquired by a home rule charter city, statutory city, county, town, or school district under a lease purchase agreement or an installment purchase contract during the term of the lease purchase agreement as long as and to the extent that the property is used by the city, county, town, or school district and devoted to a public use and to the extent it is not subleased to any private individual, entity, association, or corporation in connection with a business or enterprise operated for profit.

(30) Property owned by a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1997, that is intended to be used as a business incubator in a high-unemployment county ~~but is not occupied on the assessment date~~. As used in this clause, a "business incubator" is a facility used for the development of nonretail businesses, offering access to equipment, space, services, and advice to the tenant businesses, for the purpose of encouraging economic development, diversification, and job creation in the area served by the organization, and "high-unemployment county" is a county that had an average annual unemployment rate of 7.9 percent or greater in 1997. Property that qualifies for the exemption under this clause is limited to no more than two contiguous parcels and structures that do not exceed in the aggregate 40,000 square feet. This exemption expires after taxes payable in 2005.

(31) Notwithstanding any other law to the contrary, real property that meets the following criteria is exempt:

(i) constitutes a wastewater treatment system (a) constructed by a municipality using public funds, (b) operates under a State Disposal System Permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, chapter 700l, and (c) applies its effluent to land used as part of an agricultural operation;

(ii) is located within a municipality of a population of less than 10,000;

(iii) is used for treatment of effluent from a private potato processing facility; and

(iv) is owned by a municipality and operated by a private entity under agreement with that municipality.

(32) Notwithstanding clause (8), item (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 250 megawatts of installed capacity and that meets the requirements of this clause. At the time of construction, the facility must:

(i) not be owned by a public utility as defined in section 216B.02, subdivision 4;

(ii) utilize natural gas as a primary fuel;

(iii) be located within 20 miles of the intersection of an existing 42-inch (outside diameter) natural gas pipeline and a 345-kilovolt high-voltage electric transmission line; and

(iv) be designed to provide peaking, emergency backup, or contingency services, and have received a certificate of need pursuant to section 216B.243 demonstrating demand for its capacity.

Construction of the facility must be commenced after July 1, 1999, and before July 1, 2003. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Sec. 4. Minnesota Statutes 1998, section 272.027, is amended to read:

272.027 [PERSONAL PROPERTY USED TO GENERATE ELECTRICITY FOR PRODUCTION AND RESALE.]

Subdivision 1. [ELECTRICITY GENERATED TO PRODUCE GOODS AND SERVICES.] Personal property used to generate electric power is exempt from property taxation if the electric power is used to manufacture or produce goods, products, or services, other than electric power, by the owner of the electric generation plant. Except as provided in subdivisions 2 and 3, the exemption does not apply to property used to produce electric power for sale to others and does not apply to real property. In determining the value subject to tax, a proportionate share of the value of the generating facilities, equal to the proportion that the power sold to others bears to the total generation of the plant, is subject to the general property tax in the same manner as other property. Power generated in such a plant and exchanged for an equivalent amount of power that is used for the manufacture or production of goods, products, or services other than electric power by the owner of the generating plant is considered to be used by the owner of the plant.

Subd. 2. [EXEMPTION FOR CUSTOMER OWNED PROPERTY TRANSFERRED TO A UTILITY.] (a) Tools, implements, and machinery of an electric generating facility are exempt if all the following requirements are met:

(1) the electric generating facilities were operational and met the requirements for exemption of personal property under subdivision 1 on January 2, 1999; and

(2) the generating facility is sold to a Minnesota electric utility.

(b) Any tools, implements, and machinery installed to increase generation capacity are also exempt under this section provided that the existing tools, implements, and machinery are exempt under paragraph (a).

Subd. 3. [EXEMPTION ELECTRIC POWER PLANT PERSONAL PROPERTY; TACONITE AND STEEL MILL.]

Tools, implements, and machinery of an electric generating facility are exempt if all the following requirements are met:

(1) the electric generating facility, when completed, will have a capacity of at least 450 megawatts;

(2) the electric generating facility is adjacent to a taconite mine direct-reduction steel mill; and

(3) the electric generating facility supplied over 60 percent of its electricity generated in the prior year to the adjacent direct-reduction plant and steel mill.

Sec. 5. Minnesota Statutes 1998, section 272.03, subdivision 6, is amended to read:

Subd. 6. [TRACT, LOT, PARCEL, AND PIECE OR PARCEL.] (a) "Tract," "lot," "parcel," and "piece or parcel" of land means any contiguous quantity of land in the possession of, owned by, or recorded as the property of, the same claimant or person.

(b) Notwithstanding paragraph (a), property that is owned by a utility, leased for residential or recreational uses for terms of 20 years or longer, and separately valued by the assessor, will be treated for property tax purposes as separate parcels.

Sec. 6. Minnesota Statutes 1998, section 273.11, subdivision 1a, is amended to read:

Subd. 1a. [LIMITED MARKET VALUE.] In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, or noncommercial seasonal recreational residential, the assessor shall compare the value with that determined in the preceding assessment. The amount of the increase entered in the current assessment shall not exceed the greater of (1) ~~ten~~ 8.5 percent of the value in the preceding assessment, or (2) ~~one-fourth~~ 15 percent of the difference between the current assessment and the preceding assessment. This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

The provisions of this subdivision shall be in effect only ~~for assessment years 1993~~ through assessment year 2001.

For purposes of the assessment/sales ratio study conducted under section 127A.48, and the computation of state aids paid under chapters 122A, 123A, 123B, 124D, 125A, 126C, 127A, and 477A, market values and net tax capacities determined under this subdivision and subdivision 16, shall be used.

Sec. 7. Minnesota Statutes 1998, section 273.11, subdivision 16, is amended to read:

Subd. 16. [VALUATION EXCLUSION FOR CERTAIN IMPROVEMENTS.] Improvements to homestead property made before January 2, 2003, shall be fully or partially excluded from the value of the property for assessment purposes provided that (1) the house is at least ~~35~~ 45 years old at the time of the improvement and (2) ~~either~~

~~(a)~~ the assessor's estimated market value of the house on January 2 of the current year is equal to or less than ~~$150,000, or~~ $400,000.

~~(b) if the estimated market value of the house is over $150,000 market value but is less than $300,000 on January 2 of the current year, the property qualifies if~~

~~(i) it is located in a city or town in which 50 percent or more of the owner-occupied housing units were constructed before 1960 based upon the 1990 federal census, and~~

~~(ii) the city or town's median family income based upon the 1990 federal census is less than the statewide median family income based upon the 1990 federal census, or~~

~~(c) if the estimated market value of the house is $300,000 or more on January 2 of the current year, the property qualifies if~~

~~(i) it is located in a city or town in which 45 percent or more of the homes were constructed before 1940 based upon the 1990 federal census, and~~

~~(ii) it is located in a city or town in which 45 percent or more of the housing units were rental based upon the 1990 federal census, and~~

~~(iii) the city or town's median value of owner-occupied housing units based upon the 1990 federal census is less than the statewide median value of owner-occupied housing units based upon the 1990 federal census.~~

For purposes of determining this eligibility, "house" means land and buildings.

The age of a residence is the number of years since the original year of its construction. In the case of a residence that is relocated, the relocation must be from a location within the state and the only improvements eligible for exclusion under this subdivision are (1) those for which building permits were issued to the homeowner after the residence was relocated to its present site, and (2) those undertaken during or after the year the residence is initially occupied by the homeowner, excluding any market value increase relating to basic improvements that are necessary to install the residence on its foundation and connect it to utilities at its present site. In the case of an owner-occupied duplex or triplex, the improvement is eligible regardless of which portion of the property was improved.

If the property lies in a jurisdiction which is subject to a building permit process, a building permit must have been issued prior to commencement of the improvement. ~~Any improvement~~ The improvements for a single project or in any one year must add at least ~~$1,000~~ $5,000 to the value of the property to be eligible for exclusion under this subdivision. Only improvements to the structure which is the residence of the qualifying homesteader or construction of or improvements to no more than one two-car garage per residence qualify for the provisions of this subdivision. If an improvement was begun between January 2, 1992, and January 2, 1993, any value added from that improvement for the January 1994 and subsequent assessments shall qualify for exclusion under this subdivision provided that a building permit was obtained for the improvement between January 2, 1992, and January 2, 1993. Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the property owner of the possibility of valuation exclusion under this subdivision. The assessor shall require an application, including documentation of the age of the house from the owner, if unknown by the assessor. The application may be filed subsequent to the date of the building permit provided that the application must be filed within three years of the date the building permit was issued for the improvement. If the property lies in a jurisdiction which is not subject to a building permit process, the application must be filed within three years of the date the improvement was made. The assessor may require proof from the taxpayer of the date the improvement was made. Applications must be received prior to July 1 of any year in order to be effective for taxes payable in the following year.

No exclusion for an improvement may be granted ~~for an improvement~~ by a local board of review or county board of equalization, and no abatement of the taxes for qualifying improvements may be granted by the county board unless (1) a building permit was issued prior to the commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed.

The assessor shall note the qualifying value of each improvement on the property's record, and the sum of those amounts shall be subtracted from the value of the property in each year for ten years after the improvement has been made~~, at which time an amount equal to 20 percent of the qualifying value shall be added back in each of the five subsequent assessment years~~. After ten years the amount of the qualifying value shall be added back as follows:

(1) 50 percent in the two subsequent assessment years if the qualifying value is equal to or less than $10,000 market value; or

(2) 20 percent in the five subsequent assessment years if the qualifying value is greater than $10,000 market value.

If an application is filed after the first assessment date at which an improvement could have been subject to the valuation exclusion under this subdivision, the ten-year period during which the value is subject to exclusion is reduced by the number of years that have elapsed since the property would have qualified initially. The valuation exclusion shall terminate whenever (1) the property is sold, or (2) the property is reclassified to a class which does not qualify for treatment under this subdivision. Improvements made by an occupant who is the purchaser of the property under a conditional purchase contract do not qualify under this subdivision unless the seller of the property is a governmental entity. The qualifying value of the property shall be computed based upon the increase from that structure's market value as of January 2 preceding the acquisition of the property by the governmental entity.

The total qualifying value for a homestead may not exceed $50,000. The total qualifying value for a homestead with a house that is less than 70 years old may not exceed $25,000. The term "qualifying value" means the increase in estimated market value resulting from the improvement if the improvement occurs when the house is at least 70

years old, or one-half of the increase in estimated market value resulting from the improvement otherwise. The $25,000 and $50,000 maximum qualifying value under this subdivision may result from ~~up to three separate~~ multiple improvements to the homestead. ~~The application shall state, in clear language, that If more than three improvements are made to the qualifying property, a taxpayer may choose which three improvements are eligible, provided that after the taxpayer has made the choice and any valuation attributable to those improvements has been excluded from taxation, no further changes can be made by the taxpayer.~~

If 50 percent or more of the square footage of a structure is voluntarily razed or removed, the valuation increase attributable to any subsequent improvements to the remaining structure does not qualify for the exclusion under this subdivision. If a structure is unintentionally or accidentally destroyed by a natural disaster, the property is eligible for an exclusion under this subdivision provided that the structure was not completely destroyed. The qualifying value on property destroyed by a natural disaster shall be computed based upon the increase from that structure's market value as determined on January 2 of the year in which the disaster occurred. A property receiving benefits under the homestead disaster provisions under section 273.123 is not disqualified from receiving an exclusion under this subdivision. If any combination of improvements made to a structure after January 1, 1993, increases the size of the structure by 100 percent or more, the valuation increase attributable to the portion of the improvement that causes the structure's size to exceed 100 percent does not qualify for exclusion under this subdivision.

Sec. 8. Minnesota Statutes 1998, section 273.111, is amended by adding a subdivision to read:

Subd. 15. [DISSECTED PARCELS; CONTINUED DEFERMENT.] Real estate consisting of more than ten, but less than 15, acres which has:

(1) been owned by the applicant or the applicant's parents for at least 70 years;

(2) been dissected by two or more major parkways or interstate highways; and

(3) qualified for the agricultural valuation and tax deferment under this section through assessment year 1996, taxes payable in 1997,

shall continue to qualify for treatment under this section until the applicant's death or transfer or sale by the applicant of the applicant's interest in the real estate. When the property ceases to qualify for treatment under this section, the recapture provisions of subdivision 9 will apply with respect to the last ten years that the property has been valued and assessed under this section.

Sec. 9. Minnesota Statutes 1998, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property of a trustee, beneficiary, or grantor of a trust is not disqualified from receiving homestead benefits if the homestead requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status. Notwithstanding any other law to the contrary, the department of revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner must use the property for the purposes of the homestead, and must apply to the assessor, both by the deadlines given in subdivision 9. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, ~~or~~ aunt, nephew, or niece. This relationship may be by blood or marriage. Property that has been classified as seasonal recreational residential property at any time during which it has been owned by the current owner or spouse of the current owner will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal recreational residential property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, father, or mother of the owner of the agricultural property or a son or daughter of the spouse of the owner of the agricultural property,

(2) the owner of the agricultural property must be a Minnesota resident,

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota, and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location, or (4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause (3), the spouse's place of employment

or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the owner's spouse who previously occupied the residence with the owner if the absence of the owner is due to one of the exceptions provided in this paragraph.

(f) The assessor must not deny homestead treatment in whole or in part if:

(1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home or boarding care facility and the property is not otherwise occupied; or

(2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home or boarding care facility and the property is not occupied or is occupied only by the owner's spouse.

(g) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a coowner, the assessor shall allow a full homestead classification. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

(h) If residential or agricultural real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under paragraph (c) or (d) to the same extent they would be entitled to it if the owner was still living, until the probate is completed. For purposes of this paragraph, "child" includes a relationship by blood or by marriage.

Sec. 10. Minnesota Statutes 1998, section 273.124, subdivision 7, is amended to read:

Subd. 7. [LEASED BUILDINGS OR LAND.] For purposes of class 1 determinations, homesteads include:

(a) buildings and appurtenances owned and used by the occupant as a permanent residence which are located upon land the title to which is vested in a person or entity other than the occupant;

(b) all buildings and appurtenances located upon land owned by the occupant and used for the purposes of a homestead together with the land upon which they are located, if all of the following criteria are met:

(1) the occupant is using the property as a permanent residence;

(2) the occupant is paying the property taxes and any special assessments levied against the property;

(3) the occupant has signed a lease which has an option to purchase the buildings and appurtenances;

(4) the term of the lease is at least five years; and

(5) the occupant has made a down payment of at least $5,000 in cash if the property was purchased by means of a contract for deed or subject to a mortgage.

(c) all buildings and appurtenances and the land upon which they are located that are used for purposes of a homestead, if all of the following criteria are met:

(1) the land is owned by a utility, which maintains ownership of the land in order to facilitate compliance with the terms of its hydroelectric project license from the federal energy regulatory commission;

(2) the land is leased for a term of 20 years or more;

(3) the occupant is using the property as a permanent residence; and

(4) the occupant is paying the property taxes and any special assessments levied against the property.

Any taxpayer meeting all the requirements of this paragraph must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, as soon as possible after signing the lease agreement and occupying the buildings as a homestead.

Sec. 11. Minnesota Statutes 1998, section 273.124, subdivision 8, is amended to read:

Subd. 8. [HOMESTEAD OWNED BY FAMILY FARM CORPORATION OR PARTNERSHIP OR LEASED TO FAMILY FARM CORPORATION OR PARTNERSHIP.] (a) Each family farm corporation and each partnership operating a family farm is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment for one homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. Homestead treatment applies even if legal title to the property is in the name of the corporation or partnership and not in the name of the person residing on it. "Family farm corporation" and "family farm" have the meanings given in section 500.24, except that the number of allowable shareholders or partners under this subdivision shall not exceed 12.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership must also be assessed as class 2a property or as class 1b property under section 273.13, subdivision 22, paragraph (b)~~, but the property eligible is limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and does not include any other structures that may be located on it~~.

(c) Agricultural property owned by a shareholder of a family farm corporation, as defined in paragraph (a), or by a partner in a partnership operating a family farm and leased to the family farm corporation by the shareholder or to the partnership by the partner, is eligible for classification as class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a under section 273.13, subdivision 23, paragraph (a), if the owner is actually residing on the property and is actually engaged in farming the land on behalf of the corporation or partnership. This paragraph applies without regard to any legal possession rights of the family farm corporation or partnership operating a family farm under the lease.

Sec. 12. Minnesota Statutes 1998, section 273.124, subdivision 13, is amended to read:

Subd. 13. [HOMESTEAD APPLICATION.] (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

(c) Every property owner applying for homestead classification must furnish to the county assessor the social security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and social security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and social security number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and social security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

The social security numbers or affidavits or other proofs of the property owners and spouses are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The social security number of each relative occupying the property and the social security number of each owner who is related to an occupant of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The social security number of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, or any assessment year thereafter, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. Beginning with assessment year 1993 for all properties, if a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner and the property owner's spouse occupying the property, or relative of a property owner, applying for homestead classification under this subdivision. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If the commissioner finds that a property owner may be claiming a fraudulent homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the person who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing proof of service as provided in section 278.01 with the Minnesota tax court within 60 days of the date of the notice from the county. Procedurally, the appeal is governed by the provisions in chapter 271 which apply to the appeal of a property tax assessment or levy, but without requiring any prepayment of the amount in controversy. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided in section 279.03 for real property taxes becoming delinquent in the calendar year during which the amount remains unpaid. Interest may be assessed for the period beginning 60 days after demand for payment was made.

If the person notified is the current owner of the property, the treasurer may add the total amount of benefits, penalty, interest, and costs to the ad valorem taxes otherwise payable on the property by including the amounts on the property tax statements under section 276.04, subdivision 3. The amounts added under this paragraph to the ad valorem taxes shall include interest accrued through December 31 of the year preceding the taxes payable year for which the amounts are first added. These amounts, when added to the property tax statement, become subject to all the laws for the enforcement of real or personal property taxes for that year, and for any subsequent year.

If the person notified is not the current owner of the property, the treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the person who owned the property at the time the application related to the improperly allowed homestead was filed. The treasurer may relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property as provided in this paragraph to the extent that the current owner agrees in writing. On all demands, billings, property tax statements, and related correspondence, the county must list and state separately the amounts of homestead benefits, penalty, interest and costs being demanded, billed or assessed.

(i) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. Any amount recovered that is attributable to supplemental homestead credit is to be transmitted to the commissioner of revenue for deposit in the general fund of the state treasury. The total amount of penalty collected must be deposited in the county general fund.

(j) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners. The social security numbers and federal identification numbers that are maintained by a county or city assessor for property tax administration purposes, and that may appear on the lists retain their classification as private or nonpublic data; but may be viewed, accessed, and used by the county auditor or treasurer of the same county for the limited purpose of assisting the commissioner in the preparation of microdata samples under section 270.0681.

Sec. 13. Minnesota Statutes 1998, section 273.124, subdivision 14, is amended to read:

Subd. 14. [AGRICULTURAL HOMESTEADS; SPECIAL PROVISIONS.] (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the department of natural resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b) Agricultural property consisting of at least 40 acres shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the owner is actively farming the agricultural property;

(2) the owner of the agricultural property is a Minnesota resident;

(3) neither the owner nor the spouse of the agricultural property claims another agricultural homestead in Minnesota; and

(4) the owner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

~~(b)~~ (c) Except as provided in paragraph ~~(d)~~ (e), noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

~~(c)~~ (d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

~~(d)~~ (e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

~~(e)~~ (f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

Sec. 14. Minnesota Statutes 1998, section 273.124, is amended by adding a subdivision to read:

Subd. 20. [ADDITIONAL REQUIREMENTS PROHIBITED.] No political subdivision may impose any requirements not contained in this chapter or chapter 272 to disqualify property from being classified as a homestead if the property otherwise meets the requirements for homestead treatment under this chapter and chapter 272.

Sec. 15. Minnesota Statutes 1998, section 273.13, subdivision 22, is amended to read:

Subd. 22. [CLASS 1.] (a) Except as provided in subdivision 23, real estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first ~~$75,000~~ $76,000 of market value of class 1a property has a net class rate of one percent of its market value; and the market value of class 1a property that exceeds ~~$75,000~~ $76,000 has a class rate of ~~1.7~~ 1.65 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by

(1) any blind person, or the blind person and the blind person's spouse; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total household income, as defined in section 290A.03, subdivision 5, from

(A) aid from any state as a result of that disability; or

(B) supplemental security income for the disabled; or

(C) workers' compensation based on a finding of total and permanent disability; or

(D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or

(E) aid under the federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; or

(G) pension, annuity, or other income paid as a result of that disability from a private pension or disability plan, including employer, employee, union, and insurance plans and

(iii) has household income as defined in section 290A.03, subdivision 5, of $50,000 or less; or

(4) any person who is permanently and totally disabled and whose household income as defined in section 290A.03, subdivision 5, is 275 percent or less of the federal poverty level.

Property is classified and assessed under clause (4) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph.

Property is classified and assessed pursuant to clause (1) only if the commissioner of economic security certifies to the assessor that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first $32,000 market value of class 1b property has a net class rate of .45 percent of its market value. The remaining market value of class 1b property has a net class rate using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title to the homestead is held by the corporation or partnership. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property has a class rate of one percent of total market value with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore. If any portion of the class 1c resort property is classified as class 4c under subdivision 25, the entire property must meet the requirements of subdivision 25, paragraph (d), clause (1), to qualify for class 1c treatment under this paragraph.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same class rates as class 1a property under paragraph (a).

Sec. 16. Minnesota Statutes 1998, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. The value of the remaining land including improvements up to $115,000 has a net class rate of 0.35 percent of market value. The ~~remaining~~ value of class 2a property over $115,000 of market value ~~that does not exceed 320 acres~~ up to and including $600,000 market value has a net class rate of 0.8 percent of market value. The remaining property over ~~$115,000~~ $600,000 market value ~~in excess of 320 acres~~ has a class rate of ~~1.25~~ 1.20 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; (2) real estate that is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; (3) real estate that is nonhomestead agricultural land; or (4) a landing area or public access area of a privately owned public use airport. Class 2b property has a net class rate of ~~1.25~~ 1.20 percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products or enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law Number 99-198. Contiguous acreage on the same parcel, or contiguous acreage on an immediately adjacent parcel under the same ownership, may

also qualify as agricultural land, but only if it is pasture, timber, waste, unusable wild land, or land included in state or federal farm programs. Agricultural classification for property shall be determined excluding the house, garage, and immediately surrounding one acre of land, and shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

(d) Real estate, excluding the house, garage, and immediately surrounding one acre of land, of less than ten acres which is exclusively and intensively used for raising or cultivating agricultural products, shall be considered as agricultural land.

Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(e) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing; ~~and~~

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals; and

(7) trees, grown for sale as a crop, and not sold for timber, lumber, wood, or wood products.

(f) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(g) To qualify for classification under paragraph (b), clause (4), a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of paragraph (b), clause (4), "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under paragraph (b), clause (4), must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of paragraph (b), clause (4). For purposes of paragraph (b), clause (4), "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

Sec. 17. Minnesota Statutes 1998, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial and industrial property and utility real and personal property~~, except class 5 property as identified in subdivision 31, clause (1),~~ is class 3a. Each parcel of real property has a class rate of ~~2.45~~ 2.4 percent of the first tier of market value, and ~~3.5~~ 3.4 percent of the remaining market value, except that in the case of contiguous parcels of ~~commercial and industrial~~ property owned by the same person or entity, only the value equal to the first-tier value of the contiguous parcels qualifies for the reduced class rate. For the purposes of this subdivision, the first tier means the first $150,000 of market value. ~~In the case of utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first tier of market value.~~ Real property owned in fee by a utility for transmission line right-of-way shall be classified at the class rate for the higher tier. All personal property shall be classified at the class rate for the higher tier. For purposes of this subdivision "personal property" means tools, implements, and machinery of an electric generating, transmission, or distribution system, or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures.

For purposes of this paragraph, parcels are considered to be contiguous even if they are separated from each other by a road, street, vacant lot, waterway, or other similar intervening type of property.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b ~~and has a class rate of 2.3 percent of the first $50,000 of market value and 3.5 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c),~~. The class ~~rate of the first tier of market value and the class rate of the remainder is~~ rates for class 3b property are determined under paragraph (a)~~, unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1~~.

(c)(1) Subject to the limitations of clause (2), structures which are (i) located on property classified as class 3a, (ii) constructed under an initial building permit issued after January 2, 1996, (iii) located in a transit zone as defined under section 473.3915, subdivision 3, (iv) located within the boundaries of a school district, and (v) not primarily used for retail or transient lodging purposes, shall have a class rate equal ~~to 85 percent of~~ to the lesser of 2.975 percent or the class rate of the second tier of the commercial property rate under paragraph (a) on any portion of the market value that does not qualify for the first tier class rate under paragraph (a). As used in item (v), a structure is primarily used for retail or transient lodging purposes if over 50 percent of its square footage is used for those purposes. A class rate equal to ~~85 percent of~~ the lesser of 2.975 percent or the class rate of the second tier of the commercial property class rate under paragraph (a) shall also apply to improvements to existing structures that meet the requirements of items (i) to (v) if the improvements are constructed under an initial building permit issued after January 2, 1996, even if the remainder of the structure was constructed prior to January 2, 1996. For the purposes of this paragraph, a structure shall be considered to be located in a transit zone if any portion of the structure lies within the zone. If any property once eligible for treatment under this paragraph ceases to remain eligible due to revisions in transit zone boundaries, the property shall continue to receive treatment under this paragraph for a period of three years.

(2) This clause applies to any structure qualifying for the transit zone reduced class rate under clause (1) on January 2, 1999, or any structure meeting any of the qualification criteria in item (i) and otherwise qualifying for the transit zone reduced class rate under clause (1). Such a structure continues to receive the transit zone reduced class rate until the occurrence of one of the events in item (ii). Property qualifying under item (i)(D), that is located outside of a city of the first class, qualifies for the transit zone reduced class rate as provided in that item. Property qualifying under item (i)(E) qualifies for the transit zone reduced class rate as provided in that item.

(i) A structure qualifies for the rate in this clause if it is:

(A) property for which a building permit was issued before December 31, 1998; or

(B) property for which a building permit was issued before June 30, 2001, if:

(I) at least 50 percent of the land on which the structure is to be built has been acquired or is the subject of signed purchase agreements or signed options as of March 15, 1998, by the entity that proposes construction of the project or an affiliate of the entity;

(II) signed agreements have been entered into with one entity or with affiliated entities to lease for the account of the entity or affiliated entities at least 50 percent of the square footage of the structure or the owner of the structure will occupy at least 50 percent of the square footage of the structure; and

(III) one of the following requirements is met:

the project proposer has submitted the completed data portions of an environmental assessment worksheet by December 31, 1998; or

a notice of determination of adequacy of an environmental impact statement has been published by April 1, 1999; or

an alternative urban areawide review has been completed by April 1, 1999; or

(C) property for which a building permit is issued before July 30, 1999, if:

(I) at least 50 percent of the land on which the structure is to be built has been acquired or is the subject of signed purchase agreements as of March 31, 1998, by the entity that proposes construction of the project or an affiliate of the entity;

(II) a signed agreement has been entered into between the building developer and a tenant to lease for its own account at least 200,000 square feet of space in the building;

(III) a signed letter of intent is entered into by July 1, 1998, between the building developer and the tenant to lease the space for its own account; and

(IV) the environmental review process required by state law was commenced by December 31, 1998;

(D) property for which an irrevocable letter of credit with a housing and redevelopment authority was signed before December 31, 1998. The structure shall receive the transit zone reduced class rate during construction and for the duration of time that the original tenants remain in the building. Any unoccupied net leasable square footage that is not leased within 36 months after the certificate of occupancy has been issued for the building shall not be eligible to receive the reduced class rate. This reduced class rate applies only if the entity that constructed the structure continues to own the property;

(E) property, located in a city of the first class, and for which the building permits for the excavation, the parking ramp, and the office tower were issued prior to April 1, 1999, shall receive the reduced class rate during construction and for the first five assessment years immediately following its initial occupancy provided that, when completed, at least 25 percent of the net leasable square footage must be occupied by the entity or the parent entity constructing the structure each year during this time period. In order to receive the reduced class rate on the structure in any subsequent assessment years, at least 50 percent of the rentable square footage must be occupied by the entity or the parent entity that constructed the structure. This reduced class rate applies only if the entity or the parent entity that constructed the structure continues to own the property.

(ii) A structure specified by this clause, other than a structure qualifying under clause (i)(D) or (E), shall continue to receive the transit zone reduced class rate until the occurrence of one of the following events:

(A) if the structure upon initial occupancy will be owner occupied by the entity initially constructing the structure or an affiliated entity, the structure receives the reduced class rate until the structure ceases to be at least 50 percent occupied by the entity or an affiliated entity, provided, if the portion of the structure occupied by that entity or an affiliate of the entity is less than 85 percent, the transit zone class rate reduction for the portion of structure not so occupied terminates upon the leasing of such space to any nonaffiliated entity; or

(B) if the structure is leased by a single entity or affiliated entity at the time of initial occupancy, the structure shall receive the reduced class rate until the structure ceases to be at least 50 percent occupied by the entity or an affiliated entity, provided, if the portion of the structure occupied by that entity or an affiliate of the entity is less than 85 percent, the transit zone class rate reduction for the portion of structure not so occupied shall terminate upon the leasing of such space to any nonaffiliated entity; or

(C) if the structure meets the criteria in item (i)(C), the structure shall receive the reduced class rate until the expiration of the initial lease term of the applicable tenants.

Percentages occupied or leased shall be determined based upon net leasable square footage in the structure. The assessor shall allocate the value of the structure in the same fashion as provided in the general law for portions of any structure receiving and not receiving the transit tax class reduction as a result of this clause.

Sec. 18. Minnesota Statutes 1998, section 273.13, is amended by adding a subdivision to read:

Subd. 24a. [TRANSIT ZONE PROPERTIES; PERSONAL PROPERTY TAX.] (a) Notwithstanding the provisions of section 272.02 or any other law to the contrary, a personal property tax is imposed on the leasehold of a tenant of a structure described in subdivision 24, paragraph (c), clause (2), item (i)(C).

(b) The tax equals the amount obtained by multiplying the sum of the local tax rates by:

(1) the estimated market value of the structure multiplied by

(2) the square footage of the structure under lease that qualifies under subdivision 24, clause (c)(1), divided by

(3) the total square footage of the structure that qualifies under subdivision 24, clause (c)(1), multiplied by

(4) the difference between the class rate under subdivision 24, paragraph (a), for the second tier and the class rate under subdivision 24, paragraph (c), for the second tier for the qualifying parts of a structure.

(c) The tax under this subdivision does not apply to a lease that:

(1) was executed before May 1, 1999;

(2) was entered according to a binding written agreement executed before May 1, 1999; or

(3) is a lease entered under an expansion option contained in a lease or binding written agreement qualifying under clause (1) or (2).

(d) The tax imposed under this subdivision is a personal property tax and is imposed on the lessee or tenant and not on the structure or the real property. The tax is an obligation of the lessee or tenant and must be collected in the manner provided for personal property taxes.

(e) The personal property tax applies only to a year in which the leased structure qualifies for the transit zone class rate.

Sec. 19. Minnesota Statutes 1998, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property in a city with a population of 5,000 or less, that is (1) located outside of the metropolitan area, as defined in section 473.121, subdivision 2, or outside any county contiguous to the metropolitan area, and (2) whose city boundary is at least 15 miles from the boundary of any city with a population greater than 5,000 has a class rate of 2.15 percent of market value. All other class 4a property has a class rate of ~~2.5~~ 2.4 percent of market value. For purposes of this paragraph, population has the same meaning given in section 477A.011, subdivision 3.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential, and recreational;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units;

(4) unimproved property that is classified residential as determined under subdivision 33.

Class 4b property has a class rate of ~~1.7~~ 1.65 percent of market value.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential, and recreational; and

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb has a class rate of ~~1.25~~ 1.2 percent on the first ~~$75,000~~ $76,000 of market value and a class rate of ~~1.7~~ 1.65 percent of its market value that exceeds ~~$75,000~~ $76,000.

Property that has been classified as seasonal recreational residential property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. In order for a property to be classified as class 4c, seasonal recreational residential for commercial purposes, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina services, launch services, and guide services, or the sale of bait and fishing tackle. For purposes of this determination, a paid booking of five or more nights shall be counted as two bookings. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts provided that the entire property including that portion of the property classified as class 1c also meets the requirements for class 4c under this clause; otherwise the entire property is classified as class 3. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property.

(3) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(4) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5) manufactured home parks as defined in section 327.14, subdivision 3; and

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2.

Class 4c property has a class rate of ~~1.8~~ 1.65 percent of market value, except that (i) ~~for~~ each parcel of seasonal residential recreational property not used for commercial purposes ~~the first $75,000 of market value has a class rate of 1.25 percent, and the market value that exceeds $75,000 has a class rate of 2.2 percent~~ has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5) have ~~a~~ the same class rate ~~of two percent~~ as class 4b property, and (iii) property described in paragraph (d), clause (4), has the same class rate as the rate applicable to the first tier of class 4bb nonhomestead residential real estate under paragraph (c).

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the housing finance agency under sections 273.126 and 462A.071. Class 4d includes land in proportion to the total market value of the building that is qualifying low-income rental housing. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

Class 4d property has a class rate of one percent of market value.

~~(f) Class 4e property consists of the residential portion of any structure located within a city that was converted from nonresidential use to residential use, provided that:~~

~~(1) the structure had formerly been used as a warehouse;~~

~~(2) the structure was originally constructed prior to 1940;~~

~~(3) the conversion was done after December 31, 1995, but before January 1, 2003; and~~

~~(4) the conversion involved an investment of at least $25,000 per residential unit.~~

~~Class 4e property has a class rate of 2.3 percent, provided that a structure is eligible for class 4e classification only in the 12 assessment years immediately following the conversion.~~

Sec. 20. Minnesota Statutes 1998, section 273.13, subdivision 31, is amended to read:

Subd. 31. [CLASS 5.] Class 5 property includes:

(1) ~~tools, implements, and machinery of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures;~~

~~(2)~~ unmined iron ore and low-grade iron-bearing formations as defined in section 273.14; and

~~(3)~~ (2) all other property not otherwise classified.

Class 5 property has a class rate of ~~3.5~~ 3.4 percent of market value.

Sec. 21. Minnesota Statutes 1998, section 273.1382, is amended to read:

273.1382 [EDUCATION HOMESTEAD CREDIT; EDUCATION AGRICULTURAL CREDIT.]

Subdivision 1. [EDUCATION ~~HOMESTEAD~~ CREDIT TAX RATE.] Each year, the respective county auditors shall determine the initial tax rate for each school district for the general education levy certified under section 126C.13, subdivision 2 or 3. That rate plus the school district's education homestead credit tax rate adjustment under section 275.08, subdivision 1e, shall be the general education ~~homestead~~ credit ~~local~~ tax rate for the district. ~~The~~

Subd. 1a. [EDUCATION HOMESTEAD CREDIT.] Each county auditor shall ~~then~~ determine a general education homestead credit for each homestead within the county equal to ~~68~~ 66.2 percent for taxes payable in 1999 and ~~69~~ 83 percent for taxes payable in 2000 and thereafter of the ~~general~~ education ~~homestead~~ credit ~~local~~ tax rate times the net tax capacity of the homestead for the taxes payable year. The amount of general education homestead credit for a homestead may not exceed $320 for taxes payable in 1999 and ~~$335~~ $390 for taxes payable in 2000 and thereafter. In the case of an agricultural homestead, only the net tax capacity of the house, garage, and surrounding one acre of land shall be used in determining the property's education homestead credit.

~~Subd. 1a. [CREDIT PERCENTAGE REDUCTION.] If the general education levy target for fiscal year 2000 or 2001 is increased by another law enacted prior to the 1999 legislative session, the commissioner of revenue shall adjust the percentage rates of the education homestead credit for the corresponding taxes payable year by multiplying the percentage rate by the ratio of the prior general education levy target to the current general education levy target. If an adjustment is made under this section for fiscal year 2001, the adjusted rate shall remain in effect for future years until amended by subsequent legislation.~~

Subd. 1b. [EDUCATION AGRICULTURAL CREDIT.] Property classified as class 2a agricultural homestead or class 2b agricultural nonhomestead or timberland is eligible for education agricultural credit. The credit is equal to 54 percent, in the case of agricultural homestead property, or 50 percent, in the case of agricultural nonhomestead property or timberland, of the property's net tax capacity times the education credit tax rate determined in subdivision 1. The net tax capacity of class 2a property attributable to the house, garage, and surrounding one acre of land is not eligible for the credit under this subdivision.

Subd. 2. [CREDIT REIMBURSEMENTS.] (a) The commissioner of revenue shall determine the tax reductions allowed under this section for each taxes payable year, and for each school district based upon a review of the abstracts of tax lists submitted by the county auditors under section 275.29, and from any other information which the commissioner deems relevant. The commissioner of revenue shall generally compute the tax reductions at the unique taxing jurisdiction level, however the commissioner may compute the tax reductions at a higher geographic level if that would have a negligible impact, or if changes in the composition of unique taxing jurisdictions do not permit computation at the unique taxing jurisdiction level. The commissioner's determinations under this paragraph are not rules.

(b) The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of children, families, and learning after July 1 and on or before August 1 of the taxes payable year. The commissioner of children, families, and learning shall reimburse each affected school district for the amount of the property tax reductions allowed under this section as provided in section 273.1392. The commissioner of children, families, and learning shall treat the reimbursement payments as entitlements for the same state fiscal year as certified, including with each district's initial payment all amounts that would have been paid up to that date, computed as if 90 percent of the annual reimbursement amount for the district were being paid one-twelfth in each month of the fiscal year.

Subd. 3. [APPROPRIATION.] An amount sufficient to make the payments required by this section is annually appropriated from the general fund to the commissioner of children, families, and learning.

Sec. 22. Minnesota Statutes 1998, section 273.1398, subdivision 1a, is amended to read:

Subd. 1a. [TAX BASE DIFFERENTIAL.] (a) For aids payable in 2000, the tax base differential is:

(1) 0.45 percent of the assessment year 1998 taxable market value of class 2a agricultural homestead property, excluding the house, garage, and surrounding one acre of land, between $115,000 and $600,000 and over 320 acres, minus the value over $600,000 that is less than 320 acres; plus

(2) 0.5 percent of the assessment year 1998 taxable market value of noncommercial seasonal recreational residential property over $75,000 in value; plus

(3) for purposes of computing the fiscal disparity adjustment only, ~~the tax base differential is~~ 0.2 percent of the assessment year 1998 taxable market value of class 3 commercial-industrial property over $150,000.

(b) For the purposes of the distribution of homestead and agricultural credit aid for aids payable in 2000, the commissioner of revenue shall use the best information available as of June 30, 1999, to make an estimate of the value described in paragraph (a), clause (1). The commissioner shall adjust the distribution of homestead and agricultural credit aid for aids payable in 2001 and subsequent years if new information regarding the value described in paragraph (a), clause (1), becomes available after June 30, 1999.

Sec. 23. Minnesota Statutes 1998, section 273.1398, subdivision 8, is amended to read:

Subd. 8. [APPROPRIATION.] (a) An amount sufficient to pay the aids and credits provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity, is annually appropriated from the general fund to the commissioner of children, families, and learning. An amount sufficient to pay the aids and credits provided under this section for counties, cities, towns, and special taxing districts is annually appropriated from the general fund to the commissioner of revenue. A jurisdiction's aid amount may be increased or decreased based on any prior year adjustments for homestead credit or other property tax credit or aid programs.

(b) The commissioner of finance shall bill the commissioner of revenue for the cost of preparation of local impact notes as required by section 3.987 only to the extent to which those costs exceed those costs incurred in fiscal year 1997 and for any other new costs attributable to the local impact note function required by section 3.987, not to exceed $100,000 in fiscal ~~year~~ years 1998 and 1999 and $200,000 in fiscal year ~~1999~~ 2000 and thereafter.

The commissioner of revenue shall deduct the amount billed under this paragraph from aid payments to be made to cities and counties under subdivision 2 on a pro rata basis. The amount deducted under this paragraph is appropriated to the commissioner of finance for the preparation of local impact notes.

Sec. 24. Minnesota Statutes 1998, section 273.20, is amended to read:

273.20 [ASSESSOR MAY ENTER DWELLINGS, BUILDINGS, OR STRUCTURES.]

Any officer authorized by law to assess property for taxation may, when necessary to the proper performance of duties, enter any dwelling-house, building, or structure, and view the same and the property therein.

Any officer authorized by law to assess property for ad valorem tax purposes shall have reasonable access to land and structures as necessary for the proper performance of their duties. A property owner may refuse to allow an assessor to inspect their property. This refusal by the property owner must be either verbal or expressly stated in a letter to the county assessor. If the assessor is denied access to view a property, the assessor is authorized to estimate the property's estimated market value by making assumptions believed appropriate concerning the property's finish and condition.

Sec. 25. Minnesota Statutes 1998, section 274.01, subdivision 1, is amended to read:

Subdivision 1. [ORDINARY BOARD; MEETINGS, DEADLINES, GRIEVANCES.] (a) The town board of a town, or the council or other governing body of a city, is the board of review except (1) in cities whose charters provide for a board of equalization or (2) in any city or town that has transferred its local board of review power and duties to the county board as provided in subdivision 3. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting.

If in any county, at least 25 percent of the total net tax capacity of a city or town is noncommercial seasonal residential recreational property classified under section 273.13, subdivision 25, the county must hold two countywide informational meetings on Saturdays. The meetings will allow noncommercial seasonal residential recreational taxpayers to discuss their property valuation with the appropriate assessment staff. These Saturday informational meetings must be scheduled to allow the owner of the noncommercial seasonal residential recreational property the opportunity to attend one of the meetings prior to the scheduled board of review for their city or town. The Saturday meeting dates must be contained on the notice of valuation of real property under section 273.121.

The board shall meet at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board of review has adjourned in those cities or towns that hold a local board of review; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period in those cities or towns that hold a local board of review must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just. The board may not make an individual market value adjustment or classification change that would benefit the property in cases where the owner or other person having control over the property will not permit the assessor to inspect the property and the interior of any buildings or structures.

(c) A local board of review may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board of review without regard to the one percent limitation.

(d) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, with the assessment books and papers, and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings.

The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite the item. The county assessor shall enter all changes made by the board in the assessment book.

(e) Except as provided in subdivision 3, if a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of equalization for a review of the assessment or classification. This paragraph does not apply if an assessment was made after the board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board of review meeting.

(f) The board of review or the board of equalization must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board of review file written objections to an assessment or classification with the county assessor. The objections must be presented to the board of review at its meeting by the county assessor for its consideration.

Sec. 26. Minnesota Statutes 1998, section 276.131, is amended to read:

276.131 [DISTRIBUTION OF PENALTIES, INTEREST, AND COSTS.]

The penalties, interest, and costs collected on special assessments and real and personal property taxes must be distributed as follows:

(1) all penalties and interest collected on special assessments against real or personal property must be distributed to the taxing jurisdiction that levied the assessment;

(2) 50 percent of all penalties ~~and interest~~ collected on real and personal property taxes must be distributed to the ~~county in which the property is located~~ school districts within the county, and the ~~other~~ remaining 50 percent must be distributed to ~~the school districts within~~ the county~~. The distribution to the school district must be in accordance with the provisions of section 127A.34~~; ~~and~~

(3) in the case of interest on taxes that have been delinquent for a period of one year or less, (a) 50 percent of the interest must be distributed to the school districts within the county and (b) the remaining 50 percent shall be distributed to the county;

(4) in the case of interest on taxes that have been delinquent for a period of more than one year, (a) 50 percent of the interest must be distributed to the school districts within the county and (b) the remaining 50 percent must be distributed as follows: (i) the city or town where the property is located shall receive a share of the amount of interest equal to the proportion that the city's or town's local tax rate for the year that the interest was collected, is to the sum of the city's or town's local tax rate and the county's local tax rate for the year that the interest was collected and (ii) the balance must be distributed to the county; and

(5) all costs collected by the county on special assessments and on delinquent real and personal property taxes must be distributed to the county in which the property is located.

The distribution of all penalties and interest to the school district must be in accordance with the provisions of section 127A.34.

Sec. 27. Minnesota Statutes 1998, section 290A.03, subdivision 6, is amended to read:

Subd. 6. [HOMESTEAD.] "Homestead" means the dwelling occupied as the claimant's principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to ~~320 acres~~ the first $600,000 of market value or, where the farm homestead is rented, one acre. The homestead may be owned or rented and may be a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed as personal property may be a dwelling for purposes of this subdivision.

Sec. 28. Minnesota Statutes 1998, section 290B.03, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM QUALIFICATIONS.] The qualifications for the senior citizens' property tax deferral program are as follows:

(1) the property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, both of the spouses must be at least 65 years old at the time the first property tax deferral is granted, regardless of whether the property is titled in the name of one spouse or both spouses, or titled in another way that permits the property to have homestead status;

(2) the total household income of the qualifying homeowners, as defined in section 290A.03, subdivision 5, for the calendar year preceding the year of the initial application may not exceed ~~$30,000~~ $60,000;

(3) the homestead must have been owned and occupied as the homestead of at least one of the qualifying homeowners for at least 15 years prior to the year the initial application is filed;

(4) there are no delinquent property taxes, penalties, or interest on the homesteaded property;

(5) there are no delinquent special assessments on the homesteaded property;

(6) there are no state or federal tax liens or judgment liens on the homesteaded property;

(7) there are no mortgages or other liens on the property that secure future advances, except for those subject to credit limits that result in compliance with clause (8); and

(8) the total unpaid balances of debts secured by mortgages and other liens on the property, including unpaid special assessments, but not including property taxes payable during the year, does not exceed 30 percent of the assessor's estimated market value for the year.

Sec. 29. Minnesota Statutes 1998, section 290B.04, subdivision 2, is amended to read:

Subd. 2. [APPROVAL; RECORDING.] The commissioner shall approve all initial applications that qualify under this chapter and shall notify qualifying homeowners on or before December 1. The commissioner may investigate the facts or require confirmation in regard to an application. The commissioner shall record or file a notice of qualification for deferral, including the names of the qualifying homeowners and a legal description of the property, in the office of the county recorder, or registrar of titles, whichever is applicable, in the county where the qualifying property is located. The notice must state that it serves as a notice of lien and that it includes deferrals under this section for future years. The homeowner shall pay the recording or filing fees for the notice, which, notwithstanding section 357.18, shall be paid by the homeowner at the time of satisfaction of the lien.

Sec. 30. Minnesota Statutes 1998, section 290B.04, subdivision 3, is amended to read:

Subd. 3. [EXCESS-INCOME CERTIFICATION BY TAXPAYER.] A taxpayer whose initial application has been approved under subdivision 2 shall notify the commissioner of revenue in writing by July 1 if the taxpayer's household income for the preceding calendar year exceeded ~~$30,000~~ $60,000. The certification must state the homeowner's total household income for the previous calendar year. No property taxes may be deferred under this chapter in any year following the year in which a program participant filed or should have filed an excess-income certification under this subdivision, unless the participant has filed a resumption of eligibility certification as described in subdivision 4.

Sec. 31. Minnesota Statutes 1998, section 290B.04, subdivision 4, is amended to read:

Subd. 4. [RESUMPTION OF ELIGIBILITY CERTIFICATION BY TAXPAYER.] A taxpayer who has previously filed an excess-income certification under subdivision 3 may resume program participation if the taxpayer's household income for a subsequent year is ~~$30,000~~ $60,000 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify the commissioner of revenue in writing by July 1 of the year following a calendar year in which the taxpayer's household income is ~~$30,000~~ $60,000 or less. The certification must state the taxpayer's total household income for the previous calendar year. Once a taxpayer resumes participation in the program under this subdivision, participation will continue until the taxpayer files a subsequent excess-income certification under subdivision 3 or until participation is terminated under section 290B.08, subdivision 1.

Sec. 32. Minnesota Statutes 1998, section 290B.05, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION BY COMMISSIONER.] The commissioner shall determine each qualifying homeowner's "annual maximum property tax amount" following approval of the homeowner's initial application and following the receipt of a resumption of eligibility certification. The "annual maximum property tax amount" equals ~~five~~ three percent of the homeowner's total household income for the year preceding either the initial application or the resumption of eligibility certification, whichever is applicable. Following approval of the initial application, the commissioner shall determine the qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment year for any homeowner whose total household income for the previous year exceeds ~~$30,000~~ $60,000. No tax shall be deferred in any year in which the homeowner does not meet the program qualifications in section 290B.03. The maximum allowable total deferral is equal to 75 percent of the assessor's estimated market value for the year, less the balance of any mortgage loans and other amounts secured by liens against the property at the time of application, including any unpaid special assessments but not including property taxes payable during the year.

Sec. 33. Minnesota Statutes 1998, section 298.22, subdivision 7, is amended to read:

Subd. 7. [GIANTS RIDGE RECREATION AREA.] (a) In addition to the other powers granted in this section and other law, the commissioner, for purposes of fostering economic development and tourism within the Giants Ridge recreation area, may spend any money made available to the agency under section 298.28 to acquire real or personal property or interests therein by gift, purchase, or lease and may convey by lease, sale, or other means of conveyance or commitment any or all of those property interests acquired.

(b) ~~Notwithstanding any other law to the contrary, property conveyed under this subdivision and used for residential purposes is not eligible for property tax homestead classification under section 273.124 or for a property tax refund under chapter 290A.~~

~~(c)~~ In furtherance of development of the Giants Ridge recreation area, the commissioner may establish and participate in charitable foundations and nonprofit corporations, including a corporation within the meaning of section 317A.011, subdivision 6.

~~(d)~~ (c) The term "Giants Ridge recreation area" refers to an economic development project area established by the commissioner in furtherance of the powers delegated in this section within St. Louis county in the western portions of the town of White and in the eastern portion of the westerly, adjacent, unorganized township.

Sec. 34. Minnesota Statutes 1998, section 373.40, subdivision 1, is amended to read:

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

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, development rights in the form of conservation easements under chapter 84C, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, and roads and bridges. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include light rail transit or any activity related to it or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Commissioner" means the commissioner of trade and economic development.

(d) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(e) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the metropolitan council or by the state demographer under section 4A.02.

(f) "Qualified indoor ice arena" means a facility that meets the requirements of section 373.43.

(g) "Tax capacity" means total taxable market value, but does not include captured market value.

Sec. 35. Minnesota Statutes 1998, section 375.18, subdivision 12, is amended to read:

Subd. 12. [LAND FOR PUBLIC USE.] Each county board may acquire by gift or purchase and improve land within the county, for use as a park, site for a building, or other public purpose, and, when required by the public interest, sell and convey it. The land may be paid for out of moneys in the county treasury not otherwise appropriated, or by issuing bonds of the county. The county board may acquire development rights in the form of a conservation easement under chapter 84C. The holder of the conservation easement may be determined by a governmental body.

Sec. 36. Minnesota Statutes 1998, section 462A.071, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] (a) In order to qualify for certification under subdivision 1, the owner or manager of the property must annually apply to the agency. The application must be in the form prescribed by the agency, contain the information required by the agency, and be submitted by the date and time specified by the agency. ~~Beginning in calendar year 2000, the agency shall adopt procedures and deadlines for making application to permit certification of the units qualifying to the assessor by no later than April 1 of the assessment year.~~

(b) Each application must include:

(1) the property tax identification number;

(2) the number, type, and size of units the applicant seeks to qualify as low-income housing under class 4d;

(3) the number, type, and size of units in the property for which the applicant is not seeking qualification, if any;

(4) a certification that the property has been inspected by a qualified inspector within the past three years and meets the minimum housing quality standards or is exempt from the inspection requirement under subdivision 4;

(5) a statement indicating the qualifying units in compliance with the income limits;

(6) an executed agreement to restrict rents meeting the requirements specified by the agency or executed leases for the units for which qualification as low-income housing as class 4d under section 273.13 is sought and the rent schedule; and

(7) any additional information the agency deems appropriate to require.

(c) The applicant must pay a per-unit application fee to be set by the agency. The application fee charged by the agency must approximately equal the costs of processing and reviewing the applications. The fee must be deposited in the housing development fund.

Sec. 37. Minnesota Statutes 1998, section 469.002, subdivision 10, is amended to read:

Subd. 10. [FEDERAL LEGISLATION.] "Federal legislation" includes the United States Housing Act of 1937, United States Code, title 42, sections 1401 to 1440, as amended through December 31, ~~1989~~ 1998; the National Housing Act, United States Code, title 12, sections 1701 to 1750g, as amended through December 31, 1989; and any other legislation of the Congress of the United States relating to federal assistance for clearance or rehabilitation of substandard or blighted areas, land assembly, redevelopment projects, or housing.

Sec. 38. Minnesota Statutes 1998, section 469.012, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to 469.033. Its powers include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 469.001 to 469.047;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, to call upon the chief law officer of the city or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) within its area of operation, to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain and is currently vacant, buildings and improvements which are vacated and substandard. Notwithstanding the prior sentence, in cities of the first class the exercise of the power of eminent domain under this clause shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain, buildings and improvements which are substandard. For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the Department of Housing and Urban Development or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

(9) to provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto;

(10) to make an agreement with the governing body or bodies creating the authority which provides exemption from all ad valorem real and personal property taxes levied or imposed by the body or bodies creating the authority. In the case of low-rent public housing that received financial assistance under the United States Housing Act of 1937, or successor federal legislation, an authority may make an agreement with the governing body or bodies creating the authority to provide exemption from all real and personal property taxes levied or imposed by the state, city, county, or other political subdivision, for which the authority shall make payments in lieu of taxes to the state, city, county, or other political subdivisions as provided in section 469.040. The governing body shall agree on behalf of all the applicable governing bodies affected that local cooperation as required by the federal government shall be provided by the local governing body or bodies in whose jurisdiction the project is to be located, at no cost or at no greater cost than the same public services and facilities furnished to other residents;

(11) to cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 469.001 to 469.047 or of any other related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001 to 469.047, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control or in the manner and subject to the conditions provided in section 118A.04 for the deposit and investment of public funds;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) to enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low- or moderate-income persons pursuant to section 469.029, subdivision 9, for the period of time necessary to complete the rehabilitation, as determined by the authority;

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5);

(29) to sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual;

(30) within its area of operation, to acquire and sell real property that is benefited by federal housing assistance payments, other rental subsidies, interest reduction payments, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing;

(31) to apply for, enter into contracts with the federal government, administer, and carry out a section 8 program. Authorization by the governing body creating the authority to administer the program at the authority's initial application is sufficient to authorize operation of the program in its area of operation for which it was created without additional local governing body approval. Approval by the governing body or bodies creating the authority constitutes approval of a housing program for purposes of any special or general law requiring local approval of section 8 programs undertaken by city, county, or multicounty authorities; and

(32) to secure a mortgage or loan for a rental housing project by obtaining the appointment of receivers or assignments of rents and profits under sections 559.17 and 576.01, except that the limitation relating to the minimum amounts of the original principal balances of mortgages specified in sections 559.17, subdivision 2, clause (2); and 576.01, subdivision 2, does not apply.

Sec. 39. Minnesota Statutes 1998, section 475.52, subdivision 1, is amended to read:

Subdivision 1. [STATUTORY CITIES.] Any statutory city may issue bonds or other obligations for the acquisition or betterment of public buildings, means of garbage disposal, hospitals, nursing homes, homes for the aged, schools, libraries, museums, art galleries, parks, playgrounds, stadia, sewers, sewage disposal plants, subways, streets, sidewalks, warning systems; for any utility or other public convenience from which a revenue is or may be derived; for a permanent improvement revolving fund; for changing, controlling or bridging streams and other waterways; for the acquisition and betterment of bridges and roads within two miles of the corporate limits for the acquisition of development rights in the form of conservation easements under chapter 84C; and for acquisition of equipment for snow removal, street construction and maintenance, or fire fighting. Without limitation by the foregoing the city may issue bonds to provide money for any authorized corporate purpose except current expenses.

Sec. 40. Minnesota Statutes 1998, section 475.52, subdivision 3, is amended to read:

Subd. 3. [COUNTIES.] Any county may issue bonds for the acquisition or betterment of courthouses, county administrative buildings, health or social service facilities, correctional facilities, law enforcement centers, jails, morgues, libraries, parks, and hospitals, for roads and bridges within the county or bordering thereon and for road equipment and machinery and for ambulances and related equipment for the acquisition of development rights in the form of conservation easements under chapter 84C, and for capital equipment for the administration and conduct of elections providing the equipment is uniform countywide, except that the power of counties to issue bonds in connection with a library shall not exist in Hennepin county.

Sec. 41. Minnesota Statutes 1998, section 475.52, subdivision 4, is amended to read:

Subd. 4. [TOWNS.] Any town may issue bonds for the acquisition and betterment of town halls, town roads and bridges, nursing homes and homes for the aged, and for acquisition of equipment for snow removal, road construction or maintenance, and fire fighting for the acquisition of development rights in the form of conservation easements under chapter 84C and for the acquisition and betterment of any buildings to house and maintain town equipment.

Sec. 42. Minnesota Statutes 1998, section 477A.011, subdivision 36, is amended to read:

Subd. 36. [CITY AID BASE.] (a) Except as provided in paragraphs (b)~~, (c), and (d)~~ to (k), "city aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

(b) For aids payable in 1996 and thereafter, a city that in 1992 or 1993 transferred an amount from governmental funds to its sewer and water fund, which amount exceeded its net levy for taxes payable in the year in which the transfer occurred, has a "city aid base" equal to the sum of (i) its city aid base, as calculated under paragraph (a), and (ii) one-half of the difference between its city aid distribution under section 477A.013, subdivision 9, for aids payable in 1995 and its city aid base for aids payable in 1995.

(c) The city aid base for any city with a population less than 500 is increased by $40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $40,000 for aids payable in calendar year 1995 only, provided that:

(i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;

(ii) the city portion of the tax capacity rate exceeds 100 percent; and

(iii) its city aid base is less than $60 per capita.

(d) The city aid base for a city is increased by $20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $20,000 in calendar year 1998 only, provided that:

(i) the city has a population in 1994 of 2,500 or more;

(ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;

(iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than $400 per capita; and

(iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(e) The city aid base for a city is increased by $200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $200,000 in calendar year 1999 only, provided that:

(i) the city was incorporated as a statutory city after December 1, 1993;

(ii) its city aid base does not exceed $5,600; and

(iii) the city had a population in 1996 of 5,000 or more.

(f) The city aid base for a city is increased by $450,000 in 1999 to 2008 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $450,000 in calendar year 1999 only, provided that:

(i) the city had a population in 1996 of at least 50,000;

(ii) its population had increased by at least 40 percent in the ten-year period ending in 1996; and

(iii) its city's net tax capacity for aids payable in 1998 is less than $700 per capita.

(g) Beginning in 2002, the city aid base for a city is equal to the sum of its city aid base in 2001 and the amount of additional aid it was certified to receive under section 477A.06 in 2001. For 2002 only, the maximum amount of total aid a city may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by the amount it was certified to receive under section 477A.06 in 2001.

(h) The city aid base for a city is increased by $150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $150,000 in calendar year 2000 only, provided that:

(1) the city has a population that is greater than 1,000 and less than 2,500;

(2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

(i) The city aid base for a city is increased by $200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $200,000 in calendar year 2000 only, provided that:

(1) the city had a population in 1997 of 2,500 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than $650 per capita;

(3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;

(4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and

(5) the city aid base of the city used in calculating aid under section 477A.013 is less than $7 per capita.

(j) The city aid base for a city is increased by $225,000 in calendar years 2000 to 2002 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $225,000 in calendar year 2000 only, provided that:

(1) the city had a population of at least 5,000;

(2) its population had increased by at least 50 percent in the ten-year period ending in 1997;

(3) the city is located outside of the Minneapolis-St. Paul metropolitan statistical area as defined by the United States Bureau of the Census; and

(4) the city received less than $30 per capita in aid under section 477A.013, subdivision 9, for aids payable in 1999.

(k) The city aid base for a city is increased by $102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $102,000 in calendar year 2000 only, provided that:

(1) the city has a population in 1997 of 2,000 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than $455 per capita;

(3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than $195 per capita; and

(4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

Sec. 43. Minnesota Statutes 1998, section 477A.06, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) For assessment years 1998, 1999, and 2000, for all class 4d property on which construction was begun before January 1, 1999, the assessor shall determine the difference between the actual net tax capacity and the net tax capacity that would be determined for the property if the class rates for assessment year 1997 were in effect.

(b) In calendar years 1999, 2000, and 2001, each city shall be eligible for aid equal to (i) the amount by which the sum of the differences determined in clause (a) for the corresponding assessment year exceeds ~~2.5~~ two percent of the city's total taxable net tax capacity for taxes payable in 1998, multiplied by (ii) the city government's average local tax rate for taxes payable in 1998.

Sec. 44. Laws 1997, chapter 231, article 2, section 68, subdivision 3, as amended by Laws 1998, chapter 389, article 3, section 36, is amended to read:

Subd. 3. [~~MORATORIUM ON CHANGES IN~~ ELDERLY ASSISTED LIVING FACILITIES; ASSESSMENT ~~PRACTICES~~.] (a) An assessor may not change the current practices or policies used generally in assessing elderly assisted living facilities.

(b) An assessor may not change the 1999 assessment of an existing elderly assisted living facility, unless the change is made as a result of a change in ownership, occupancy, or use of the facility. This paragraph does not apply to:

(1) a facility that was constructed during calendar year 1997, 1998, or 1999;

(2) a facility that was converted to an elderly assisted living facility during calendar year 1997, 1998, or 1999; or

(3) a change in market value.

(c) This subdivision expires ~~and no longer applies on the earlier of:~~

~~(1) the enactment of legislation establishing criteria for the property taxation of elderly assisted living facilities; or~~

~~(2) final adjournment of the 1999 regular legislative session~~ December 31, 1999.

Sec. 45. Laws 1997, First Special Session chapter 3, section 27, is amended to read:

Sec. 27. [TAXPAYER'S PERSONAL INFORMATION; DISCLOSURE.]

(a) An owner of property in Washington or Ramsey county that is subject to property taxation must be informed in a clear and conspicuous manner in writing on a form sent to property taxpayers that the property owner's name, address, and other information may be used, rented, or sold for business purposes, including surveys, marketing, and solicitation.

(b) If the property owner so requests on the form provided, then any such list generated by the county and sold for business purposes must exclude the owner's name and address if the business purpose is conducting surveys, marketing, or solicitation.

(c) This section expires August 1, ~~1999~~ 2001.

Sec. 46. [ABATEMENT OF TAXES.]

Subdivision 1. [PROPERTY DEFINED.] As used in this section and section 47, "property" means property located in Lake county that meets the following description:

All that part of Government Lot Two (2) of Section One (1) in Township Fifty-two (52) North, Range Eleven (11) West of the Fourth Principal Meridian, lying within the following described lines:

Commencing at a point on the North-South quarter line of said Section 1 which is 20 feet south of the center of said Section 1 measured along said North-South quarter line;

thence easterly at a right angle to said North-South quarter line a distance of 5 feet to the point of Beginning;

thence continuing in an easterly direction at a right angle to said North-South quarter line a distance of 335 feet;

thence southerly at a right angle to the last described line a distance of 80 feet;

thence easterly at a right angle to the last described line a distance of 210 feet;

thence southerly at a right angle to the last described line a distance of 255 feet;

thence southeasterly at an angle of 102 degrees to the last described line to the ordinary low-water mark of Agate Bay;

thence easterly along said ordinary low-water mark to the East boundary line of said Government Lot 2;

thence in a northerly direction along said East boundary line to a point on said East boundary line which is 75 feet distant in a northerly direction from the East-West quarter line of said Section 1, extended, as measured along said East boundary line;

thence in a northwesterly direction to a point which is 190 feet easterly measured at a right angle to the North-South quarter line of said Section 1 from a point on the North-South quarter line, which point is 725 feet northerly of the center of said Section 1 when measured along said North-South quarter line;

thence in a westerly direction at a right angle to said North-South quarter line a distance of 185 feet;

thence southerly along a line parallel to and 5 feet distant easterly from said North-South quarter line a distance of 230 feet;

thence easterly at a right angle to the last described line a distance of 130 feet;

thence southerly at a right angle to the last described line a distance of 119.27 feet;

thence westerly at a right angle to the last described line a distance of 130 feet;

thence southerly along a line parallel to and 5 feet distant easterly from said North-South quarter line a distance of 395.73 feet to the point of beginning.

Subd. 2. [AUTHORIZATION.] Upon a majority vote of its members, the governing bodies of each of Lake county, the city of Two Harbors, and Lake Superior independent school district No. 381, may abate the taxes levied on the property described in subdivision 1 in 1979 to 1990, payable in 1980 to 1991, as well as any interest and penalties due on those taxes.

Sec. 47. [RECORDING OF CONVEYANCE AUTHORIZED.]

Notwithstanding Minnesota Statutes, section 272.12, or any other law to the contrary, if the governing bodies of Lake county, the city of Two Harbors, and Lake Superior independent school district No. 381 have all abated the taxes, interest, and penalties as provided in section 46, subdivision 2, the county auditor may record the conveyance of the property described in section 46, subdivision 1.

Sec. 48. [LOCAL PERFORMANCE AID RECIPIENTS; OTHER AID INCREASES.]

(a) If a county received local performance aid under Minnesota Statutes, section 477A.05, in calendar year 1999, the amount of homestead and agricultural credit aid determined and payable to the county under Minnesota Statutes, section 273.1398, in 2000 and subsequent years is increased by the amount of performance aid it received in 1999.

(b) If a city received local performance aid under Minnesota Statutes, section 477A.05, in calendar year 1999, the city aid base of the city under Minnesota Statutes, section 477A.011, subdivision 36, is increased for aid payable in 2000 and subsequent years by the amount of performance aid it received in 1999, and the maximum amount of total aid it may receive under Minnesota Statutes, section 477A.013, subdivision 9, paragraph (c), is also increased by that amount in calendar year 2000 only.

(c) For purposes of determining the limitation on aid increases under Minnesota Statutes, section 477A.013, subdivision 9, paragraph (b), for aid payable in 2000, the sum of the aid to all cities in 2000 does not include the aid increase under paragraph (a) of this section.

Sec. 49. [RECOMMENDATIONS ON UTILITY TAX POLICY.]

The commissioner of revenue, upon consultation with the commissioner of public service and other appropriate state agencies, shall convene meetings of representatives from utilities which pay personal property taxes on generation facilities and local governments in which those facilities are sited. These meetings shall assess policy issues related to the taxation of Minnesota utility generation facilities in a changing energy market, including:

(1) the effects of future restructuring of the electric industry;

(2) impacts on revenue to local governments and debt issuance;

(3) evolution of utility tax policy in Minnesota and other states;

(4) sufficiency of Minnesota's future electric power supply; and

(5) any other relevant issues, including environmental, labor, and consumer issues.

The meetings shall be open to any interested parties. The commissioner shall examine utility tax policy issues and make recommendations, as warranted, on the future of the personal property tax on generation facilities and the replacement of revenues that would be lost to local units of government as a result of a partial or full exemption of these personal property taxes.

The commissioner shall report on the progress of these meetings, including options being considered and a plan for completing the report, to the chairs of the senate committees on taxes and jobs, energy and community development, the house committees on taxes and commerce, and the governor, by January 15, 2000, with a final report to those same officials by December 1, 2000.

Sec. 50. [383D.74] [DAKOTA COUNTY; ADMINISTRATIVE PENALTIES.]

Subdivision 1. [PENALTIES.] The Dakota county board may impose an administrative penalty for violation of an ordinance enacted under chapter 103F. No penalty may be imposed unless the owner has received notice, served personally or by mail, of the alleged violation and an opportunity for a hearing before a person authorized by the county board to conduct the hearing. A decision that a violation occurred must be in writing. The amount of the penalty with interest may not exceed the amount allowed for a single misdemeanor violation. A person aggrieved by a decision under this section may have the decision reviewed in the district court. If a penalty imposed under this section is unpaid for more than 60 days after the date when payment is due, the county board may certify the penalty to the county auditor for collection to the same extent and in the same manner provided by law for the assessment and collection of real estate taxes.

Subd. 2. [EXPIRATION.] The authority to impose a penalty under this section expires on December 31, 2000.

Sec. 51. [LEGISLATIVE INTENT.]

It is the intent of the legislature that one-half of the actual property tax savings to the taxpayer as a result of the class rate reduction under section 19, for manufactured home parks, for taxes payable in 2000 to 2004, be reinvested by the taxpayer in capital improvements of the manufactured home park or used for direct assistance to homeowners for home improvements.

Sec. 52. [2000 CHARITY CARE AID.]

Subdivision 1. [PURPOSE.] The purpose of charity care aid is to prevent or reduce the reliance on county property taxes to meet the cost of providing medical care to individuals who are indigent and who do not reside in the county.

Subd. 2. [QUALIFICATION.] A county qualifies for payment under this section in 2000 only if it contains a hospital that has a medical assistance disproportionate population adjustment as determined under section 256.969, subdivision 9, greater than 16 percent.

Subd. 3. [REPORTS BY HOSPITALS AND COUNTIES.] (a) By June 1, 1999, a hospital described in subdivision 2 must file a report with the county in which it is located setting forth its audited financial statements and a schedule setting forth the aggregate amount of charity care for calendar year 1998 that meets the following criteria:

(1) the patient is from a county other than the county in which the hospital is located; and

(2) the hospital has made a preliminary determination that:

(i) the patient is not eligible for any public health care program or it cannot be determined whether the person is eligible for any public health care program; and

(ii) the person is uninsured or it cannot be determined if the person is uninsured or the person has insufficient resources to pay the cost of services delivered by the hospital.

(b) By July 1, 1999, each county must report to the commissioner of revenue the total amount of charity care reported to it by hospitals under this subdivision.

Subd. 4. [AMOUNT OF AID.] (a) Subject to the limitation in paragraph (b), payment to a county under this section is equal to the aggregate amount of charity care, as reported under subdivision 3, for calendar year 1998.

(b) The total of all payments under this section may not exceed $10,000,000. If the amounts reported under subdivision 3 for all counties exceeds $10,000,000, the distributions to each county must be allocated in proportion to the total amount of uncompensated care reported to the commissioner by the county so that the total of the payments does not exceed $10,000,000.

Subd. 5. [PAYMENT DATES.] The aid amounts must be paid as provided in section 477A.015.

Subd. 6. [USE OF FUNDS.] Each county that receives a payment under this section must remit all charity care aid funds to hospitals described in subdivision 2 that apply to the county for reimbursement. If the aid a county receives is less than the total amount of uncompensated care reported by eligible hospitals in the county, the aid amounts remitted to the hospitals must be proportional to the amounts reported.

Subd. 7. [REPORT TO THE COMMISSIONER.] By March 15, 2001, each county that receives the aid must file a report with the commissioner of revenue describing how charity care aids were spent, and verifying that they were paid to hospitals described in subdivision 2 for charity care purposes for individuals who do not reside in the county.

Subd. 8. [NOTICE TO COUNTIES.] The commissioner of revenue shall annually notify the governing body of each county, providing information, to the extent available to the commissioner, regarding the amount of reimbursements paid under this section attributable to care provided to residents of that county.

Subd. 9. [HENNEPIN COUNTY LEVY LIMIT ADJUSTMENT.] For taxes levied in 1999 only, the levy limit for Hennepin county under Minnesota Statutes, section 275.71, subdivision 4, is reduced by an amount equal to the amount of charity aid allocated to the Hennepin county medical center.

Subd. 10. [APPROPRIATION.] The amount sufficient to make the payments under this section is appropriated from the general fund to the commissioner of revenue.

Sec. 53. [PROPERTY TAX ABATEMENT; PROPERTY DAMAGED BY TORNADO.]

Subdivision 1. [ABATEMENT AMOUNT.] The county auditor shall grant an abatement for taxes payable in 1999 to any property in a qualifying county, as defined in Laws 1998, chapter 383, section 20, that contains a structure that has been determined by the assessor to have lost over 50 percent of its estimated market value due to wind damage sustained on March 29, 1998, excluding residential homestead property and the portion of agricultural homestead property consisting of the house, garage, and surrounding one acre of land. The abatement is equal to 75 percent of the amount by which the net tax capacity of the structure was reduced by the wind damage, multiplied by the payable 1999 total local net tax capacity tax rate, plus 75 percent of the amount by which the referendum market value of the structure was reduced by the wind damage, multiplied by the payable 1999 total market value tax rate. If the amount of the abatement exceeds the remaining tax due on the property for taxes payable in 1999, a refund shall be issued to the taxpayer by the county treasurer by June 30, 1999.

Subd. 2. [CERTIFICATION.] The amount of abatements granted under this section shall be reported to the commissioner of revenue by the county auditor by June 30, 1999, in a form prescribed by the commissioner. The commissioner may require the county to provide other information necessary to verify the accuracy of the abatement amounts submitted.

Subd. 3. [PAYMENT.] The commissioner shall make payments equal to the amount of abatements granted to each county by August 30, 1999. The county treasurer shall distribute the payments to the affected taxing jurisdictions equal to the amount of the tax that was abated as part of the October 1999 regular settlement as provided in Minnesota Statutes, section 276.111.

Subd. 4. [APPROPRIATION.] The amount necessary to fund the payments required under this section is appropriated from the general fund to the commissioner of revenue in fiscal year 2000.

Sec. 54. [REPEALER.]

(a) Minnesota Statutes 1998, section 273.11, subdivision 10, is repealed.

(b) Minnesota Statutes 1998, section 477A.05, is repealed.

(c) Laws 1998, chapter 389, article 3, section 45, is repealed.

Sec. 55. [EFFECTIVE DATES.]

Sections 1 and 2 are effective for petitions filed on or after the day following final enactment.

Sections 3, 4, 5, 9, paragraph (c), 10, 11, 15, 16, 17, paragraphs (a) and (b), 19, 20, 21, 22, 25, and 33 are effective for taxes levied in 1999, payable in 2000, and thereafter.

Section 6 is effective for assessment years 1999 through 2001.

Section 7 is effective for improvements made on or after July 1, 1999.

Section 8 is effective retroactively for property taxes payable in 1998 and thereafter.

Section 9, paragraph (h), is effective for taxes payable in 1999 and subsequent years.

Section 13 is effective beginning with the 1999 assessment, taxes payable in 2000 and thereafter. For eligibility for the 1999 assessment year under section 13, paragraph (b), the owner or the person who is actively farming the property must notify the county assessor by July 1, 1999, and furnish to the assessor the information required by the assessor to determine whether the qualifying criteria has been met for the 1999 assessment on the agricultural property.

Sections 12, 14, 24, 29, 36 to 38, 44, and 53 are effective the day following final enactment.

Sections 17, paragraph (c), 18, and 54, paragraph (c), are effective for taxes levied in 2000, payable in 2001 and thereafter.

Section 20, paragraph (f), is effective for the 2000 assessment and thereafter, for taxes payable in 2001 and thereafter, except that for taxes payable in 2001, the date for filing an application with the county assessor under section 20, paragraph (f), clause (3), is September 1, 1999.

Section 26 is effective for penalties and interest on property taxes collected after June 30, 1999.

Section 27 is effective for property tax refunds for claims for property taxes payable filed in 2000 and thereafter for taxes payable in 2000 and thereafter.

Sections 22, 48, and 54, paragraph (b), are effective for aids payable in 2000 and thereafter.

Sections 28 and 30 to 32 are effective for deferrals of property taxes payable in 2000 and thereafter. The changes in the annual tax amount percentage and the maximum annual household income in sections 28 and 30 to 32 apply to all homeowners and all property taxes deferred beginning in payable 2000, including those homeowners who initially qualified under this program for taxes payable in 1999.

Section 45 applies to Washington county only and is effective the day after the chief clerical officer of Washington county files a certificate of approval that complies with Minnesota Statutes, section 645.021, subdivision 3.

Sections 46 and 47 are effective the day following final enactment, upon approval by and compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing bodies of Lake county, the city of Two Harbors, and Lake Superior independent school district No. 381.

ARTICLE 6

LEVY AUTHORIZATION AND LEVY LIMITS

Section 1. Minnesota Statutes 1998, section 204B.135, is amended by adding a subdivision to read:

Subd. 5. [REDISTRICTING EXPENSES.] The county board may levy a tax not to exceed $1 per capita in the year ending in "0" to pay costs incurred in the year ending in "1" or "2" that are reasonably related to the redistricting of election districts, establishment of precinct boundaries, designation of polling places, and the updating of voter records in the statewide registration system. The county auditor shall distribute to each municipality in the county on a per capita basis 25 percent of the amount levied as provided in this subdivision, based on the population of the municipality in the most recent census. This levy is not subject to statutory levy limits.

Sec. 2. [275.078] [AUTHORIZATION; TAX RATE INCREASE.]

On or before October 1, 1999, and each subsequent year, the county auditor shall certify to the governing body of each home rule charter or statutory city in the county and to the county board, the following information for the taxing jurisdiction:

(1) the taxing jurisdiction's certified levy under section 275.08 for the previous year, taxes payable in the current year, excluding any amount levied to pay general obligation bonds, less (i) the areawide portion of the levy under section 276A.06, subdivision 3, or 473F.08, subdivision 3, if any, for taxes payable in the following year; and (ii) the sum of the net tax capacity adjustment amount and the fiscal disparities adjustment amount under section 273.1398, subdivision 2, if any, for aids payable in the following year;

(2) the taxing jurisdiction's taxable net tax capacity for the current assessment year, for taxes payable in the following year; and

(3) the tax rate obtained by dividing the amount in clause (1) by the amount in clause (2), rounded to the nearest hundredth percent.

In order to impose a tax rate for purposes other than to pay general obligation bonds for taxes payable in the following year that is higher than the tax rate certified by the county auditor under clause (3), the governing body of the city or the county board must adopt a resolution, after holding a public hearing, authorizing a higher tax rate and file a copy of the resolution with the county auditor on or before October 20, 1999, and each year thereafter. A county auditor is prohibited from fixing a tax rate for purposes other than to pay general obligation bonds for taxes payable in the following year that is higher than the rate certified under clause (3) if a resolution has not been filed, unless the higher rate is due solely to a reduction in the taxing jurisdiction's net tax capacity certified under clause (2) resulting from classification changes, exemptions, tax court judgments, or clerical or administrative errors made by the county. For purposes of this section, "public hearing" includes, but is not limited to, regularly scheduled city council hearings and county board meetings.

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 operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (5), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the department of corrections. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination.

Sec. 4. Minnesota Statutes 1998, section 275.71, subdivision 2, is amended to read:

Subd. 2. [LEVY LIMIT BASE.] (a) The levy limit base for a local governmental unit for taxes levied in 1997 shall be equal to the sum of:

(1) the amount the local governmental unit levied in 1996, less any amount levied for debt, as reported to the department of revenue under section 275.62, subdivision 1, clause (1), and less any tax levied in 1996 against market value as provided for in section 275.61;

(2) the amount of aids the local governmental unit was certified to receive in calendar year 1997 under sections 477A.011 to 477A.03 before any reductions for state tax increment financing aid under section 273.1399, subdivision 5;

(3) the amount of homestead and agricultural credit aid the local governmental unit was certified to receive under section 273.1398 in calendar year 1997 before any reductions for tax increment financing aid under section 273.1399, subdivision 5;

(4) the amount of local performance aid the local governmental unit was certified to receive in calendar year 1997 under section 477A.05; and

(5) the amount of any payments certified to the local government unit in 1997 under sections 298.28 and 298.282.

If a governmental unit was not required to report under section 275.62 for taxes levied in 1997, the commissioner shall request information on levies used for debt from the local governmental unit and adjust its levy limit base accordingly.

(b) The levy limit base for a local governmental unit for taxes levied in 1998 is equal to its adjusted levy limit base in the previous year, subject to any adjustments under section 275.72 and multiplied by the increase that would have occurred under subdivision 3, clause (3), if that clause had been in effect for taxes levied in 1997.

(c) The levy limit base for a city with a population greater than 2,500 for taxes levied in 1999 is limited to its adjusted levy limit base in the previous year, subject to adjustments under section 275.72.

(d) The levy limit base for a county for taxes levied in 1999 is limited to the difference between (1) its adjusted levy limit base in the previous year subject to adjustments under section 275.72, and (2) one-half of the county's share of the net cost to the state for assumption of district court costs, as reported by the supreme court to the commissioner of revenue under section 273.1398, subdivision 4a, paragraph (a).

Sec. 5. Minnesota Statutes 1998, section 275.71, subdivision 3, is amended to read:

Subd. 3. [ADJUSTED LEVY LIMIT BASE.] For taxes levied in 1998 and 1999, the adjusted levy limit is equal to the levy limit base computed under subdivision 2 or section 275.72, multiplied by:

(1) one plus a percentage equal to the percentage growth in the implicit price deflator; and

(2) for all cities and for counties outside of the seven-county metropolitan area, one plus a percentage equal to the percentage increase in number of households, if any, for the most recent 12-month period for which data is available; and for counties located in the seven-county metropolitan area, one plus a percentage equal to the greater of the percentage increase in the number of households in the county or the percentage increase in the number of households in the entire seven-county metropolitan area for the most recent 12-month period for which data is available; and

(3) one plus a percentage equal to the percentage increase in the taxable market value of the jurisdiction due to new construction of class 3 and class 5 property, as defined in section 273.13, subdivisions 24 and 31, for the most recent year for which data are available.

Sec. 6. Minnesota Statutes 1998, section 275.71, subdivision 4, is amended to read:

Subd. 4. [PROPERTY TAX LEVY LIMIT.] For taxes levied in 1998 and 1999, the property tax levy limit for a local governmental unit is equal to its adjusted levy limit base determined under subdivision 3 plus any additional levy authorized under section 275.73, which is levied against net tax capacity, reduced by the sum of (1) the total amount of aids that the local governmental unit is certified to receive under sections 477A.011 to 477A.014, (2) homestead and agricultural aids it is certified to receive under section 273.1398, (3) local performance aid it is certified to receive under section 477A.05, (4) taconite aids under sections 298.28 and 298.282 including any aid which was required to be placed in a special fund for expenditure in the next succeeding year, (5) flood loss aid under section 273.1383, and (6) low-income housing aid under sections 477A.06 and 477A.065.

Sec. 7. Minnesota Statutes 1998, section 465.82, is amended by adding a subdivision to read:

Subd. 4. [DIFFERENTIAL TAXATION.] The plan for cooperation and combination adopted in accordance with subdivision 1 may establish that the tax rate of the local government unit with the lesser tax rate prior to the effective date of combination shall be increased in substantially equal proportions over not more than six years to equality with the tax rate on the property already within the borders of the local unit of government with the higher tax rate. The appropriate period of time, if any, for transition to the higher tax rate shall be based on the time reasonably required to effectively provide equal municipal services to the residents of the local unit of government with the lower tax rate.

Sec. 8. Minnesota Statutes 1998, section 473.252, subdivision 2, is amended to read:

Subd. 2. [SOURCES OF FUNDS.] The council shall credit to the tax base revitalization account within the fund ~~the amount, if any, provided for under subdivision 4, and~~ the amount, if any, distributed to the council under section 473F.08, subdivision 3b.

Sec. 9. Laws 1988, chapter 645, section 3, is amended to read:

Sec. 3. [TAX; PAYMENT OF EXPENSES.]

(a) The tax levied by the hospital district under Minnesota Statutes, section 447.34, must not be levied at a rate that exceeds ~~2 mills~~ .0063 percent of taxable market value. ~~The proceeds~~

(b) .0048 percent of taxable market value of ~~that~~ tax in paragraph (a) may be used only for acquisition, betterment, and maintenance of the district's hospital and nursing home facilities and equipment, and not for administrative or salary expenses.

(c) .0015 percent of taxable market value of the tax in paragraph (a) may be used solely for the purpose of capital expenditures as it relates to ambulance acquisitions for the Cook ambulance service and the Orr ambulance service and not for administrative or salary expenses.

The part of the levy referred to in paragraph (c) must be administered by the Cook Hospital and passed on directly to the Cook area ambulance service board and the city of Orr to be held in trust until funding for a new ambulance is needed by either the Cook ambulance service or the Orr ambulance service.

Sec. 10. Laws 1997, chapter 231, article 3, section 9, is amended to read:

Sec. 9. [EFFECTIVE DATE.]

Sections 1 and 3 to 7, as amended by Laws 1998, chapter 389, article 4, sections 1 to 6, are effective for taxes levied in 1997 ~~and 1998~~ through 1999, payable in 1998 ~~and 1999~~ through 2000.

Upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of Faribault county or the city of Blue Earth, section 8 is effective for taxes levied in 1997 ~~and 1998~~ through 1999 in the county or city that approves it.

Sec. 11. [CEMETERY LEVY FOR SAWYER BY CARLTON COUNTY.]

Subdivision 1. [LEVY AUTHORIZED.] Notwithstanding other law to the contrary, the Carlton county board of commissioners may levy in and for the unorganized township of Sawyer an amount up to $1,000 annually for cemetery purposes, beginning with taxes payable in 2000 and ending with taxes payable in 2009.

Subd. 2. [EFFECTIVE DATE.] This section is effective June 1, 1999, without local approval.

Sec. 12. [COUNTY OF GOODHUE; LEVY LIMITS AND AID ADJUSTMENTS.]

Subdivision 1. [LEVY LIMIT BASE.] The levy limit base of the county of Goodhue for taxes levied in 1999 under Minnesota Statutes, section 275.71, subdivision 2, is increased by $422,324.

Subd. 2. [TEMPORARY COUNTY AGRICULTURAL AND HOMESTEAD CREDIT AID ADJUSTMENTS.] For aids paid in calendar year 1999 only, the county of Goodhue shall receive an additional aid payment of $422,324 under the provisions of Minnesota Statutes, section 273.1398. For aids paid in calendar years 2000 and 2001, the aid paid to the county of Goodhue under section 273.1398, subdivision 2, shall be reduced by $211,162. The additional aid paid in 1999 shall not be included in calculating any limitation on levies or expenditures in calendar year 1999 but the reductions in calendar years 2000 and 2001 shall be included in calculating any limitation on levies or expenditures.

Subd. 3. [APPROPRIATION.] $422,324 is appropriated in fiscal year 2000 to the commissioner of revenue from the general fund to make the payment under subdivision 2.

Subd. 4. [EFFECTIVE DATE.] Subdivision 1 is effective for taxes levied in 1999 upon compliance with the governing body of the county of Goodhue with Minnesota Statutes, section 645.021, subdivision 3. Subdivision 2 is effective for aids payable in calendar years 1999 to 2001.

Sec. 13. [CITY OF GRANT; LEVY LIMITS.]

Subdivision 1. [LEVY LIMIT BASE INCREASE.] The levy limit base for the city of Grant for taxes levied in 1999 under Minnesota Statutes, section 275.71, subdivision 2, is increased by an amount equal to the difference between (1) the amount the city would have raised if it had imposed a tax rate equal to one-third of the statewide average city tax effort rate for taxes payable in 1999, as defined in Minnesota Statutes, section 477A.011, subdivision 35, on its net tax capacity for taxes payable in 1999, as defined in Minnesota Statutes, section 477A.011, subdivision 20; and (2) the amount it levied for taxes payable in 1999.

Subd. 2. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Grant with Minnesota Statutes, section 645.021, subdivision 3, for taxes levied in 1999, payable in 2000.

Sec. 14. [NORTH FORK CROW RIVER WATERSHED DISTRICT.]

Subdivision 1. [LEVY AUTHORIZED.] Notwithstanding Minnesota Statutes, section 103D.905, subdivision 3, the North Fork Crow River watershed district may annually levy up to .04836 percent of taxable market value, or $140,000, whichever is less, for its administrative fund.

Subd. 2. [EFFECTIVE DATE.] This section is effective without local approval beginning with taxes levied in 1999, payable in 2000.

Sec. 15. [SAUK RIVER WATERSHED DISTRICT.]

Subdivision 1. [LEVY AUTHORIZED.] Notwithstanding Minnesota Statutes, section 103D.905, subdivision 3, the Sauk river watershed district may annually levy up to $200,000 for its administrative fund for taxes payable in 2000, 2001, 2002, 2003, and 2004.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 16. [CITY OF STILLWATER; DIVISION INTO URBAN AND RURAL SERVICE DISTRICTS.]

Notwithstanding the provisions of Minnesota Statutes, section 272.67, subdivisions 1 and 6, in order to carry out an orderly annexation agreement entered into for the annexation of a part or all of Stillwater township, the city of Stillwater may divide its area into urban service districts and rural service districts constituting separate taxing districts for the purpose of all municipal property taxes including those levied for the payment of bonds and judgments and interest on them.

Sec. 17. [REPEALER.]

Minnesota Statutes 1998, section 473.252, subdivisions 4 and 5, are repealed.

Sec. 18. [EFFECTIVE DATE.]

Sections 3 to 6 and 10 are effective for taxes levied in 1999, and payable in 2000. Section 7 is effective the day following final enactment for taxes levied in 1999 and thereafter. Sections 8 and 17 are effective for taxes levied in 1999, payable in 2000, and thereafter.

The .0015 percent of taxable market value levy described in section 9, paragraph (c), is effective for the cities of Cook and Orr and the counties of St. Louis and Koochiching for affected parts of those counties on January 1, 2000, to be requested in the year 2000, with the first payment to be received in 2001.

ARTICLE 7

SPECIAL TAXES

Section 1. Minnesota Statutes 1998, section 60A.19, subdivision 6, is amended to read:

Subd. 6. [RETALIATORY PROVISIONS.] (1) When by the laws of any other state or country any taxes, fines, deposits, penalties, licenses, or fees, ~~other than assessments made by an insurance guaranty association or similar organization,~~ in addition to or in excess of those imposed by the laws of this state upon foreign insurance companies and their agents doing business in this state, ~~other than assessments by an insurance guaranty association or similar organization organized under the laws of this state,~~ are imposed on insurance companies of this state and their agents doing business in that state or country, or when any conditions precedent to the right to do business in that state are imposed by the laws thereof, beyond those imposed upon these foreign companies by the laws of this state, the same taxes, fines, deposits, penalties, licenses, fees, and conditions precedent shall be imposed upon every similar insurance company of that state or country and their agents doing or applying to do business in this state so long as these foreign laws remain in force. Special purpose obligations or assessments, including assessments by an insurance guaranty association, joint underwriting association or similar organization, or assessments imposed in connection with particular kinds of insurance, are not taxes, licenses, or fees as these terms are used in this section.

(2) In the event that a domestic insurance company, after complying with all reasonable laws and rulings of any other state or country, is refused permission by that state or country to transact business therein after the commissioner of commerce of Minnesota has determined that that company is solvent and properly managed and after the commissioner has so certified to the proper authority of that other state or country, then, and in every such case, the commissioner may forthwith suspend or cancel the certificate of authority of every insurance company organized under the laws of that other state or country to the extent that it insures, or seeks to insure, in this state against any of the risks or hazards which that domestic company seeks to insure against in that other state or country. Without limiting the application of the foregoing provision, it is hereby determined that any law or ruling of any other state or country which prescribes to a Minnesota domestic insurance company the premium rate or rates for life insurance issued or to be issued outside that other state or country shall not be reasonable.

(3) This section does not apply to insurance companies organized or domiciled in a state or country, the laws of which do not impose retaliatory taxes, fines, deposits, penalties, licenses, or fees or which grant, on a reciprocal basis, exemptions from retaliatory taxes, fines, deposits, penalties, licenses, or fees to insurance companies domiciled in this state.

Sec. 2. Minnesota Statutes 1998, section 296A.16, is amended by adding a subdivision to read:

Subd. 4a. [UNDYED KEROSENE; REFUNDS.] Notwithstanding subdivision 1, the commissioner shall allow a refund of the tax paid on undyed kerosene used exclusively for a purpose other than as fuel for a motor vehicle using the streets and highways. To obtain a refund, the person making the sale to an end user must meet the Internal Revenue Service requirements for sales from a blocked pump. A claim for a refund may be filed as provided in this section.

Sec. 3. Minnesota Statutes 1998, section 296A.16, is amended by adding a subdivision to read:

Subd. 4b. [RACING GASOLINE; REFUNDS.] Notwithstanding subdivision 1, the commissioner shall allow a licensed distributor a refund of the tax paid on leaded gasoline of 110 octane or more that does not meet ASTM specification D4814 for gasoline and that is sold in bulk for use in nonregistered motor vehicles. A claim for a refund may be filed as provided for in this section.

Sec. 4. Minnesota Statutes 1998, section 297E.01, is amended by adding a subdivision to read:

Subd. 17a. [BUSINESS DAY.] "Business day" means Monday through Friday, excluding any holidays as defined in section 645.44.

Sec. 5. Minnesota Statutes 1998, section 297E.02, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] A tax is imposed on all lawful gambling other than (1) ~~pull-tabs purchased and placed into inventory after January 1, 1987,~~ pull-tab deals or games; ~~and~~ (2) ~~tipboards purchased and placed into inventory after June 30, 1988~~ tipboard deals or games; and (3) items listed in section 297E.01, subdivision 8, clauses (4) and (5), at the rate of ~~9.5~~ 9 percent on the gross receipts as defined in section 297E.01, subdivision 8, less prizes actually paid. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.02 and all local taxes and license fees except a fee authorized under section 349.16, subdivision 8, or a tax authorized under subdivision 5.

The tax imposed under this subdivision is payable by the organization or party conducting, directly or indirectly, the gambling.

Sec. 6. Minnesota Statutes 1998, section 297E.02, subdivision 3, is amended to read:

Subd. 3. [COLLECTION; DISPOSITION.] Taxes imposed by this section other than in subdivision 4 are due and payable to the commissioner when the gambling tax return is required to be filed. Taxes imposed by subdivision 4 are due and payable to the commissioner on or before the last business day of the month following the month in which the taxable sale was made. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. The commissioner may require that the returns be filed via magnetic media or electronic data transfer. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the state treasurer for deposit in the general fund.

Sec. 7. Minnesota Statutes 1998, section 297E.02, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) A tax is imposed on the sale of each deal of pull-tabs and tipboards sold by a distributor. The rate of the tax is ~~1.9~~ 1.8 percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the customer or to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

(1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;

(2) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province;

(3) sales of promotional tickets as defined in section 349.12; and

(4) pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.166, subdivision 2. A distributor shall require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to the organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(c) A distributor having a liability of $120,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(d) Any customer who purchases deals of pull-tabs or tipboards from a distributor may file an annual claim for a refund or credit of taxes paid pursuant to this subdivision for unsold pull-tab and tipboard tickets. The claim must be filed with the commissioner on a form prescribed by the commissioner by March 20 of the year following the calendar year for which the refund is claimed. The refund must be filed as part of the customer's February monthly return. The refund or credit is equal to ~~1.9~~ 1.8 percent of the face value of the unsold pull-tab or tipboard tickets, provided that the refund or credit will be ~~1.95~~ 1.85 percent of the face value of the unsold pull-tab or tipboard tickets for claims for a refund or credit of taxes filed on the February ~~1999~~ 2000 monthly return. The refund claimed will be applied as a credit against tax owing under this chapter on the February monthly return. If the refund claimed exceeds the tax owing on the February monthly return, that amount will be refunded. The amount refunded will bear interest pursuant to section 270.76 from 90 days after the claim is filed.

Sec. 8. Minnesota Statutes 1998, section 297E.02, subdivision 6, is amended to read:

Subd. 6. [COMBINED RECEIPTS TAX.] In addition to the taxes imposed under subdivisions 1 and 4, a tax is imposed on the combined receipts of the organization. As used in this section, "combined receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of bingo, raffles, and paddlewheels, as defined in section 297E.01, subdivision 8, for the fiscal year. The combined receipts of an organization are subject to a tax computed according to the following schedule:

If the combined receipts for the fiscal year are:	The tax is:
Not over $500,000	zero
Over $500,000, but not over $700,000	~~1.9~~ 1.8 percent of the amount over $500,000, but not over $700,000
Over $700,000, but not over $900,000	~~$3,800~~ $3,600 plus ~~3.8~~ 3.6 percent of the amount over $700,000, but not over $900,000
Over $900,000	~~$11,400~~ $10,800 plus ~~5.7~~ 5.4 percent of the amount over $900,000

Sec. 9. Minnesota Statutes 1998, section 297F.01, subdivision 23, is amended to read:

Subd. 23. [WHOLESALE PRICE.] "Wholesale price" means the established price for which a manufacturer or person sells a tobacco product to a distributor, exclusive of any discount or other reduction.

Sec. 10. Minnesota Statutes 1998, section 297F.17, subdivision 6, is amended to read:

Subd. 6. [TIME LIMIT FOR BAD DEBT ~~DEDUCTION~~ REFUND.] Claims for refund must be filed with the commissioner ~~within one year of~~ during the one-year period beginning with the timely filing ~~date~~ of the taxpayer's federal income tax return containing the bad debt deduction that is being claimed. Claimants under this subdivision are subject to the notice requirements of section 289A.38, subdivision 7.

Sec. 11. Minnesota Statutes 1998, section 297H.05, is amended to read:

297H.05 [SELF-HAULERS.]

(a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.03, based on the sales price of the waste management services.

(b) A self-hauler of non-mixed-municipal solid waste shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.04.

(c) The tax imposed on the self-hauler of non-mixed-municipal solid waste may be based either on the capacity of the container, the actual volume, or the weight-to-volume conversion schedule in paragraph (d). However, the tax must be calculated by the operator using the same method for calculating the tipping fee so that both are calculated according to container capacity, actual volume, or weight.

(d) The weight-to-volume conversion schedule for:

(1) construction debris as defined in section 115A.03, subdivision 7, is one ton equals 3.33 cubic yards, or $2 per ton;

(2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner of the pollution control agency, shall determine, and may publish by notice, a conversion schedule for various industrial wastes; and

(3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60 cents per 150 pounds.

(e) For mixed municipal solid waste the tax is imposed upon the difference between the market price and the tip fee at a processing or disposal facility if the tip fee is less than the market price and the political subdivision subsidizes the cost of service at the facility. The political subdivision is liable for the tax.

Sec. 12. Minnesota Statutes 1998, section 297H.06, subdivision 2, is amended to read:

Subd. 2. [MATERIALS.] The tax is not imposed upon charges to generators of mixed municipal solid waste or upon the volume of non-mixed-municipal solid waste for waste management services to manage the following materials:

(1) mixed municipal solid waste and non-mixed-municipal solid waste generated outside of Minnesota;

(2) recyclable materials that are separated for recycling by the generator, collected separately from other waste, and recycled, to the extent the price of the service for handling recyclable material is separately itemized;

(3) recyclable non-mixed-municipal solid waste that is separated for recycling by the generator, collected separately from other waste, delivered to a waste facility for the purpose of recycling, and recycled;

(4) industrial waste, when it is transported to a facility owned and operated by the same person that generated it;

(5) mixed municipal solid waste from a recycling facility that separates or processes recyclable materials and reduces the volume of the waste by at least 85 percent, provided that the exempted waste is managed separately from other waste;

(6) recyclable materials that are separated from mixed municipal solid waste by the generator, collected and delivered to a waste facility that recycles at least 85 percent of its waste, and are collected with mixed municipal solid waste that is segregated in leakproof bags, provided that the mixed municipal solid waste does not exceed five percent of the total weight of the materials delivered to the facility and is ultimately delivered to a waste facility identified as a preferred waste management facility in county solid waste plans under section 115A.46;

(7) through December 31, 2002, source-separated compostable waste, if the waste is delivered to a facility exempted as described in this clause. To initially qualify for an exemption, a facility must apply for an exemption in its application for a new or amended solid waste permit to the pollution control agency. The first time a facility applies to the agency it must certify in its application that it will comply with the criteria in items (i) to (v) and the commissioner of the agency shall so certify to the commissioner of revenue who must grant the exemption. For each subsequent calendar year, by October 1 of the preceding year, the facility must apply to the agency for certification to renew its exemption for the following year. The application must be filed according to the procedures of, and contain the information required by, the agency. The commissioner of revenue shall grant the exemption if the commissioner of the pollution control agency finds and certifies to the commissioner of revenue that based on an evaluation of the composition of incoming waste and residuals and the quality and use of the product:

(i) generators separate materials at the source;

(ii) the separation is performed in a manner appropriate to the technology specific to the facility that:

(A) maximizes the quality of the product;

(B) minimizes the toxicity and quantity of residuals; and

(C) provides an opportunity for significant improvement in the environmental efficiency of the operation;

(iii) the operator of the facility educates generators, in coordination with each county using the facility, about separating the waste to maximize the quality of the waste stream for technology specific to the facility;

(iv) process residuals do not exceed 15 percent of the weight of the total material delivered to the facility; and

(v) the final product is accepted for use; ~~and~~

(8) waste and waste by-products for which the tax has been paid; and

(9) daily cover for landfills that has been approved in writing by the Minnesota pollution control agency.

Sec. 13. [EFFECTIVE DATES.]

Section 1 is effective for taxable years beginning after December 31, 1999. Section 2 is effective retroactively for sales made after June 30, 1998. Section 3 is effective retroactively for sales made after January 31, 1999. Section 4 is effective August 1, 1999. Sections 5, 7, and 8 are effective July 1, 1999. Section 6 is effective for taxes first becoming due on or after August 1, 1999. Sections 9 and 12 are effective the day following final enactment. Section 10 is effective for refund claims filed on or after July 1, 1999. Section 11 is effective for services provided on or after July 1, 1999.

ARTICLE 8

MINNESOTACARE TAXES

Section 1. Minnesota Statutes 1998, section 295.50, subdivision 4, is amended to read:

Subd. 4. [HEALTH CARE PROVIDER.] (a) "Health care provider" means:

(1) a person whose health care occupation is regulated or required to be regulated by the state of Minnesota furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, laboratory, diagnostic or therapeutic services;

(2) a person who provides goods and services not listed in clause (1) that qualify for reimbursement under the medical assistance program provided under chapter 256B;

(3) a staff model health plan company;

(4) an ambulance service required to be licensed; or

(5) a person who sells or repairs hearing aids and related equipment or prescription eyewear.

(b) Health care provider does not include: (1) hospitals; medical supplies distributors, except as specified under paragraph (a), clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction; pharmacies; surgical centers; bus and taxicab transportation, or any other providers of transportation services other than ambulance services required to be licensed; supervised living facilities for persons with mental retardation or related conditions, licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; residential care homes licensed under chapter 144B; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with mental retardation and related conditions as defined in section 252.41, subdivision 3; and boarding care homes, as defined in Minnesota Rules, part 4655.0100.;

~~(c) For purposes of this subdivision, "directly to a patient or consumer" includes goods and services provided in connection with independent medical examinations under section 65B.56 or other examinations for purposes of litigation or insurance claims.~~

(2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a person providing personal care services and supervision of personal care services as defined in Minnesota Rules, part 9505.0335; a person providing private duty nursing services as defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed under chapter 144A;

(3) a person who employs health care providers solely for the purpose of providing patient services to its employees; and

(4) an educational institution that employs health care providers solely for the purpose of providing patient services to its students if the institution does not receive fee for service payments or payments for extended coverage.

Sec. 2. Minnesota Statutes 1998, section 295.52, subdivision 7, is amended to read:

Subd. 7. [TAX REDUCTION.] (a) Notwithstanding subdivisions 1, 1a, 2, 3, and 4, the tax imposed under this section equals for calendar years 1998 ~~and~~, 1999 ~~shall be equal to~~, 2000, and 2001, 1.5 percent of the gross revenues received on or after January 1, 1998, and before January 1, ~~2000. The commissioner shall extend the reduced tax rate of 1.5 percent for gross revenues received on or after January 1, 2000, and before January 1, 2002, if the commissioner of finance determines that the health care access fund structural balance projected for fiscal year 2001 will remain positive, prior to any increase of the one percent premium tax under section 60A.15, subdivision 1, paragraph (h), and prior to any tax expenditures related to the increase in the maximum tax credit for research expenses under section 295.53, subdivision 4a, as amended by Laws 1997, chapter 225~~ 2002.

Sec. 3. Minnesota Statutes 1998, section 295.53, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTIONS.] (a) The following payments are excluded from the gross revenues subject to the hospital, surgical center, or health care provider taxes under sections 295.50 to 295.57:

(1) payments received for services provided under the Medicare program, including payments received from the government, and organizations governed by sections 1833 and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section 1395, and enrollee deductibles, coinsurance, and copayments, whether paid by the Medicare enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision 3, clause (10). Payments for services not covered by Medicare are taxable;

(2) medical assistance payments including payments received directly from the government or from a prepaid plan;

(3) payments received for home health care services;

(4) payments received from hospitals or surgical centers for goods and services on which liability for tax is imposed under section 295.52 or the source of funds for the payment is exempt under clause (1), (2), (7), (8), ~~or~~ (10), or (13);

(5) payments received from health care providers for goods and services on which liability for tax is imposed under this chapter or the source of funds for the payment is exempt under clause (1), (2), (7), (8), ~~or~~ (10), or (13);

(6) amounts paid for legend drugs, other than nutritional products, to a wholesale drug distributor who is subject to tax under section 295.52, subdivision 3, reduced by reimbursements received for legend drugs under clauses (1), (2), (7), and (8);

(7) payments received under the general assistance medical care program including payments received directly from the government or from a prepaid plan;

(8) payments received for providing services under the MinnesotaCare program including payments received directly from the government or from a prepaid plan and enrollee deductibles, coinsurance, and copayments. For purposes of this clause, coinsurance means the portion of payment that the enrollee is required to pay for the covered service;

(9) payments received by a health care provider or the wholly owned subsidiary of a health care provider for care provided outside Minnesota ~~to a patient who is not domiciled in Minnesota~~;

(10) payments received from the chemical dependency fund under chapter 254B;

(11) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

(12) payments received for providing patient services incurred through a formal program of health care research conducted in conformity with federal regulations governing research on human subjects. Payments received from patients or from other persons paying on behalf of the patients are subject to tax;

(13) payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer;

(14) payments received for services provided by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, and community mental health centers as defined in section 245.62, subdivision 2;

(15) government payments received by a regional treatment center;

(16) payments received for hospice care services;

(17) payments received by a health care provider for hearing aids and related equipment or prescription eyewear delivered outside of Minnesota;

(18) payments received by ~~a post-secondary~~ an educational institution from student tuition, student activity fees, health care service fees, government appropriations, donations, or grants. Fee for service payments and payments for extended coverage are taxable; ~~and~~

(19) payments received for services provided by: assisted living programs and congregate housing programs;

(20) payments received from nursing homes licensed under chapter 144A for services provided to a nursing home; and

(21) payments received for examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment, including reviews of medical records for those purposes.

(b) Payments received by wholesale drug distributors for legend drugs sold directly to veterinarians or veterinary bulk purchasing organizations are excluded from the gross revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

Sec. 4. Minnesota Statutes 1998, section 295.55, subdivision 2, is amended to read:

Subd. 2. [ESTIMATED TAX; HOSPITALS; SURGICAL CENTERS.] (a) Each hospital or surgical center must make estimated payments of the taxes for the calendar year in monthly installments to the commissioner within 15 days after the end of the month.

(b) Estimated tax payments are not required of hospitals or surgical centers if: (1) the tax for the current calendar year is less than $500; or (2) the tax for the previous calendar year is less than $500, if the taxpayer had a tax liability and was doing business the entire year; or (3) if a hospital has been allowed a grant under section 144.1484, subdivision 2, for the year.

(c) Underpayment of estimated installments bear interest at the rate specified in section 270.75, from the due date of the payment until paid or until the due date of the annual return ~~at the rate specified in section 270.75~~ whichever comes first. An underpayment of an estimated installment is the difference between the amount paid and the lesser of (1) 90 percent of one-twelfth of the tax for the calendar year or (2) one-twelfth of the total tax for the ~~actual gross revenues received during the month~~ previous calendar year if the taxpayer had a tax liability and was doing business the entire year.

Sec. 5. Minnesota Statutes 1998, section 295.55, subdivision 3, is amended to read:

Subd. 3. [ESTIMATED TAX; OTHER TAXPAYERS.] (a) Each taxpayer, other than a hospital or surgical center, must make estimated payments of the taxes for the calendar year in quarterly installments to the commissioner by April 15, July 15, October 15, and January 15 of the following calendar year.

(b) Estimated tax payments are not required if: (1) the tax for the current calendar year is less than $500; or (2) the tax for the previous calendar year is less than $500, if the taxpayer had a tax liability and was doing business the entire year.

(c) Underpayment of estimated installments bear interest at the rate specified in section 270.75, from the due date of the payment until paid or until the due date of the annual return ~~at the rate specified in section 270.75~~ whichever comes first. An underpayment of an estimated installment is the difference between the amount paid and the lesser of (1) 90 percent of one-quarter of the tax for the calendar year or (2) one-quarter of the total tax for the ~~actual gross revenues received during the quarter~~ previous calendar year if the taxpayer had a tax liability and was doing business the entire year.

Sec. 6. Minnesota Statutes 1998, section 295.57, is amended by adding a subdivision to read:

Subd. 4. [SAMPLING TECHNIQUES.] The commissioner may use statistical or other sampling techniques consistent with generally accepted auditing standards in examining returns or records and making assessments.

Sec. 7. [HEALTH CARE ACCESS FUND TRANSFER.]

$27,000,000 is appropriated for fiscal year 2000; $27,000,000 is appropriated for fiscal year 2001; and $30,900,000 is appropriated for fiscal year 2002 from the general fund to the commissioner of finance for deposit in the health care access fund under Minnesota Statutes, section 16A.724.

Sec. 8. [EFFECTIVE DATE.]

The provisions of section 1, striking paragraph (c), and section 3, clause (21), are effective for services provided after December 31, 1998. The rest of section 1, the rest of section 3 and sections 4 and 5 are effective for payments received on or after January 1, 2000. Section 6 is effective the day following final enactment.

ARTICLE 9

TACONITE TAXATION

Section 1. Minnesota Statutes 1998, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in ~~1997 and 1998~~ 1999, there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of $2.141 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in ~~1999~~ 2000 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) On concentrates produced in 1997 and thereafter, an additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

(d) The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(e) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of $2.141 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(f) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(g)(1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's production of direct reduced ore, no tax is imposed under this section. As used in this paragraph, "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. For the third year of a plant's production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth such production year, the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth such production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent production years, the full rate is imposed.

(2) Subject to clause (1), production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite or iron sulfides, the production of taconite or iron sulfides consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite or iron sulfides.

Sec. 2. Minnesota Statutes 1998, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. [TACONITE ECONOMIC DEVELOPMENT FUND.] (a) 15.4 cents per ton for distributions in ~~1996, 1998,~~ 1999, ~~and~~ 2000 ~~and 20.4 cents per ton for distributions in 1997 shall~~, 2001, and 2002 must be paid to the taconite economic development fund. No distribution shall be made under this paragraph in any year in which total industry production falls below 30 million tons.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed $700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed $700,000.

Sec. 3. Minnesota Statutes 1998, section 298.28, subdivision 9b, is amended to read:

Subd. 9b. [TACONITE ENVIRONMENTAL FUND.] Five cents per ton for distributions in ~~1998,~~ 1999, ~~and~~ 2000 ~~shall~~, 2001, and 2002 must be paid to the taconite environmental fund for use under section 298.2961. No distribution may be made under this paragraph in any year in which total industry production falls below 30,000,000 tons.

Sec. 4. Minnesota Statutes 1998, section 298.296, subdivision 4, is amended to read:

Subd. 4. [TEMPORARY LOAN AUTHORITY.] (a) The board may recommend that up to $7,500,000 from the corpus of the trust may be used for loans, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan under this paragraph may not exceed $5,000,000 for any facility.

(b) Additionally, the board must reserve the first $2,000,000 of the net interest, dividends, and earnings arising from the investment of the trust after June 30, 1996, to be used for additional grants for the purposes set forth in paragraph (a). This amount must be reserved until it is used for the grants ~~or until June 30, 1999, whichever is earlier~~.

(c) Additionally, the board may recommend that up to $5,500,000 from the corpus of the trust may be used for additional grants for the purposes set forth in paragraph (a).

(d) The board may require that it receive an equity percentage in any project to which it contributes under this section.

~~(e) The authority to make loans and grants under this subdivision terminates June 30, 1999.~~

Sec. 5. [MINNESOTA MINERALS 21ST CENTURY FUND APPROPRIATION.]

Subdivision 1. [APPROPRIATION.] $20,000,000 is appropriated in fiscal year 2000 from the general fund to the Minnesota minerals 21st century fund, if a bill styled as H. F. No. 2390 is enacted in 1999 and creates such a fund. Notwithstanding any other law enacted during the 1999 regular legislative session, the maximum total appropriation authorized for the purposes of the Minnesota minerals 21st century fund under all laws enacted during the 1999 regular legislative session is $20,000,000. Any amounts appropriated in any other law enacted during the 1999 legislative session that would cause the appropriation to exceed $20,000,000 are canceled. This limitation does not apply to the appropriation transfer contained in 1999 H. F. No. 2390, article 2, section 71.

Subd. 2. [MATCHING REQUIREMENT.] If a bill styled as H. F. No. 2390 is enacted in 1999 and it provides for creation of the Minnesota minerals 21st century fund, the commissioner of the iron range resources and rehabilitation board shall, upon the recommendation of the board, match the funds allocated under subdivision 1 to the extent they are used for a loan or equity investment meeting the requirements of the provision creating the Minnesota minerals 21st century fund within H. F. No. 2390. Notwithstanding Minnesota Statutes, section 645.33, this subdivision supersedes any contrary provisions of H. F. No. 2390 that is enacted in 1999.

ARTICLE 10

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 1998, section 273.1399, subdivision 6, is amended to read:

Subd. 6. [EXEMPT DISTRICTS.] (a) The provisions of this section do not apply to exempt tax increment financing districts as specified by this subdivision.

(b) A tax increment financing district for an ethanol production facility that satisfies all of the following requirements is exempt:

(1) The district is an economic development district, that qualifies under section 469.176, subdivision 4c, paragraph (a), clause (1).

(2) The facility is certified by the commissioner of agriculture to qualify for state payments for ethanol development under section 41A.09 to the extent funds are available.

(3) Increments from the district are used only to finance the qualifying ethanol development project located in the district or to pay for administrative costs of the district.

(4) The district is located outside of the seven-county metropolitan area, as defined in section 473.121.

(5) The tax increment financing plan was approved by a resolution of the county board.

(6) The exemption provided by this paragraph applies until the first year after the total amount of increment for the district exceeds $1,500,000. The county auditor shall notify the commissioner of revenue of the expiration of the exemption by June 1 of the year in which the auditor projects the revenues from increments will exceed $1,500,000. On or before the expiration of the exemption, the municipality may elect to make a qualifying local contribution under paragraph (d) in lieu of the state aid reduction.

(c) A qualified housing district is exempt.

(d)(1) A district is exempt if the municipality elects at the time of approving the tax increment financing plan for the district to make a qualifying local contribution. To qualify for the exemption in each year, the authority or the municipality must make a qualifying local contribution equal to the listed percentages of increment from the district or subdistrict:

(A) for an economic development district~~, a housing district,~~ or a renewal and renovation district, ten percent;

(B) for a redevelopment district, a housing district, a mined underground space district, a hazardous substance subdistrict, or a soils condition district, five percent.

(2) If the municipality elects to make a qualifying contribution and fails to make the required contribution for a year, the state aid reduction applies for the year. The state aid reduction equals the greater of (A) the required local contribution or (B) the amount of the aid reduction that applies under subdivision 3. For a district exempt under paragraph (b), no qualifying local contribution is required for years in which the district is exempt.

(3)(A) If the sum of required local contributions for all districts in the municipality exceeds two percent of city net tax capacity as defined in section 477A.011, subdivision 20, for a year, the municipality's total required local contribution for that year is limited to two percent of net tax capacity to qualify for the exemption under this subdivision. The municipality may allocate the contribution among the districts on which it has made elections as it determines appropriate.

(B) If a municipality makes an election under this subdivision for a district in a year in which item (A) applies, a minimum annual qualifying contribution must be made for the district equal to the lesser of 0.25 percent of city net tax capacity or three percent of increment revenues. This minimum contribution applies for the life of the district for each year that the restriction in item (A) applies and is in addition to the contribution required by item (A).

(4) The amount of the local contribution must be made out of unrestricted money of the authority or municipality, such as the general fund, a property tax levy, or a federal or a state grant-in-aid which may be spent for general government purposes. The local contribution may not be made, directly or indirectly, with tax increments or developer payments as defined under section 469.1766. The local contribution must be used to pay project costs and cannot be used for general government purposes or for improvements or costs that the authority or municipality planned to incur absent the project. The authority or municipality may request contributions from other local government entities that will benefit from the district's activities. These contributions reduce the local contribution required of the municipality or authority by this paragraph. Cities, counties, towns, and schools may contribute to paying these costs, notwithstanding any other law to the contrary.

(5) The municipality may make a local contribution in excess of the required contribution for a year. If it does so, the municipality may credit the excess to a local contribution account for the district. The balance in the account may be used to meet the requirements for qualifying local contributions for later years. No interest or investment earnings may be credited or imputed to the account, except those (A) actually paid by the municipality out of its unrestricted funds or by another person or entity, other than a developer as used in section 469.1766, and (B) used as required for a qualifying local contribution.

(6) If the state contributes to the project costs through a direct grant or similar incentive, the required local contribution is reduced by one-half of the dollar amount of the state grant or other similar incentive.

Sec. 2. Minnesota Statutes 1998, section 469.176, subdivision 4g, is amended to read:

Subd. 4g. [GENERAL GOVERNMENT USE PROHIBITED.] (a) These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment from any district, whether certified before or after August 1, 1979, shall be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government or for a commons area used as a public park, or a facility used for social, recreational, or conference purposes. This provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure~~, a commons area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the municipality~~ or of a privately owned facility for conference purposes.

(b) If any publicly owned facility used for social, recreational, or conference purposes and financed in whole or in part from revenues derived from a district is operated or managed by an entity other than the authority, the operating and management policies of the facility must be approved by the governing body of the authority.

(c)(1) Tax increments may not be used to pay for the cost of public improvements, equipment, or other items, if:

(i) the improvements, equipment, or other items are located outside of the area of the tax increment financing district from which the increments were collected; and

(ii) the improvements, equipment, or items that (i) primarily serve a decorative or aesthetic purpose, or (ii) serve a functional purpose, but their cost is increased by more than 100 percent as a result of the selection of materials, design, or type as compared with more commonly used materials, designs, or types for similar improvements, equipment, or items.

(2) The provisions of this paragraph do not apply to expenditures related to the rehabilitation of historic structures that are:

(i) individually listed on the National Register of Historic Places; or

(ii) a contributing element to a historic district listed on the National Register of Historic Places.

Sec. 3. Minnesota Statutes 1998, section 469.1763, is amended by adding a subdivision to read:

Subd. 6. [POOLING PERMITTED FOR DEFICITS.] (a) This subdivision applies only to districts for which the request for certification was made before June 2, 1997.

(b) The municipality for the district may transfer available increments from another tax increment financing district located in the municipality, if the transfer is necessary to eliminate a deficit in the district to which the increments are transferred. A deficit in the district for purposes of this subdivision means the lesser of the following two amounts:

(1)(i) the amount due during the calendar year to pay preexisting obligations of the district; minus

(ii) the total increments to be collected from properties located within the district that are available for the calendar year, plus

(iii) total increments from properties located in other districts in the municipality that are available to be used to meet the district's obligations under this section, excluding this subdivision, or other provisions of law (but excluding a special tax under section 469.1791 and the grant program under Laws 1997, chapter 231, article 1, section 19); or

(2) the reduction in increments collected from properties located in the district for the calendar year as a result of the changes in class rates in Laws 1997, chapter 231, article 1; Laws 1998, chapter 389, article 2; and this act.

(c) A preexisting obligation means bonds issued and sold before June 2, 1997, and bonds issued to refund such bonds or to reimburse expenditures made in conjunction with a signed contractual agreement entered into before June 2, 1997, to the extent that the bonds are secured by a pledge of increments from the tax increment financing district. For purposes of this subdivision, bonds exclude an obligation to reimburse or pay a developer or owner of property located in the district for amounts incurred or paid by the developer or owner.

(d) The municipality may require a development authority, other than a seaway port authority, to transfer available increments for any of its tax increment financing districts in the municipality to make up an insufficiency in another district in the municipality, regardless of whether the district was established by the development authority or another development authority. This authority applies notwithstanding any law to the contrary, but applies only to a development authority that:

(1) was established by the municipality; or

(2) the governing body of which is appointed, in whole or part, by the municipality or an officer of the municipality or which consists, in whole or part, of members of the governing body of the municipality.

(e) The authority under this subdivision to spend tax increments outside of the area of the district from which the tax increments were collected:

(1) may only be exercised after obtaining approval of the use of the increments, in writing, by the commissioner of revenue;

(2) is an exception to the restrictions under section 469.176, subdivision 4i, and the other provisions of this section, and the percentage restrictions under subdivision 2 must be calculated after deducting increments spent under this subdivision from the total increments for the district; and

(3) applies notwithstanding the provisions of the tax increment financing act in effect for districts for which the request for certification was made before June 30, 1982, or any other law to the contrary.

Sec. 4. [469.1764] [PRE-1982 DISTRICTS; POOLING RULES.]

Subdivision 1. [SCOPE; APPLICATION.] (a) This section applies to a tax increment financing district or area added to a district, if the request for certification of the district or the area added to the district was made after July 31, 1979, and before July 1, 1982.

(b) This section, section 469.1763, subdivision 6, and any special law applying to the district are the exclusive authority to spend tax increments on activities located outside of the geographic area of a tax increment financing district that is subject to this section.

(c) This section does not apply to increments from a district that is subject to the provisions of this section, if:

(1) the district was decertified before the enactment of this section and all increments spent on activities located outside of the geographic area of the district were repaid and distributed as excess increments under section 469.176, subdivision 2; or

(2) the use of increments on activities located outside of the geographic area of the district consists solely of payment of debt service on bonds under section 469.129, subdivision 2, and any bonds issued to refund bonds issued under that subdivision.

Subd. 2. [STATE AUDITOR NOTIFICATION.] By August 1, 1999, the state auditor shall notify in writing each authority for which the auditor has records that the authority has a district subject to this section.

Subd. 3. [RATIFICATION OF PAST SPENDING.] (a) The following expenditures of increments on activities located outside of the geographic area of a district subject to this section are permitted:

(1) expenditures made before the earlier of (i) notification by the state auditor or (ii) December 31, 1999; and

(2) expenditures to pay preexisting outside district obligations.

Subd. 4. [DECERTIFICATION REQUIRED.] (a) The provisions of this subdivision apply to any tax increment financing district subject to this section, if increments from the district were used on activities located outside of the geographic area of the district.

(b) After December 31, 1999, any tax increments received by the authority from a district subject to this subdivision may be expended only to pay:

(1) preexisting in-district obligations;

(2) preexisting outside district obligations; and

(3) administrative expenses.

After all preexisting obligations have been paid or defeased, the district must be decertified and any remaining increments distributed as excess increments under section 469.176, subdivision 2.

Subd. 5. [DEFINITIONS.] (a) "Notification by the state auditor" means the receipt by the authority or the municipality of the final written notification from the state auditor that its expenditures of increments from the district on activities located outside of the geographic area of the district were not in compliance with state law.

(b) "Preexisting outside district obligations" means:

(1) bonds secured by increments from a district subject to this section and used to finance activities outside the geographic area of the district, if the bonds were issued and the pledge of increment was made before the earlier of (i) notification by the state auditor, or (ii) April 1, 1999;

(2) bonds issued to refund bonds qualifying under clause (1), if the refunding bonds do not increase the total amount of tax increments required to pay the refunded bonds; and

(3) binding written agreements secured by the increments from the district subject to this section and used to finance activities outside the geographic area of the district, if the agreement was entered before the earlier of (i) notification by the state auditor or (ii) May 1, 1999.

(c) "Preexisting in-district obligations" means:

(1) bonds secured by increments from a district subject to this section and not used to finance activities outside of the geographic area of the district, if the bonds were issued and the pledge of increments was made before April 1, 1999;

(2) bonds issued to refund bonds qualifying under clause (1), if the refunding bonds do not increase the total amount of tax increments required to pay the refunded bonds; and

(3) binding written agreements secured by increments from a district subject to this section and not used to finance activities outside of the geographic area of the district, if the agreements were entered into and the pledge of increments was made before June 30, 1999.

Sec. 5. Minnesota Statutes 1998, section 469.1771, subdivision 1, is amended to read:

Subdivision 1. [ENFORCEMENT.] (a) The owner of taxable property located in the city, town, school district, or county in which the tax increment financing district is located may bring suit for equitable relief or for damages, as provided in subdivisions 3 and 4, arising out of a failure of a municipality or authority to comply with the provisions of sections 469.174 to 469.179, or related provisions of this chapter. The prevailing party in a suit filed under the preceding sentence is entitled to costs, including reasonable attorney fees.

(b) The state auditor may examine and audit political subdivisions' use of tax increment financing. Without previous notice, the state auditor may examine or audit accounts and records on a random basis as the auditor deems to be in the public interest. If the state auditor finds evidence that an authority or municipality has violated a provision of the law for which a remedy is provided under this section, the state auditor shall forward the relevant information to the county attorney. The county attorney may bring an action to enforce the provisions of sections 469.174 to 469.179 or related provisions of this chapter, for matters referred by the state auditor or on behalf of the county. If the county attorney determines not to bring an action or if the county attorney has not brought an action within 12 months after receipt of the initial notification by the state auditor of the violation, the county attorney shall notify the state auditor in writing.

(c) If the state auditor finds an authority is not in compliance with sections 469.174 to 469.179 or related provisions of law, the auditor shall notify the governing body of the municipality that approved the tax increment financing district of its findings. The governing body of the municipality must respond in writing to the state auditor within 60 days after receiving the notification. Its written response must state whether the municipality accepts, in whole or part, the auditor's findings. If the municipality does not accept the findings, the statement must indicate the basis for its disagreement. The state auditor shall annually summarize the responses it receives under this section and send the summary and copies of the responses to the chairs of the committees of the legislature with jurisdiction over tax increment financing.

(d) The state auditor shall notify the attorney general in writing and provide supporting materials for a violation found by the auditor, if the:

(1) auditor receives notification from the county attorney under paragraph (b) or receives no notification for a 12-month period after initially notifying the county attorney and the state auditor confirms with the county attorney or the municipality that no action has been brought regarding the matter; and

(2) municipality or development authority have not eliminated or resolved the violation to the satisfaction of the state auditor.

The auditor shall provide the municipality and development authority a copy of the notification sent to the attorney general.

Sec. 6. Minnesota Statutes 1998, section 469.1771, is amended by adding a subdivision to read:

Subd. 2b. [ACTION TO SUSPEND TIF AUTHORITY.] (a) Upon receipt of a notification from the state auditor under subdivision 1, paragraph (d), the attorney general shall review the materials submitted by the auditor and any materials submitted by the municipality and development authority. If the attorney general finds that the municipality or development authority violated a provision of the law enumerated in subdivision 1 and that the violation was substantial, the attorney general shall file a petition in the tax court to suspend the authority of the municipality and development authority to exercise tax increment financing powers.

(b) Before filing a petition under this subdivision, the attorney shall attempt to resolve the matter using appropriate alternative dispute resolution procedures, such as those under sections 572.31 to 572.40.

(c) If the tax court finds that the municipality or development authority failed to comply with the law and that the noncompliance was substantial, the court shall suspend the authority of the municipality or development to exercise tax increment financing powers. The court shall set the period of the suspension for a period not to exceed five years. In determining the length of the suspension, the court may consider:

(1) the substantiality of the violation or violations;

(2) the dollar amount of the violation or violations;

(3) the sophistication of the municipality or development authority;

(4) the extent to which the municipality or development authority violated a clear and unambiguous requirement of the law;

(5) whether the municipality or development authority continued to violate the law after receiving notification from the state auditor that it was not in compliance with the law;

(6) the extent to which the municipality or development authority engaged in a pattern of violations; and

(7) any other factors the court determines are relevant to whether the municipality or development authority's authority to exercise tax increment financing powers should be suspended.

(d) For purposes of this subdivision, the exercise of tax increment financing powers means:

(1) the authority to request certification of a new tax increment financing district or the addition of area to an existing tax increment financing district;

(2) the authority to issue bonds under section 469.178;

(3) the authority to amend a tax increment financing plan to authorize new activities or expenditures.

Sec. 7. Minnesota Statutes 1998, section 469.1791, subdivision 3, is amended to read:

Subd. 3. [PRECONDITIONS TO ESTABLISH DISTRICT.] (a) A city may establish a special taxing district within a tax increment financing district under this section only if the conditions under paragraphs (b) and (c) are met or if the city elects to exercise the authority under paragraph (d).

(b) The city has determined that:

(1) total tax increments from the district, including unspent increments from previous years and increments transferred under paragraph (c), will be insufficient to pay the amounts due in a year on preexisting obligations; and

(2) this insufficiency of increments resulted from the reduction in property tax class rates enacted in the 1997 and 1998 legislative sessions.

(c) The city has agreed to transfer any available increments from other tax increment financing districts in the city to pay the preexisting obligations of the district under section 469.1763, subdivision 6. This requirement does not apply to any available increments of a qualified housing district, as defined in section 273.1399, subdivision 1. ~~Notwithstanding any law to the contrary, the city may require a development authority to transfer available increments for any of its tax increment financing districts in the city to make up an insufficiency in another district in the city, regardless of whether the district was established by the development authority or another development authority. Notwithstanding any law to the contrary, increments transferred under this authority must be spent to pay preexisting obligations. "Development authority" for this purpose means any authority as defined in section 469.174, subdivision 2.~~

(d) If a tax increment financing district does not qualify under paragraphs (b) and (c), the governing body may elect to establish a special taxing district under this section. If the city elects to exercise this authority, increments from the tax increment financing district and the proceeds of the tax imposed under this section may only be used to pay preexisting obligations and reasonable administrative expenses of the authority for the tax increment financing district. The tax increment financing district must be decertified when all preexisting obligations have been paid.

Sec. 8. Minnesota Statutes 1998, section 469.1813, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The governing body of a political subdivision may grant an abatement of the taxes imposed by the political subdivision on a parcel of property, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if:

(a) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement; and

(b) it finds that doing so is in the public interest because it will:

(1) increase or preserve tax base;

(2) provide employment opportunities in the political subdivision;

(3) provide or help acquire or construct public facilities;

(4) help redevelop or renew blighted areas; ~~or~~

(5) help provide access to services for residents of the political subdivision; or

(6) finance or provide public infrastructure.

Sec. 9. Minnesota Statutes 1998, section 469.1813, is amended by adding a subdivision to read:

Subd. 1a. [USE OF TERM.] As used in this section and sections 469.1814 and 469.1815, "abatement" includes a deferral of taxes with abatement of interest and penalties unless the context indicates otherwise.

Sec. 10. Minnesota Statutes 1998, section 469.1813, subdivision 2, is amended to read:

Subd. 2. [ABATEMENT RESOLUTION.] (a) The governing body of a political subdivision may grant an abatement only by adopting an abatement resolution, specifying the terms of the abatement. In the case of a town, the board of supervisors may approve the abatement resolution. The resolution must also include a specific statement as to the nature and extent of the public benefits which the governing body expects to result from the agreement. The resolution may provide that the political subdivision will retain or transfer to another political subdivision the abatement to pay for all or part of the cost of acquisition or improvement of public infrastructure, whether or not located on or adjacent to the parcel for which the tax is abated. The abatement may reduce all or part of the property tax ~~levied by~~ amount for the political subdivision on the parcel. A political subdivision's maximum annual amount for a parcel equals its total local tax rate multiplied by the total net tax capacity of the parcel.

(b) The political subdivision may limit the abatement:

(1) to a specific dollar amount per year or in total;

(2) to the increase in property taxes resulting from improvement of the property;

(3) to the increases in property taxes resulting from increases in the market value or tax capacity of the property; ~~or~~

(4) in any other manner the governing body of the subdivision determines is appropriate; or

(5) to the interest and penalty that would otherwise be due on taxes that are deferred.

(c) The political subdivision may not abate tax attributable to ~~the value of the land or~~ the areawide tax under chapter 276A or 473F, except as provided in this subdivision.

Sec. 11. Minnesota Statutes 1998, section 469.1813, is amended by adding a subdivision to read:

Subd. 6a. [DEFERMENT PAYMENT SCHEDULE.] When the tax is deferred and the interest and penalty abated, the political subdivision must set a schedule for repayments. The deferred payment must be included with the current taxes due and payable in the years the deferred payments are due and payable and must be levied accordingly.

Sec. 12. Minnesota Statutes 1998, section 469.1813, subdivision 3, is amended to read:

Subd. 3. [SCHOOL DISTRICT ~~ABATEMENT PROCEDURE~~ ABATEMENTS.] ~~Notwithstanding the amounts in subdivision 2, a school district that grants an abatement under this section must limit the abatement for any property to not more than an amount equal to the product of: (1) the property's net tax capacity, and (2) the difference between the district's total tax rate for that year and one-half of the general education tax rate for that year.~~ An abatement granted under this section is not an abatement for purposes of state aid or local levy under sections 127A.40 to 127A.51.

Sec. 13. Minnesota Statutes 1998, section 469.1813, subdivision 6, is amended to read:

Subd. 6. [DURATION LIMIT.] ~~(a)~~ A political subdivision ~~other than a school district~~ may grant an abatement for a period no longer than ten years. The subdivision may specify in the abatement resolution a shorter duration. If the resolution does not specify a period of time, the abatement is for eight years. If an abatement has been granted

to a parcel of property and the period of the abatement has expired, the political subdivision that granted the abatement may not grant another abatement for eight years after the expiration of the first abatement. This prohibition does not apply to improvements added after and not subject to the first abatement.

~~(b) A school district may grant an abatement for only one year at a time. Once a school district has authorized an abatement for a property, it may reauthorize the abatement in any subsequent year for the next seven years, or nine years if provided in the original abatement agreement. This prohibition does not apply to improvements added after and not subject to the original abatement agreement.~~

Sec. 14. Minnesota Statutes 1998, section 469.1813, is amended by adding a subdivision to read:

Subd. 9. [CONSENT OF PROPERTY OWNER NOT REQUIRED.] A political subdivision may abate the taxes on a parcel under sections 469.1812 to 469.1815 without obtaining the consent of the property owner.

Sec. 15. Minnesota Statutes 1998, section 469.1815, subdivision 2, is amended to read:

Subd. 2. [PROPERTY TAXES; ABATEMENT PAYMENT.] The total property taxes shall be levied on the property and shall be due and payable to the county at the times provided under section 279.01. The political subdivision will pay the abatement to the property owner, lessee, or a representative of the bondholders or will retain the abatement to pay public infrastructure costs, as provided by the abatement resolution.

Sec. 16. Laws 1997, chapter 231, article 1, section 19, subdivision 1, is amended to read:

Subdivision 1. [TIF GRANTS.] (a) The commissioner of revenue shall pay grants to municipalities for deficits in tax increment financing districts caused by the changes in class rates under this act. Municipalities must submit applications for the grants in a form prescribed by the commissioner by no later than ~~March~~ August 1 for grants payable during the calendar year. The maximum grant equals the lesser of:

(1) for taxes payable in the year before the grant is paid, the reduction in the tax increment financing district's revenues derived from increment resulting from the class rate changes in this article, Laws 1998, chapter 389, article 2, and those enacted in the 1999 regular legislative session; or

(2) the municipality's total tax increments, including unspent increments from previous years, less the amount due during the calendar year to pay (i) bonds issued and sold before the day following final enactment of this act and (ii) binding contracts entered into before the day following final enactment of this act.

(b) The commissioner of revenue may require applicants for grants ~~or pooling authority~~ under this section to provide any information the commissioner deems appropriate. The commissioner shall calculate the amount under paragraph (a), clause (2), based on the reports for the tax increment financing district or districts filed with the state auditor on or before ~~July~~ August 1 of the year before the year in which the grant is to be paid.

(c) This subdivision applies only to deficits in tax increment financing districts for which:

(1) the request for certification was made before the enactment date of this act; and

(2) all timely reports have been filed with the state auditor, as required by Minnesota Statutes, section 469.175.

(d) The commissioner shall pay the grants under this subdivision by December 26 of the year.

(e) $2,000,000 is appropriated to the commissioner of revenue to make grants under this section. This appropriation is available until expended or this section expires under subdivision 3, whichever is earlier. If the amount of grant entitlements for a year exceed the appropriation, the commissioner shall reduce each grant proportionately so the total equals the amount available.

Sec. 17. Laws 1997, chapter 231, article 1, section 19, subdivision 3, is amended to read:

Subd. 3. [EXPIRATION.] This section expires on January 1, ~~2001~~ 2002.

Sec. 18. [CITY OF ONAMIA; USE OF TAX INCREMENT FINANCING.]

Subdivision 1. [APPLICATION OF TIME LIMIT.] For tax increment financing district No. 1-1, established April 14, 1993, by the city of Onamia, Minnesota Statutes, section 469.1763, subdivision 3, applies to the qualified portion of the district by permitting a period of ten years for commencement of activities within the district. As used in this section, "qualified portion of the district" means only that portion of the district consisting of three parcels fronting on U.S. 169.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Onamia and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 19. [ST. CLOUD HOUSING AND REDEVELOPMENT AUTHORITY.]

Subdivision 1. [TAX INCREMENT POOLING.] Notwithstanding the provisions of Minnesota Statutes, section 469.1763, subdivision 2, and the provisions of the tax increment financing act in effect for districts established by the St. Cloud housing and redevelopment authority for which the request for certification was made after August 1, 1979, and before June 30, 1982, revenue derived from tax increments paid by properties in the districts may be expended through a development fund or otherwise within other tax increment districts established by the authority to finance the redevelopment of commercial properties outside of tax increment financing districts which were destroyed or impacted in a natural gas explosion on December 11, 1998.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 20. [CITY OF ST. PAUL.]

Subdivision 1. [DELAY OF DEEMED COMMENCEMENT OF TAX INCREMENT FINANCING DISTRICT.] Notwithstanding Minnesota Statutes, section 469.176, or any other law to the contrary, the duration limit of the Williams Hill tax increment district in the city of St. Paul is determined as if the date of receipt of the first tax increment by the authority occurs when the aggregate of all tax increments received from the district reaches $2,000. In no case may the duration limit of the district be extended by more than two years.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by and compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3, by the governing body of the city of St. Paul.

Sec. 21. [CITY OF JACKSON; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [DISTRICT EXTENSION.] (a) Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1c, full tax increments from U.S. 71/I-90 tax increment financing district in the city of Jackson must be paid to and may be retained by the city of Jackson through taxes payable in 2002. The amount to be retained by the city is limited to $170,000. Any increments received during the extension in excess of $170,000 must be returned as excess increments under Minnesota Statutes, section 469.176, subdivision 2.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day after compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 22. [CITY OF MINNEOTA; TAX INCREMENT FINANCING.]

Subdivision 1. [ACTIONS RATIFIED.] The expenditure of tax increments on administrative expenses and public utility or other improvements by the city of Minneota for its tax increment financing district, adopted by city resolution 4-15-85A, are ratified and deemed to be authorized by the tax increment financing plan for the district.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Minneota with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. [CITY OF FRIDLEY, TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXTENSION OF TIME.] (a) Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, upon approval of the governing body of the city of Fridley, the Fridley housing and redevelopment authority may, by resolution, extend the duration of tax increment financing district No. 6 located in the city of Fridley. The housing and redevelopment authority may not extend the duration beyond December 31, 2025.

(b) The provisions of Minnesota Statutes, sections 273.1399, subdivision 8, and 469.1782, subdivision 1, apply to this district if extended, except that the maximum state aid reduction for a year may not exceed the least of the following amounts:

(1) the amount under Minnesota Statutes, section 469.1782, subdivision 1;

(2) $200,000, plus one-half of (the amount under Minnesota Statutes, section 469.1782, subdivision 1, minus $200,000);

(3) 2.5 percent of the net tax capacity of the city; or

(4) five percent of the prior year's tax increment from the district.

(c) Notwithstanding any law to the contrary, effective upon approval of this section, no increments may be spent on activities located outside of the area of the district, other than for administrative expenses, sanitary sewer, and the costs of trunk highway No. 65 and other road improvements that are a direct result of development occurring within the area of the district.

(d) In the taxes payable year that the district would be terminated under general law, the original net tax capacity of tax increment financing district No. 6 must be increased by the net tax capacity of 200,000 square feet of building improvements, exclusive of parking structures.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021.

Sec. 24. [CITY OF BROOKLYN CENTER; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [CHANGE OF FISCAL DISPARITIES ELECTION.] Notwithstanding Minnesota Statutes, section 469.177, subdivision 3, paragraph (c), the governing body of the city of Brooklyn Center may change its election of the computation of tax increment for tax increment district No. 4 under Minnesota Statutes, section 469.177, subdivision 3, from the method of computation in paragraph (b) to the method in paragraph (a) of that provision.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Brooklyn Center and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 25. [CITY OF DAWSON; TAX INCREMENT DISTRICT.]

Subdivision 1. [DISTRICT EXTENDED.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the Dawson economic development authority may collect tax increments from tax increment financing district No. 7 for a period of 18 years after receipt by the authority of the first increment.

Subd. 2. [EFFECTIVE DATE; APPLICABILITY.] Subdivision 1 is effective upon compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 26. [MINNEAPOLIS; TAX INCREMENT FINANCING.]

Subdivision 1. [SOCIAL AND RECREATIONAL FACILITIES.] The provisions of section 2 do not apply to the Mill Ruins Park and Milwaukee Road Depot tax increment financing districts and to a district designated in the future that contains the former federal reserve bank building in the city of Minneapolis.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the city of Minneapolis with the requirements of Minnesota Statutes 1998, section 645.021, subdivision 3.

Sec. 27. [APPROPRIATION; TIF GRANTS.]

$4,000,000 is appropriated to the commissioner of revenue for purposes of grants under Laws 1997, chapter 231, article 1, section 19, to municipalities to offset deficits in tax increment financing districts.

Sec. 28. [REPEALER.]

Laws 1997, chapter 231, article 1, section 19, subdivision 2, is repealed.

Sec. 29. [EFFECTIVE DATE.]

Section 1 is effective for requests for certification of a new district or for the addition of geographic area to a district made after June 30, 1999.

Section 2 is effective for all tax increment financing districts, regardless of when the request for certification was made, but does not apply to (1) expenditures made before January 1, 2000; (2) expenditures made under a binding contract entered before January 1, 2000; or (3) expenditures made under a binding contract entered pursuant to a letter of intent with the developer or contractor if the letter of intent was entered before January 1, 2000.

Section 3 is effective for all districts for which the request for certification was made before June 2, 1997.

Section 4 is effective the day following final enactment and applies to districts for which the request for certification was made after July 31, 1979, and before July 1, 1982.

Sections 5 and 6 apply to all districts for which the request for certification was made after August 1, 1979, but is limited to final letters of noncompliance issued by the state auditor after December 31, 1999.

Sections 8 to 17, and 28 are effective the day following final enactment.

ARTICLE 11

STATE FUNDING OF DISTRICT COURTS
TRANSFER OF FINES, FEES, AND OTHER MONEY TO STATE

Section 1. Minnesota Statutes 1998, section 97A.065, subdivision 2, is amended to read:

Subd. 2. [FINES AND FORFEITED BAIL.] (a) Fines and forfeited bail collected from prosecutions of violations of: the game and fish laws; sections 84.091 to 84.15; sections 84.81 to 84.91; section 169.121, when the violation involved an off-road recreational vehicle as defined in section 169.01, subdivision 86; chapter 348; and any other law relating to wild animals or aquatic vegetation, must be paid to the treasurer of the county where the violation is prosecuted. The county treasurer shall submit one-half of the receipts to the commissioner and credit the balance to the county general revenue fund except as provided in paragraphs (b), (c), and (d). In a county in a judicial district under section 480.181, subdivision 1, paragraph (b), as added in 1999 S. F. No. 2221, article 7, section 26, the share that would otherwise go to the county under this paragraph must be submitted to the state treasurer for deposit in the state treasury and credited to the general fund.

(b) The commissioner must reimburse a county, from the game and fish fund, for the cost of keeping prisoners prosecuted for violations under this section if the county board, by resolution, directs: (1) the county treasurer to submit all fines and forfeited bail to the commissioner; and (2) the county auditor to certify and submit monthly itemized statements to the commissioner.

(c) The county treasurer shall submit one-half of the receipts collected under paragraph (a) from prosecutions of violations of sections 84.81 to 84.91, and 169.121, except receipts that are surcharges imposed under section 357.021, subdivision 6, to the state treasurer and credit the balance to the county general fund. The state treasurer shall credit these receipts to the snowmobile trails and enforcement account in the natural resources fund.

(d) The county treasurer shall indicate the amount of the receipts that are surcharges imposed under section 357.021, subdivision 6, and shall submit all of those receipts to the state treasurer.

Sec. 2. Minnesota Statutes 1998, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] Homestead and agricultural credit aid for each unique taxing jurisdiction equals the product of (1) the homestead and agricultural credit aid base, and (2) the growth adjustment factor, plus the net tax capacity adjustment and the fiscal disparity adjustment. ~~For aid payable in 2000, each county shall have its homestead and agricultural credit aid permanently reduced by an amount equal to one-third of the additional amount received by the county under section 477A.03, subdivision 2, paragraph (c), clause (ii).~~

Sec. 3. Minnesota Statutes 1998, section 273.1398, is amended by adding a subdivision to read:

Subd. 4a. [AID OFFSET FOR COURT COSTS.] (a) By July 15, 1999, the supreme court shall determine and certify to the commissioner of revenue for each county, other than counties located in the eighth judicial district, the county's share of the costs assumed under 1999 S. F. No. 2221, article 7, during the fiscal year beginning July 1, 2000, less an amount equal to the county's share of transferred fines collected by the district courts in the county during calendar year 1998.

(b) Payments to a county under subdivision 2 or section 273.166 for calendar year 2000 must be permanently reduced by an amount equal to 75 percent of the net cost to the state for assumption of district court costs as certified in paragraph (a).

(c) Payments to a county under subdivision 2 or section 273.166 for calendar year 2001 must be permanently reduced by an amount equal to 25 percent of the net cost to the state for assumption of district court costs as certified in paragraph (a).

Sec. 4. Minnesota Statutes 1998, section 299D.03, subdivision 5, is amended to read:

Subd. 5. [FINES AND FORFEITED BAIL MONEY.] (a) All fines and forfeited bail money, from traffic and motor vehicle law violations, collected from persons apprehended or arrested by officers of the state patrol, shall be paid by the person or officer collecting the fines, forfeited bail money or installments thereof, on or before the tenth day after the last day of the month in which these moneys were collected, to the county treasurer of the county where the violation occurred. Three-eighths of these receipts shall be credited to the general revenue fund of the county, except that in a county in a judicial district under section 480.181, subdivision 1, paragraph (b), as added in 1999 S. F. No. 2221, article 7, section 26, this three-eighths share must be transmitted to the state treasurer for deposit in the state treasury and credited to the general fund. The other five-eighths of these receipts shall be transmitted by that officer to the state treasurer and shall be credited as follows:

(1) In the fiscal year ending June 30, 1991, the first $275,000 in money received by the state treasurer after June 4, 1991, must be credited to the transportation services fund, and the remainder in the fiscal year credited to the trunk highway fund.

(2) In fiscal year 1992, the first $215,000 in money received by the state treasurer in the fiscal year must be credited to the transportation services fund, and the remainder credited to the trunk highway fund.

(3) In fiscal years 1993 and subsequent years, the entire amount received by the state treasurer must be credited to the trunk highway fund. If, however, the violation occurs within a municipality and the city attorney prosecutes the offense, and a plea of not guilty is entered, one-third of the receipts shall be credited to the general revenue fund of the county, one-third of the receipts shall be paid to the municipality prosecuting the offense, and one-third shall be transmitted to the state treasurer as provided in this subdivision. All costs of participation in a nationwide police communication system chargeable to the state of Minnesota shall be paid from appropriations for that purpose.

(b) Notwithstanding any other provisions of law, all fines and forfeited bail money from violations of statutes governing the maximum weight of motor vehicles, collected from persons apprehended or arrested by employees of the state of Minnesota, by means of stationary or portable scales operated by these employees, shall be paid by the person or officer collecting the fines or forfeited bail money, on or before the tenth day after the last day of the month in which the collections were made, to the county treasurer of the county where the violation occurred. Five-eighths of these receipts shall be transmitted by that officer to the state treasurer and shall be credited to the highway user tax distribution fund. Three-eighths of these receipts shall be credited to the general revenue fund of the county, except that in a county in a judicial district under section 480.181, subdivision 1, paragraph (b), as added in 1999 S. F. No. 2221, article 7, section 26, this three-eighths share must be transmitted to the state treasurer for deposit in the state treasury and credited to the general fund.

Sec. 5. Minnesota Statutes 1998, section 357.021, subdivision 1a, is amended to read:

Subd. 1a. [TRANSMITTAL OF FEES TO STATE TREASURER.] (a) Every person, including the state of Minnesota and all bodies politic and corporate, who shall transact any business in the district court, shall pay to the court administrator of said court the sundry fees prescribed in subdivision 2. Except as provided in paragraph (d), the court administrator shall transmit the fees monthly to the state treasurer for deposit in the state treasury and credit to the general fund.

(b) In a county which has a screener-collector position, fees paid by a county pursuant to this subdivision shall be transmitted monthly to the county treasurer, who shall apply the fees first to reimburse the county for the amount of the salary paid for the screener-collector position. The balance of the fees collected shall then be forwarded to the state treasurer for deposit in the state treasury and credited to the general fund. In a county in ~~the eighth~~ a judicial district under section 480.181, subdivision 1, paragraph (b), as added in 1999 S. F. No. 2221, article 7, section 26, which has a screener-collector position, the fees paid by a county shall be transmitted monthly to the state treasurer for deposit in the state treasury and credited to the general fund. A screener-collector position for purposes of this paragraph is an employee whose function is to increase the collection of fines and to review the incomes of potential clients of the public defender, in order to verify eligibility for that service.

(c) No fee is required under this section from the public authority or the party the public authority represents in an action for:

(1) child support enforcement or modification, medical assistance enforcement, or establishment of parentage in the district court, or child or medical support enforcement conducted by an administrative law judge in an administrative hearing under section 518.5511;

(2) civil commitment under chapter 253B;

(3) the appointment of a public conservator or public guardian or any other action under chapters 252A and 525;

(4) wrongfully obtaining public assistance under section 256.98 or 256D.07, or recovery of overpayments of public assistance;

(5) court relief under chapter 260;

(6) forfeiture of property under sections 169.1217 and 609.531 to 609.5317;

(7) recovery of amounts issued by political subdivisions or public institutions under sections 246.52, 252.27, 256.045, 256.25, 256.87, 256B.042, 256B.14, 256B.15, 256B.37, and 260.251, or other sections referring to other forms of public assistance;

(8) restitution under section 611A.04; or

(9) actions seeking monetary relief in favor of the state pursuant to section 16D.14, subdivision 5.

(d) The fees collected for child support modifications under subdivision 2, clause (13), must be transmitted to the county treasurer for deposit in the county general fund. The fees must be used by the county to pay for child support enforcement efforts by county attorneys.

Sec. 6. Minnesota Statutes 1998, section 477A.03, subdivision 2, is amended to read:

Subd. 2. [ANNUAL APPROPRIATION.] (a) A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue.

(b) Aid payments to counties under section 477A.0121 are limited to $20,265,000 in 1996. Aid payments to counties under section 477A.0121 are limited to $27,571,625 in 1997. For aid payable in 1998 and thereafter, the total aids paid under section 477A.0121 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

(c)(i) For aids payable in 1998 and thereafter, the total aids paid to counties under section 477A.0122 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

(ii) Aid payments to counties under section 477A.0122 in 2000 are further increased by an additional ~~$30,000,000~~ $20,000,000 in 2000.

(d) Aid payments to cities in 1999 under section 477A.013, subdivision 9, are limited to $380,565,489. For aids payable in 2000 and 2001, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3. For aids payable in 2002, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3, and increased by the amount certified to be paid in 2001 under section 477A.06. For aids payable in 2003 and thereafter, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3. The additional amount authorized under subdivision 4 is not included when calculating the appropriation limits under this paragraph.

Sec. 7. Minnesota Statutes 1998, section 485.018, subdivision 5, is amended to read:

Subd. 5. [COLLECTION OF FEES.] The court administrator of district court shall charge and collect all fees as prescribed by law and all such fees collected by the court administrator as court administrator of district court shall be paid to the county treasurer. Except for those portions of forfeited bail paid to victims pursuant to existing law, the county treasurer shall forward all revenue from fees and forfeited bail collected under chapters 357, 487, and 574 to the state treasurer for deposit in the state treasury and credit to the general fund, unless otherwise provided in chapter 611A or other law, in the manner and at the times prescribed by the state treasurer, but not less often than once each month. If the defendant or probationer is located after forfeited bail proceeds have been forwarded to the state treasurer, the state treasurer shall reimburse the county, on request, for actual costs expended for extradition, transportation, or other costs necessary to return the defendant or probationer to the jurisdiction where the bail was posted, in an amount not more than the amount of forfeited bail. ~~All other money must be deposited in the county general fund unless otherwise provided by law.~~ The court administrator of district court shall not retain any additional compensation, per diem or other emolument for services as court administrator of district court, but may receive and retain mileage and expense allowances as prescribed by law.

Sec. 8. Minnesota Statutes 1998, section 487.02, subdivision 2, is amended to read:

Subd. 2. Except as provided in this subdivision, the county board shall levy taxes annually against the taxable property within the county as necessary for the establishment, operation and maintenance of the county court or courts within the county. Any county in a judicial district under section 480.181, subdivision 1, paragraph (b), as added by 1999 S. F. No. 2221, article 7, section 26, is prohibited from levying property taxes for these purposes, except for any amounts necessary to pay the costs incurred in the first six months of calendar year 2000 with respect to counties in the fifth, seventh, and ninth judicial districts.

Sec. 9. Minnesota Statutes 1998, section 487.32, subdivision 3, is amended to read:

Subd. 3. A judge of a county court may order any sums forfeited to be reinstated and the ~~county~~ state treasurer shall then refund accordingly. The ~~county~~ state treasurer shall reimburse the court administrator if the court administrator refunds the deposit upon a judge's order and obtains a receipt to be used as a voucher.

Sec. 10. Minnesota Statutes 1998, section 487.33, subdivision 5, is amended to read:

Subd. 5. [ALLOCATION.] The court administrator shall provide the county treasurer with the name of the municipality or other subdivision of government where the offense was committed which employed or provided by contract the arresting or apprehending officer and the name of the municipality or other subdivision of government which employed the prosecuting attorney or otherwise provided for prosecution of the offense for each fine or penalty and the total amount of fines or penalties collected for each municipality or other subdivision of government. On or before the last day of each month, the county treasurer shall pay over to the treasurer of each municipality or subdivision of government within the county all fines or penalties for parking violations for which complaints and warrants have not been issued and one-third of all fines or penalties collected during the previous month for offenses committed within the municipality or subdivision of government from persons arrested or issued citations by officers employed by the municipality or subdivision or provided by the municipality or subdivision by contract. An additional one-third of all fines or penalties shall be paid to the municipality or subdivision of government providing prosecution of offenses of the type for which the fine or penalty is collected occurring within the municipality or subdivision, imposed for violations of state statute or of an ordinance, charter provision, rule or regulation of a city whether or not a guilty plea is entered or bail is forfeited. Except as provided in section 299D.03, subdivision 5, or as otherwise provided by law, all other fines and forfeitures and all fees and statutory court costs collected by the court administrator shall be paid to the county treasurer of the county in which the funds were collected who shall dispense them as provided by law. In a county in a judicial district under section 480.181, subdivision 1, paragraph (b), as added in 1999 S. F. No. 2221, article 7, section 26, all other fines, forfeitures, fees, and statutory court costs must be paid to the state treasurer for deposit in the state treasury and credited to the general fund.

Sec. 11. Minnesota Statutes 1998, section 574.34, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Fines and forfeitures not specially granted or appropriated by law shall be paid into the treasury of the county where they are incurred, except in a county in a judicial district under section 480.181, subdivision 1, paragraph (b), as added in 1999 S. F. No. 2221, article 7, section 26, the fines and forfeitures must be deposited in the state treasury and credited to the general fund.

Sec. 12. [APPROPRIATION.]

$18,731,000 is appropriated for fiscal year 2001 from the general fund to the district courts for purposes of funding the district court expenses under this article.

Sec. 13. [EFFECTIVE DATES; CONTINGENCY.]

(a) Sections 2 and 6 are effective for aids payable in 2000. The other provisions of this article providing for the transfer of fees and fines to the state are effective January 1, 2000, with respect to counties in the eighth judicial district, and July 1, 2000, with respect to counties in the fifth, seventh, and ninth judicial districts.

(b) Notwithstanding paragraph (a), this article does not take effect unless the state assumes the district court costs under 1999 S. F. No. 2221, article 7.

ARTICLE 12

BUSINESS SUBSIDIES

Section 1. [116J.993] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of sections 116J.993 to 116J.995, the terms defined in this section have the meanings given them.

Subd. 2. [BENEFIT DATE.] "Benefit date" means the date that the recipient receives the business subsidy. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date begins when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either:

(1) when the improvements are finished for the entire project; or

(2) when a business occupies the property. If a business occupies the property and the subsidy grantor expects that other businesses will also occupy the same property, the grantor may assign a separate benefit date for each business when it first occupies the property.

Subd. 3. [BUSINESS SUBSIDY.] "Business subsidy" or "subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy:

(1) a business subsidy of less than $25,000;

(2) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;

(3) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;

(4) redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;

(5) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is equal to or less than 50 percent of the total cost;

(6) assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;

(7) assistance for housing;

(8) assistance for pollution control or abatement;

(9) assistance for energy conservation;

(10) tax reductions resulting from conformity with federal tax law;

(11) workers' compensation and unemployment compensation;

(12) benefits derived from regulation;

(13) indirect benefits derived from assistance to educational institutions;

(14) funds from bonds allocated under chapter 474A;

(15) assistance for a collaboration between a Minnesota higher education institution and a business;

(16) assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;

(17) redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; and

(18) general changes in tax increment financing law and other general tax law changes of a principally technical nature.

Subd. 4. [GRANTOR.] "Grantor" means any state or local government agency with the authority to grant a business subsidy.

Subd. 5. [LOCAL GOVERNMENT AGENCY.] "Local government agency" includes a statutory or home rule charter city, housing and redevelopment authority, town, county, port authority, economic development authority, community development agency, nonprofit entity created by a local government agency, or any other entity created by or authorized by a local government with authority to provide business subsidies.

Subd. 6. [RECIPIENT.] "Recipient" means any for-profit or nonprofit business entity that receives a business subsidy. Only nonprofit entities with at least 100 full-time equivalent positions and with a ratio of highest to lowest paid employee, that exceeds ten to one, determined on the basis of full-time equivalent positions, are included in this definition.

Subd. 7. [STATE GOVERNMENT AGENCY.] "State government agency" means any state agency that has the authority to award business subsidies.

Sec. 2. [116J.994] [REGULATING LOCAL AND STATE BUSINESS SUBSIDIES.]

Subdivision 1. [PUBLIC PURPOSE.] A business subsidy must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

Subd. 2. [DEVELOPING A SET OF CRITERIA.] A business subsidy may not be granted until the grantor has adopted criteria after a public hearing for awarding business subsidies that comply with this section. The criteria must include a policy regarding the wages to be paid for the jobs created. The commissioner of trade and economic development may assist local government agencies in developing criteria.

Subd. 3. [SUBSIDY AGREEMENT.] (a) A recipient must enter into a subsidy agreement with the grantor of the subsidy that includes:

(1) a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;

(2) a statement of the public purposes for the subsidy;

(3) goals for the subsidy;

(4) a description of the financial obligation of the recipient if the goals are not met;

(5) a statement of why the subsidy is needed;

(6) a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date;

(7) the name and address of the parent corporation of the recipient, if any; and

(8) a list of all financial assistance by all grantors for the project.

(b) Business subsidies in the form of grants must be structured as forgivable loans. If a business subsidy is not structured as a forgivable loan, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.

(c) If a business subsidy benefits more than one recipient, the grantor must assign a proportion of the business subsidy to each recipient that signs a subsidy agreement. The proportion assessed to each recipient must reflect a reasonable estimate of the recipient's share of the total benefits of the project.

(d) The state or local government agency and the recipient must both sign the subsidy agreement and, if the grantor is a local government agency, the agreement must be approved by the local elected governing body, except for the St. Paul Port Authority and a seaway port authority.

Subd. 4. [WAGE AND JOB GOALS.] The subsidy agreement, in addition to any other goals, must include: (1) goals for the number of jobs created, which may include separate goals for the number of part-time or full-time jobs, or, in cases where job loss is imminent and demonstrable, goals for the number of jobs retained; and (2) wage goals for the jobs created or retained.

In addition to other specific goal time frames, the wage and job goals must contain specific goals to be attained within two years of the benefit date.

Subd. 5. [PUBLIC NOTICE AND HEARING.] (a) Before granting a business subsidy that exceeds $500,000 for a state government grantor and $100,000 for a local government grantor, the grantor must provide public notice and a hearing on the subsidy. A public hearing and notice under this subdivision is not required if a hearing and notice on the subsidy is otherwise required by law.

(b) Public notice of a proposed business subsidy under this subdivision by a state government grantor must be published in the State Register. Public notice of a proposed business subsidy under this subdivision by a local government grantor must be published in a local newspaper of general circulation. The public notice must identify the location at which information about the business subsidy, including a copy of the subsidy agreement, is available. Published notice should be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text. The grantor must make the information available in printed paper copies and, if possible, on the Internet. The government agency must provide at least a ten-day notice for the public hearing.

(c) The public notice must include the date, time, and place of the hearing.

(d) The public hearing by a state government grantor must be held in St. Paul.

Subd. 6. [FAILURE TO MEET GOALS.] The subsidy agreement must specify the recipient's obligation if the recipient does not fulfill the agreement. At a minimum, the agreement must require a recipient failing to meet subsidy agreement goals to pay back the assistance plus interest to the grantor provided that repayment may be prorated to reflect partial fulfillment of goals. The interest rate must be set at the implicit price deflator defined under section 275.70, subdivision 2. The grantor, after a public hearing, may extend for up to one year the period for meeting the goals provided in a subsidy agreement.

A recipient that fails to meet the terms of a subsidy agreement may not receive a business subsidy from any grantor for a period of five years from the date of failure or until a recipient satisfies its repayment obligation under this subdivision, whichever occurs first.

Before a grantor signs a business subsidy agreement, the grantor must check with the compilation and summary report required by this section to determine if the recipient is eligible to receive a business subsidy.

Subd. 7. [REPORTS BY RECIPIENTS TO GRANTORS.] (a) A business subsidy grantor must monitor the progress by the recipient in achieving agreement goals.

(b) A recipient must provide information regarding goals and results for two years after the benefit date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid. The information must be filed on forms developed by the commissioner in cooperation with representatives of local government. Copies of the completed forms must be sent to the commissioner and the local government agency that provided the business subsidy. The report must include:

(1) the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;

(2) the hourly wage of each job created with separate bands of wages;

(3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(4) the date the job and wage goals will be reached;

(5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;

(6) the location of the recipient prior to receiving the business subsidy;

(7) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota;

(8) the name and address of the parent corporation of the recipient, if any;

(9) a list of all financial assistance by all grantors for the project; and

(10) other information the commissioner may request.

A report must be filed no later than March 1 of each year for the previous year and within 30 days after the deadline for meeting the job and wage goals.

(c) Financial assistance that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clauses (4), (5), (8), and (16) is subject to the reporting requirements of this subdivision, except that the report of the recipient must include:

(1) the type, public purpose, and amount of the financial assistance, and type of district if the subsidy is tax increment financing;

(2) progress towards meeting goals stated in the subsidy agreement and the public purpose of the assistance;

(3) the hourly wage of each job created with separate bands of wages;

(4) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(5) the location of the recipient prior to receiving the assistance; and

(6) other information the grantor requests.

(d) If the recipient does not submit its report, the local government agency must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the recipient fails to provide a report, the recipient must pay to the grantor a penalty of $100 for each subsequent day until the report is filed. The maximum penalty shall not exceed $1,000.

Subd. 8. [REPORTS BY GRANTORS.] (a) Local government agencies of a local government with a population of more than 2,500 and state government agencies, regardless of whether or not they have awarded any business subsidies, must file a report by April 1 of each year with the commissioner. Local government agencies of a local government with a population of 2,500 or less are exempt from filing this report if they have not awarded a business subsidy in the past five years. The local government agency must include a list of recipients that did not complete the report and of recipients that have not met their job and wage goals within two years and the steps being taken to bring them into compliance or to recoup the subsidy.

If the commissioner has not received the report by April 1 from an entity required to report, the commissioner shall issue a warning to the government agency. If the commissioner has still not received the report by June 1 of that same year from an entity required to report, then that government agency may not award any business subsidies until the report has been filed.

(b) The commissioner of trade and economic development must provide information on reporting requirements to state and local government agencies.

Subd. 9. [COMPILATION AND SUMMARY REPORT.] The department of trade and economic development must publish a compilation and summary of the results of the reports for the previous calendar year by July 1 of each year. The reports of the government agencies to the department and the compilation and summary report of the department must be made available to the public.

The commissioner must coordinate the production of reports so that useful comparisons across time periods and across grantors can be made. The commissioner may add other information to the report as the commissioner deems necessary to evaluate business subsidies. Among the information in the summary and compilation report, the commissioner must include:

(1) total amount of subsidies awarded in each development region of the state;

(2) distribution of business subsidy amounts by size of the business subsidy;

(3) distribution of business subsidy amounts by time category, such as monthly or quarterly;

(4) distribution of subsidies by type and by public purpose;

(5) percent of all business subsidies that reached their goals;

(6) percent of business subsidies that did not reach their goals by two years from the benefit date;

(7) total dollar amount of business subsidies that did not meet their goals after two years from the benefit date;

(8) percent of subsidies that did not meet their goals and that did not receive repayment;

(9) list of recipients that have failed to meet the terms of a subsidy agreement in the past five years and have not satisfied their repayment obligations;

(10) number of part-time and full-time jobs within separate bands of wages; and

(11) benefits paid within separate bands of wages.

Sec. 3. [116J.995] [ECONOMIC GRANTS.]

An appropriation rider in an appropriation to the department of trade and economic development that specifies that the appropriation be granted to a particular business or class of businesses must contain a statement of the expected benefits associated with the grant. At a minimum, the statement must include goals for the number of jobs created, wages paid, and the tax revenue increases due to the grant.

Sec. 4. [REPEALER.]

Minnesota Statutes 1998, section 116J.991, is repealed.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective for business subsidies entered into or state appropriations authorized on or after August 1, 1999.

ARTICLE 13

TAX FORFEITURE AND DELINQUENCY PROCEDURES

Section 1. Minnesota Statutes 1998, section 92.51, is amended to read:

92.51 [TAXATION; REDEMPTION; SPECIAL CERTIFICATE.]

State lands sold by the director become taxable. A description of the tract sold, with the name of the purchaser, must be transmitted to the proper county auditor. The auditor must extend the land for taxation like other land. Only the interest in the land vested by the land sale certificate in its holder may be sold for delinquent taxes. ~~Upon production to the county treasurer of the tax certificate given upon tax sale, in case the lands have not been redeemed, the tax purchaser has the right to pay the principal and interest then in default upon the land sale certificate as its assignee. To redeem from a tax sale, the person redeeming must pay the county treasurer, for the holder and owner of the tax sale certificate, in addition to all sums required to be paid in other cases, all amounts paid by the holder and owner for interest and principal upon the land sale certificate, with interest at 12 percent per year. When the director receives the tax certificate with the county auditor's certificate of the expiration of the time for redemption, and the county treasurer's receipt for all delinquent interest and penalty on the land sale certificate, the director shall issue the holder and owner of the tax certificate a special certificate with the same terms and the same effect as the original land sale certificate.~~

Sec. 2. Minnesota Statutes 1998, section 279.37, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION INTO ONE ITEM.] Delinquent taxes upon any parcel of real estate may be composed into one item or amount by confession of judgment at any time prior to the forfeiture of the parcel of land to the state for taxes, for the aggregate amount of all the taxes, costs, penalties, and interest accrued against the parcel, as ~~hereinafter~~ provided in this section. Taxes upon property which, for the previous year's assessment, was classified as mineral property, employment property, or commercial or industrial property ~~shall~~ are only ~~be~~ eligible to be composed into any confession of judgment under this section as provided in subdivision 1a. Delinquent taxes for property that has been reclassified from 4bb to 4b under section 273.1319 may not be composed into a confession of judgment under this subdivision. Delinquent taxes on unimproved land are eligible to be composed into a confession of judgment only if the land is classified as homestead, agricultural, or timberland in the previous year or is eligible for installment payment under subdivision 1a. The entire parcel is eligible for the ten-year installment plan as provided in subdivision 2 if 25 percent or more of the market value of the parcel is eligible for confession of judgment under this subdivision.

Sec. 3. Minnesota Statutes 1998, section 279.37, subdivision 1a, is amended to read:

Subd. 1a. [CLASS 3A PROPERTY.] (a) The delinquent taxes upon a parcel of property which was classified class 3a, for the previous year's assessment and had a total market value of ~~less than~~ $200,000 or less for that same assessment shall be eligible to be composed into a confession of judgment. Property qualifying under this subdivision shall be subject to the same provisions as provided in this section except as ~~herein~~ provided in paragraphs (b) to (d).

~~(a)~~ (b) Current year taxes and penalty due at the time the confession of judgment is entered must be paid.

(c) The down payment ~~shall~~ must include all special assessments due in the current tax year, all delinquent special assessments, and 20 percent of the ad valorem tax, penalties, and interest accrued against the parcel. The balance remaining ~~shall be~~ is payable in four equal annual installments; and

~~(b)~~ (d) The amounts entered in judgment ~~shall~~ bear interest at the rate provided in section 279.03, subdivision 1a, commencing with the date the judgment is entered. The interest rate is subject to change each year on the unpaid balance in the manner provided in section 279.03, subdivision 1a.

Sec. 4. Minnesota Statutes 1998, section 279.37, subdivision 2, is amended to read:

Subd. 2. [INSTALLMENT PAYMENTS.] The owner of any such parcel, or any person to whom the right to pay taxes has been given by statute, mortgage, or other agreement, may make and file with the county auditor of the county ~~wherein~~ in which the parcel is located a written offer to pay the current taxes each year before they become delinquent, or to contest the taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess judgment for the amount ~~hereinbefore~~ provided, as determined by the county auditor~~, and shall thereby waive~~. By filing the offer, the owner waives all irregularities in connection with the tax proceedings affecting the parcel and any defense or objection which the owner may have to the proceedings, and ~~shall thereby waive~~ also waives the requirements of any notice of default in the payment of any installment or interest to become due pursuant to the composite judgment to be so entered~~, and shall tender therewith~~. With the offer, the owner shall tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and shall tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree ~~therein~~ to pay the balance in nine equal installments, with interest as provided in section 279.03, payable annually on installments remaining unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed~~, which~~. The offer ~~shall~~ must be substantially as follows:

"To the court administrator of the district court of . . . . . county, I, ..., am the owner of the following described parcel of real estate ~~situate~~ located in . . . . . county, Minnesota~~, to wit~~:

. . . . . Upon ~~which~~ that real estate there are delinquent taxes for the year . . . . ., and prior years, as follows: (here insert year of delinquency and the total amount of delinquent taxes, costs, interest, and penalty) ~~do hereby~~. By signing this document I offer to confess judgment in the sum of $. . . and ~~hereby~~ waive all irregularities in the tax proceedings affecting ~~such~~ these taxes and any defense or objection which I may have ~~thereto~~ to them, and direct judgment to be entered for the ~~amount hereby confessed~~ amount stated above, ~~less~~ minus the sum of $. . . . . , ~~hereby tendered~~ to be paid with this document, ~~being~~ which is one-tenth of the amount of ~~said~~ the taxes, costs, penalty, and interest~~;~~ stated above. I agree to pay the balance of ~~said~~ the judgment in nine equal, annual installments, with interest as provided in section 279.03, payable annually, on the installments remaining unpaid ~~from time to time, said~~. I agree to pay the installments and interest ~~to be paid~~ on or before December 31 of each year following the year in which this judgment is confessed and current taxes each year before they become delinquent, or within 30 days after the entry of final judgment in proceedings to contest ~~such~~ the taxes under Minnesota Statutes ~~1941~~, sections 278.01 to 278.13.

Dated ~~this~~ . . . . . ."

Sec. 5. Minnesota Statutes 1998, section 281.23, subdivision 2, is amended to read:

Subd. 2. [~~MAY COVER PARCELS BID IN AT SAME TAX SALE~~ FORM.] ~~All parcels of land bid in at the same tax judgment sale and having the same period of redemption shall be covered by a single posted notice, but a separate notice may be posted for any parcel which may be omitted. Such~~ The notice of expiration of redemption must contain the tax parcel identification numbers and legal descriptions of parcels subject to notice of expiration of redemption provisions prescribed under subdivision 1. The notice must also indicate the names of taxpayers and fee owners of record in the office of the county auditor at the time the notice is prepared and names of those parties who have filed their addresses according to section 276.041 and the amount of payment necessary to redeem as of the date of the notice. At the option of the county auditor, the current filed addresses of affected persons may be included on the notice. The notice ~~shall be~~ is sufficient if substantially in the following form:

"NOTICE OF EXPIRATION OF REDEMPTION

Office of the County Auditor

County of . . . . . ., State of Minnesota.

To all persons ~~interested~~ having an interest in ~~the~~ lands ~~hereinafter~~ described in this notice:

You are ~~hereby~~ notified that the parcels of land ~~hereinafter~~ described~~, situated~~ in this notice and located in the county of . . . . . , state of Minnesota, ~~were bid in for the state on the . . . . . day of . . . . . ., ..., at the tax judgment sale of land for delinquent taxes for the year . . . .; that the legal descriptions and tax parcel identification numbers of such parcels and names of the taxpayers and fee owners and in addition those parties who have filed their addresses pursuant to section 276.041, and the amount necessary to redeem as of the date hereof and, at the election of the county auditor, the current filed addresses of any such persons, are as follows:~~ are subject to forfeiture to the state of Minnesota because of nonpayment of delinquent property taxes, special assessments, penalties, interest, and costs levied on those parcels. The time for redemption from forfeiture expires if a redemption is not made by the later of (1) 60 days after service of this notice on all persons having an interest in the lands of record at the office of the county recorder or registrar of titles, or (2) by the second Monday in May. The redemption must be made in my office.

Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and ~~in Addition~~ Those Parties Who Have Filed Their Addresses Pursuant to section 276.041	Legal Description	Tax Parcel Number	Amount Necessary to Redeem as of Date ~~Hereof~~ of Notice
. . . . .	. . . . .	. . .	. . . . .
. . . . .	. . . . .	. . .	. . . . .

~~That the time for redemption of such lands from such sale will expire 60 days after service of notice and the filing of proof thereof in my office, as provided by law. The redemption must be made in my office.~~

FAILURE TO REDEEM ~~SUCH~~ THE LANDS PRIOR TO THE EXPIRATION OF REDEMPTION WILL RESULT IN THE LOSS OF THE LAND AND FORFEITURE ~~OF SAID LAND~~ TO THE STATE OF MINNESOTA.

Inquiries as to ~~the~~ these proceedings ~~set forth above~~ can be made to the County Auditor for ~~the~~ . . . . . County ~~of . . . . . .~~, whose address is set forth below.

Witness my hand and official seal this . . . . . day of . . . . . , ...

. . . . . .
County Auditor

(OFFICIAL SEAL)

. . . . . .
(Address)

. . . . . .
(Telephone)."

~~Such~~ The notice ~~shall~~ must be posted by the auditor in the auditor's office, subject to public inspection, and ~~shall~~ must remain so posted until at least one week after the date of the last publication of notice, as ~~hereinafter~~ provided in this section. Proof of ~~such~~ posting ~~shall~~ must be made by the certificate of the auditor, filed in the auditor's office.

Sec. 6. Minnesota Statutes 1998, section 281.23, subdivision 4, is amended to read:

Subd. 4. [PROOF OF PUBLICATION.] An affidavit establishing proof of publication of ~~such~~ the notice affidavit, as provided by law, ~~shall~~ must be filed in the office of the county auditor. A single published notice ~~shall be sufficient for all~~ may include parcels of land bid in at ~~the same~~ different tax judgment ~~sale~~ sales, ~~having the same period~~ but included parcels must have a common year for expiration of redemption~~, and covered by a notice or notices kept posted during the time of the publication, as hereinbefore provided~~.

Sec. 7. Minnesota Statutes 1998, section 281.23, subdivision 6, is amended to read:

Subd. 6. [SERVICE OF NOTICE.] (a) ~~Forthwith~~ Immediately after the commencement of ~~such~~ publication or mailing the county auditor shall deliver to the sheriff of the county or any other person not less than 18 years of age a sufficient number of copies of ~~such~~ the notice of expiration of redemption for service ~~upon~~ on the persons in possession of all parcels of such land ~~as are~~ actually occupied, and documentation if the certified mail notice was returned as undeliverable or the notice was not mailed to the address associated with the property. Within 30 days after receipt ~~thereof~~ of the notice, the sheriff or other person serving the notice shall ~~make such investigation~~ investigate as ~~may be~~ necessary to ascertain whether or not the parcels covered by ~~such~~ the notice are actually occupied parcels, and shall serve a copy of ~~such~~ the notice of expiration of redemption upon the person in possession of each parcel found to be an occupied parcel, in the manner prescribed for serving summons in a civil action. If the sheriff or another person serving the notice has made at least two attempts to serve the notice of expiration of redemption, one between the weekday hours of 8:00 a.m. and 5:00 p.m. and the other on a different day and different time period, the sheriff or another person serving the notice may accomplish this service by posting a copy of the notice of expiration of redemption on a conspicuous location on the parcel. The sheriff or other person serving the notice shall make prompt return to the auditor as to all notices so served and as to all parcels found vacant and unoccupied and parcels served by posting. ~~Such~~ The return ~~shall~~ must be made ~~upon~~ on a copy of ~~such~~ the notice and ~~shall be~~ is prima facie evidence of the facts ~~therein~~ stated in it.

If the notice is served by the sheriff, the sheriff shall receive from the county, in addition to other compensation prescribed by law, ~~such~~ fees and mileage for service on persons in possession as ~~are~~ prescribed by law for such service in other cases, and shall also receive ~~such~~ compensation for making investigation and return as to vacant and unoccupied lands as the county board may fix, subject to appeal to the district court as in case of other claims against the county. As to either service upon persons in possession or return as to vacant lands, the sheriff shall charge mileage only for one trip if the occupants of more than two tracts are served simultaneously, and in such case mileage ~~shall~~ must be prorated and charged equitably against all such owners.

(b) The secretary of state shall receive sheriff's service for all out-of-state interests.

Sec. 8. Minnesota Statutes 1998, section 282.01, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATION AS CONSERVATION OR NONCONSERVATION.] It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. Parcels of land becoming the property of the state in trust under law declaring the forfeiture of lands to the state for taxes ~~shall~~ must be classified by the county board of the county in which the parcels lie as conservation or nonconservation. In making the classification the board shall consider the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. The classification, furthermore, must encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; facilitate reduction of governmental expenditures; conserve and develop the natural resources; and foster and develop agriculture and other industries in the districts and places best suited to them.

In making the classification the county board may use information made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing pertinent information at the time the classification is made. The lands may be reclassified from time to time as the county board ~~may consider~~ considers necessary or desirable, except for conservation lands held by the state free from any trust in favor of any taxing district.

If the lands are located within the boundaries of an organized town, with taxable valuation in excess of $20,000, or incorporated municipality, the classification or reclassification and sale must first be approved by the town board of the town or the governing body of the municipality in which the lands are located. The town board of the town or the governing body of the municipality is considered to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within ~~90~~ 60 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this section, it must file a written application with the county board to withhold the parcel from public sale. The application must be filed within ~~90~~ 60 days of the request for classification or reclassification and sale. The county board shall then withhold the parcel from public sale for ~~one year~~ six months. A municipality or governmental subdivision shall pay maintenance costs incurred by the county during the six-month period while the property is withheld from public sale, provided the property is not offered for public sale after the six-month period. A clerical error made by county officials does not serve to eliminate the request of the town board or governing body if the board or governing body has forwarded the application to the county auditor.

Sec. 9. Minnesota Statutes 1998, section 282.01, subdivision 4, is amended to read:

Subd. 4. [SALE: METHOD, REQUIREMENTS, EFFECTS.] The sale ~~shall~~ must be conducted by the county auditor at the county seat of the county in which the parcels lie, ~~provided~~ except that~~,~~ in St. Louis and Koochiching counties, the sale may be conducted in any county facility within the county~~, and~~. The parcels ~~shall~~ must be sold for cash only and at not less than the appraised value, unless the county board of the county ~~shall have~~ has adopted a resolution providing for their sale on terms, in which event the resolution ~~shall control~~ controls with respect ~~thereto~~ to the sale. When the sale is made on terms other than for cash only (1) a payment of at least ten percent of the purchase price must be made at the time of purchase, ~~thereupon~~ and the balance ~~shall~~ must be paid in no more than ten equal annual installments, or (2) the payments must be made in accordance with county board policy, but in no event may the board require more than 12 installments annually, and the contract term must not be for more than ten years. ~~No~~ Standing timber or timber products ~~shall~~ must not be removed from these lands until an amount equal to the appraised value of all standing timber or timber products on the lands at the time of purchase has been paid by the purchaser~~; provided, that in case any~~. If a parcel of land bearing standing timber or timber products is sold at public auction for more than the appraised value, the amount bid in excess of the appraised value ~~shall~~ must be allocated between the land and the timber in proportion to ~~the~~ their respective appraised values ~~thereof, and no~~. In that case, standing timber or timber products ~~shall~~ must not be removed from the land until the amount of the excess

bid allocated to timber or timber products has been paid in addition to the appraised value ~~thereof~~ of the land. The purchaser is entitled to immediate possession, subject to the provisions of any existing valid lease made in behalf of the state.

For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance of the purchase price for sales occurring after December 31, 1990, is subject to interest at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the time that the sale occurred.

Sec. 10. Minnesota Statutes 1998, section 282.01, subdivision 7, is amended to read:

Subd. 7. [COUNTY SALES; NOTICE, PURCHASE PRICE, DISPOSITION.] The sale ~~herein provided for shall~~ must commence at ~~such~~ the time ~~as~~ determined by the county board of the county ~~wherein such~~ in which the parcels ~~lie, shall direct~~ are located. The county auditor shall offer the parcels of land in order in which they appear in the notice of sale, and shall sell them to the highest bidder, but not for a ~~less~~ sum less than the appraised value, until all of the parcels of land ~~shall~~ have been offered~~, and thereafter~~. Then the county auditor shall sell any remaining parcels to anyone offering to pay the appraised value ~~thereof~~, except that if the person could have repurchased a parcel of property under section 282.012 or 282.241, that person ~~shall not be allowed to~~ may not purchase that same parcel of property at the sale under this subdivision for a purchase price less than the sum of all ~~delinquent~~ taxes ~~and~~, assessments, penalties, interest, and costs due at the time of forfeiture computed under section 282.251, ~~together with penalties, interest, and costs that accrued or would have accrued if the parcel had not forfeited to the state~~ and any special assessments for improvements certified as of the date of sale. ~~Said~~ The sale ~~shall~~ must continue until all ~~such~~ the parcels are sold or until the county board ~~shall order~~ orders a reappraisal or ~~shall withdraw~~ withdraws any or all ~~such~~ of the parcels from sale. ~~Such~~ The list of lands may be added to and the added lands may be sold at any time by publishing the descriptions and appraised values ~~of such~~. The added lands must be: (1) parcels of land ~~as shall~~ that have become forfeited and classified as nonconservation since the commencement of any prior sale ~~or such~~; (2) parcels ~~as shall~~ that have been reappraised~~, or such~~; (3) parcels ~~as shall~~ that have been reclassified as nonconservation; or ~~such~~ (4) other parcels ~~as~~ that are subject to sale but were omitted from the existing list for any reason. The descriptions and appraised values must be published in the same manner as ~~hereinafter~~ provided for the publication of the original list~~, provided that any~~. Parcels added to ~~such~~ the list ~~shall~~ must first be offered for sale to the highest bidder before they are sold at appraised value. All parcels of land not offered for immediate sale, as well as parcels ~~of such lands as~~ that are offered and not immediately sold ~~shall~~, continue to be held in trust by the state for the taxing districts interested in each of ~~said~~ the parcels, under the supervision of the county board~~, and such~~. Those parcels may be used for public purposes until sold, as directed by the county board ~~may direct~~.

Sec. 11. Minnesota Statutes 1998, section 282.04, subdivision 2, is amended to read:

Subd. 2. [RIGHTS BEFORE SALE; IMPROVEMENTS, INSURANCE, DEMOLITION.] ~~Until after~~ Before the sale of a parcel of forfeited land the county auditor may, with the approval of the county board of commissioners, provide for the repair and improvement of any building or structure located upon ~~such~~ the parcel, and may provide for maintenance of tax-forfeited lands, if it is determined by the county board that such repairs ~~or~~, improvements, or maintenance are necessary for the operation, use, preservation and safety ~~thereof; and,~~ of the building or structure. If so authorized by the county board, the county auditor may insure ~~any such~~ the building or structure against loss or damage resulting from fire or windstorm, may purchase workers' compensation insurance to insure the county against claims for injury to the persons ~~therein~~ employed in the building or structure by the county, and may insure the county, its officers and employees against claims for injuries to persons or property because of the management, use or operation of ~~such~~ the building or structure. ~~Such~~ The county auditor may, with the approval of the county board, provide for the demolition of ~~any such~~ the building or structure, which has been determined by the county board to be within the purview of section 299F.10, and for the sale of salvaged materials ~~therefrom~~ from the building or structure. ~~Such~~ The county auditor, with the approval of the county board, may provide for the sale of abandoned personal property under either chapter 345 or 566, as appropriate. The net proceeds from any sale of ~~such~~ the personal property, salvaged materials, ~~of~~ timber or other products, or leases made under this law ~~shall~~ must be deposited in the forfeited tax sale fund and ~~shall~~ must be distributed in the same manner as if the parcel had been sold.

~~Such~~ The county auditor, with the approval of the county board, may provide for the demolition of any structure ~~or structures~~ on tax-forfeited lands, if in the opinion of the county board, the county auditor, and the land commissioner, if there ~~be~~ is one, the sale of ~~such~~ the land with ~~such~~ the structure ~~or structures thereon~~ on it, or the continued existence of ~~such~~ the structure ~~or structures~~ by reason of age, dilapidated condition or excessive size as compared with nearby structures, will result in a material lessening of net tax capacities of real estate in the vicinity of ~~such~~ the tax-forfeited lands, or if the demolition of ~~such~~ the structure or structures will aid in disposing of ~~such~~ the tax-forfeited property.

Before the sale of a parcel of forfeited land located in an urban area, the county auditor may with the approval of the county board provide for the grading ~~thereof~~ of the land by filling or the removal of any surplus material ~~therefrom, and where~~ from it. If the physical condition of forfeited lands is such that a reasonable grading ~~thereof~~ of the lands is necessary for the protection and preservation of the property of any adjoining owner, ~~such~~ the adjoining property owner or owners may ~~make application~~ apply to the county board to have ~~such~~ the grading done. If, after considering ~~said~~ the application, the county board believes that ~~such~~ the grading will enhance the value of ~~such~~ the forfeited lands commensurate with the cost involved, it may approve ~~the same~~ it, and ~~any such~~ the work ~~shall~~ must be performed under the supervision of the county or city engineer, as the case may be, and the expense ~~thereof~~ paid from the forfeited tax sale fund.

Sec. 12. Minnesota Statutes 1998, section 282.05, is amended to read:

282.05 [PROCEEDS APPORTIONED.]

The net proceeds received from the sale or rental of forfeited lands shall be apportioned to the general funds of the state or municipal subdivision thereof, in the manner ~~hereinafter~~ provided~~, and shall be first used by the municipal subdivision to retire any indebtedness then existing~~ in section 282.08.

Sec. 13. Minnesota Statutes 1998, section 282.08, is amended to read:

282.08 [APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.]

The net proceeds from the sale or rental of any parcel of forfeited land, or from the sale of ~~any~~ products ~~therefrom~~ from the forfeited land, ~~shall~~ must be apportioned by the county auditor to the taxing districts interested ~~therein~~ in the land, as follows:

(1) ~~Such~~ the portion ~~as may be~~ required to pay any amounts included in the appraised value under section 282.01, subdivision 3, as representing increased value due to any public improvement made after forfeiture of ~~such~~ the parcel to the state, but not exceeding the amount certified by the clerk of the municipality~~, shall~~ must be apportioned to the municipal subdivision entitled ~~thereto~~ to it;

(2) ~~Such~~ the portion ~~as may be~~ required to pay any amount included in the appraised value under section 282.019, subdivision 5, representing increased value due to response actions taken after forfeiture of ~~such~~ the parcel to the state, but not exceeding the amount of expenses certified by the pollution control agency or the commissioner of agriculture, ~~shall~~ must be apportioned to the agency or the commissioner of agriculture and deposited in the fund from which the expenses were paid;

(3) ~~Such~~ the portion of the remainder ~~as may be~~ required to discharge any special assessment chargeable against ~~such~~ the parcel for drainage or other purpose whether due or deferred at the time of forfeiture, ~~shall~~ must be apportioned to the municipal subdivision entitled ~~thereto~~ to it; and

(4) any balance ~~shall~~ must be apportioned as follows:

~~(a) Any~~ (i) The county board may annually by resolution set aside no more than 30 percent of the receipts remaining to be used for timber development on tax-forfeited land and dedicated memorial forests, to be expended under the supervision of the county board. It ~~shall~~ must be expended only on projects approved by the commissioner of natural resources.

~~(b) Any~~ (ii) The county board may annually by resolution set aside no more than 20 percent of the receipts remaining to be used for the acquisition and maintenance of county parks or recreational areas as defined in sections 398.31 to 398.36, to be expended under the supervision of the county board.

~~(c) If the board does not avail itself of the authority under paragraph (a) or (b)~~ (iii) Any balance remaining ~~shall~~ must be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent, ~~and if the board avails itself of the authority under paragraph (a) or (b) the balance remaining shall be apportioned among the county, town or city, and school district in the proportions in this paragraph above stated,~~ provided, however, that in unorganized territory that portion which ~~should~~ would have accrued to the township ~~shall~~ must be administered by the county board of commissioners.

Sec. 14. Minnesota Statutes 1998, section 282.09, is amended to read:

282.09 [FORFEITED TAX SALE FUND.]

Subdivision 1. [MONEY PLACED IN FUND; FEES AND DISBURSEMENTS.] The county auditor and county treasurer shall place all money received through the operation of sections 282.01 to 282.13 in a fund to be known as the forfeited tax sale fund, and all disbursements and costs ~~shall~~ must be charged against that fund, when allowed by the county board. Members of the county board may be paid a per diem pursuant to section 375.055, subdivision 1, and reimbursed for their necessary expenses, and may receive mileage as fixed by law. The amount of compensation of a land commissioner and assistants, if a land commissioner is appointed, ~~shall~~ must be ~~in the amount~~ determined by the county board. The county auditor ~~shall~~ must receive 50 cents for each certificate of sale, each contract for deed and each lease executed by the auditor, and, in counties where no land commissioner is appointed, additional annual compensation, not exceeding $300, as fixed by the county board. The amount of compensation of any other clerical help ~~that may be~~ needed by the county auditor or land commissioner ~~shall~~ must be ~~in the amount~~ determined by the county board. All compensation provided for ~~herein shall be~~ in this subdivision is in addition to other compensation allowed by law. Fees so charged in addition to the fee imposed in section 282.014 ~~shall~~ must be included in the annual settlement by the county auditor as hereinafter provided. On or before February 1 each year, the commissioner of revenue shall certify to the commissioner of finance, by counties, the total number of state deeds issued and reissued during the preceding calendar year for which such fees are charged and the total amount ~~thereof~~ of fees. On or before March 1 each year, each county shall remit to the commissioner of revenue, from the forfeited tax sale fund, the aggregate amount of the fees imposed by section 282.014 in the preceding calendar year. The commissioner of revenue shall deposit the amounts received in the state treasury to the credit of the general fund. When disbursements are made from the fund for repairs, refunds, expenses of actions to quiet title, or any other purpose which particularly affects specific parcels of forfeited lands, the amount of ~~such~~ the disbursements ~~shall~~ must be charged to the ~~account of the taxing districts interested in such parcels~~ forfeited tax sale fund. The county auditor shall make an annual settlement of the net proceeds received from sales and rentals by the operation of sections 282.01 to 282.13, on the settlement day determined in section 276.09, for the preceding calendar year.

Subd. 2. [EXPENDITURES.] In all counties, ~~from said "Forfeited Tax Sale Fund,"~~ the authorities ~~duly charged with the execution of~~ responsible for carrying out the duties imposed by sections 282.01 to 282.13, at their discretion, may expend moneys ~~in repairing~~ from the forfeited tax sale fund to repair any sewer or water main either inside or outside of any curb line situated along any property forfeited to the state for nonpayment of taxes, to acquire and maintain equipment used exclusively for the maintenance and improvement of tax-forfeited lands, ~~and~~ to cut down, otherwise destroy or eradicate noxious weeds on all tax-forfeited lands~~. In any year, the money to be expended for the cutting down, destruction or eradication of noxious weeds shall not exceed in amount more than ten percent of the net proceeds of said "Forfeited Tax Sale Fund" during the preceding calendar year, or $10,000, whichever is the lesser sum~~, and to maintain tax-forfeited lands.

Sec. 15. Minnesota Statutes 1998, section 282.241, is amended to read:

282.241 [REPURCHASE AFTER FORFEITURE.]

The owner at the time of forfeiture, or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes was given by statute, mortgage, or other agreement, may repurchase any parcel of land claimed by the state to be forfeited to the state for taxes unless before the time repurchase is made the parcel is sold under

installment payments, or otherwise, by the state as provided by law, or is under mineral prospecting permit or lease, or proceedings have been commenced by the state or any of its political subdivisions or by the United States to condemn ~~such~~ the parcel of land. The parcel of land may be repurchased for the sum of all delinquent taxes and assessments computed under section 282.251, together with penalties, interest, and costs, that accrued or would have accrued if the parcel of land had not forfeited to the state. Except for property which was homesteaded on the date of forfeiture, ~~such~~ repurchase ~~shall be~~ is permitted during one year only from the date of forfeiture, and in any case only after the adoption of a resolution by the board of county commissioners determining that ~~thereby~~ by repurchase undue hardship or injustice resulting from the forfeiture will be corrected, or that permitting ~~such~~ the repurchase will promote the use of ~~such~~ the lands that will best serve the public interest. If the county board has good cause to believe that a repurchase installment payment plan for a particular parcel is unnecessary and not in the public interest, the county board may require as a condition of repurchase that the entire repurchase price be paid at the time of repurchase. A repurchase ~~shall be~~ is subject to any easement, lease, or other encumbrance granted by the state ~~prior thereto~~ before the repurchase, and if ~~said~~ the land is located within a restricted area established by any county under Laws 1939, chapter 340, ~~such~~ the repurchase ~~shall~~ must not be permitted unless ~~said~~ the resolution ~~with respect thereto~~ approving the repurchase is adopted by the unanimous vote of the board of county commissioners.

The person seeking to repurchase under this section shall pay all maintenance costs incurred by the county auditor during the time the property was tax-forfeited.

Sec. 16. Minnesota Statutes 1998, section 282.261, subdivision 4, is amended to read:

Subd. 4. [SERVICE FEE.] The county auditor may collect a service fee to cover administrative costs as set by the county board for each repurchase ~~contract approved~~ application received after July 1, 1985. The fee ~~shall~~ must be paid at the time of ~~repurchase~~ application and ~~shall~~ must be credited to the county general revenue fund.

Sec. 17. Minnesota Statutes 1998, section 282.261, is amended by adding a subdivision to read:

Subd. 5. [COUNTY MAY IMPOSE CONDITIONS OF REPURCHASE.] The county auditor, after receiving county board approval, may impose conditions on repurchase of tax-forfeited lands limiting the use of the parcel subject to the repurchase, including, but not limited to, environmental remediation action plan restrictions or covenants, or easements for lines or equipment for telephone, telegraph, electric power, or telecommunications.

Sec. 18. Minnesota Statutes 1998, section 283.10, is amended to read:

283.10 [APPLICATION MUST BE MADE WITHIN TWO YEARS.]

No ~~such refundment~~ refund shall be granted unless an application ~~therefor shall be duly~~ for refund is approved and presented to the commissioner of revenue within two years from the date of ~~such tax certificate or~~ the state assignment certificate.

Sec. 19. Minnesota Statutes 1998, section 375.192, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE, CONDITIONS.] Upon written application by the owner of any property, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. Except as provided in sections 469.1812 to 469.1815, no reduction or abatement may be granted on the basis of providing an incentive for economic development or redevelopment. Except as provided in section 375.194, the county board ~~is authorized to~~ may consider and grant reductions or abatements on applications only as they relate to taxes payable in the current year and the two prior years; provided that reductions or abatements for the two prior years shall be considered or granted only for (i) clerical errors, or (ii) when the taxpayer fails to file for a reduction or an adjustment due to hardship, as determined by the county board. The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12. All applications must be approved by the county assessor, or, if the property is located in a city of the first or second class having a

city assessor, by the city assessor, and by the county auditor before consideration by the county board, except that the part of the application which is for the abatement of penalty or interest must be approved by the county treasurer and county auditor. Approval by the county or city assessor is not required for abatements of penalty or interest. No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. ~~Before taking action~~ On any reduction or abatement ~~where~~ when the reduction of taxes, costs, penalties, and interest exceed $10,000, the county board shall give ~~20 days'~~ notice within 20 days to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction. ~~If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.~~

An appeal may not be taken to the tax court from any order of the county board made in the exercise of the discretionary authority granted in this section.

The county auditor shall notify the commissioner of revenue of all abatements resulting from the erroneous classification of real property, for tax purposes, as nonhomestead property. For the abatements relating to the current year's tax processed through June 30, the auditor shall notify the commissioner on or before July 31 of that same year of all abatement applications granted. For the abatements relating to the current year's tax processed after June 30 through the balance of the year, the auditor shall notify the commissioner on or before the following January 31 of all applications granted. The county auditor shall submit a form containing the social security number of the applicant and such other information the commissioner prescribes.

Sec. 20. Minnesota Statutes 1998, section 383C.482, subdivision 1, is amended to read:

Subdivision 1. [AUDITOR TO SEARCH RECORDS; CERTIFICATES.] The St. Louis county auditor, upon written application of any person, shall ~~make~~ search ~~of~~ the records of the auditor's office and the county treasurer's office, and ascertain the amount of current tax against any lot or parcel of land described in the application and the existence of all tax liens and tax sales as to ~~such~~ the lot or parcel of land, and certify the result of ~~such~~ the search under the seal of office, giving the description of the lot or parcel of land, the amount of the current tax, if any, and all tax liens and tax sales shown by such records, and the amount ~~thereof~~ of liens and tax sales, the year of tax covered by ~~such~~ the lien, and the date of tax sale~~, and the name of the purchaser at such tax sale~~. For the purpose of ascertaining the current tax against ~~such~~ a lot or parcel of land, the county auditor has the right of access to the records of current taxes in the office of the county treasurer.

Sec. 21. [REPEALER.]

Minnesota Statutes 1998, sections 92.22; 280.27; 281.13; 281.38; 284.01; 284.02; 284.03; 284.04; 284.05; and 284.06, are repealed.

Sec. 22. [EFFECTIVE DATES.]

This article is effective September 1, 1999, except that sections 11 and 13 to 15 are effective beginning January 1, 2000, and except that section 12 is effective for net proceeds received after the date of final enactment of this act.

ARTICLE 14

WATER AND SANITARY SEWER DISTRICTS

Section 1. [CEDAR LAKE AREA WATER AND SANITARY SEWER DISTRICT; DEFINITIONS.]

Subdivision 1. [APPLICATION.] In sections 1 to 19, the definitions in this section apply.

Subd. 2. [DISTRICT.] "Cedar lake area water and sanitary sewer district" and "district" mean the area over which the Cedar lake area water and sanitary sewer board has jurisdiction, which includes the area within the city of New Prague and Helena and Cedar Lake townships in Scott county. The district shall precisely describe the area over

which it has jurisdiction by a metes and bounds description in the comprehensive plan adopted pursuant to section 5. The territory may not be larger than the area encompassed by the Cedar Lake improvement district, but it may be smaller and the area may include a route along public rights-of-way from Cedar Lake to the city of New Prague along which the sewer main is laid.

Subd. 3. [BOARD.] "Water and sanitary sewer board" or "board" means the Cedar lake area water and sanitary sewer board established for the district as provided in subdivision 2.

Subd. 4. [PERSON.] "Person" means an individual, partnership, corporation, limited liability company, cooperative, or other organization or entity, public or private.

Subd. 5. [LOCAL GOVERNMENTAL UNITS.] "Local governmental units" or "governmental units" means Scott county, the city of New Prague, and Helena and Cedar Lake Townships in Scott county.

Subd. 6. [ACQUISITION; BETTERMENT.] "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, section 475.51.

Subd. 7. [AGENCY.] "Agency" means the Minnesota pollution control agency created in Minnesota Statutes, section 116.02.

Subd. 8. [SEWAGE.] "Sewage" means all liquid or water-carried waste products from whatever sources derived, together with any groundwater infiltration and surface water as may be present.

Subd. 9. [POLLUTION OF WATER; SEWER SYSTEM.] "Pollution of water" and "sewer system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 10. [TREATMENT WORKS; DISPOSAL SYSTEM.] "Treatment works" and "disposal system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 11. [INTERCEPTOR.] "Interceptor" means a sewer and its necessary appurtenances, including but not limited to mains, pumping stations, and sewage flow-regulating and -measuring stations, that is:

(1) designed for or used to conduct sewage originating in more than one local governmental unit;

(2) designed or used to conduct all or substantially all the sewage originating in a single local governmental unit from a point of collection in that unit to an interceptor or treatment works outside that unit; or

(3) determined by the board to be a major collector of sewage used or designed to serve a substantial area in the district.

Subd. 12. [DISTRICT DISPOSAL SYSTEM.] "District disposal system" means any and all interceptors or treatment works owned, constructed, or operated by the board unless designated by the board as local water and sanitary sewer facilities.

Subd. 13. [MUNICIPALITY.] "Municipality" means any town or home rule charter or statutory city.

Subd. 14. [TOTAL COSTS.] "Total costs of acquisition and betterment" and "costs of acquisition and betterment" mean all acquisition and betterment expenses permitted to be financed out of stopped bond proceeds issued in accordance with section 13, whether or not the expenses are in fact financed out of the bond proceeds.

Subd. 15. [CURRENT COSTS.] "Current costs of acquisition, betterment, and debt service" means interest and principal estimated to be due during the budget year on bonds issued to finance said acquisition and betterment and all other costs of acquisition and betterment estimated to be paid during the year from funds other than bond proceeds and federal or state grants.

Subd. 16. [RESIDENT.] "Resident" means the owner of a dwelling located in the district and receiving water or sewer service.

Sec. 2. [WATER AND SANITARY SEWER BOARD.]

Subdivision 1. [ESTABLISHMENT.] A water and sanitary sewer district is established in Helena and Cedar Lake townships and the city of New Prague in Scott county, to be known as the Cedar lake area water and sanitary sewer district. The water and sewer district is under the control and management of the Cedar lake area water and sanitary sewer board. The board is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties granted to or imposed upon a municipal corporation, as provided in sections 1 to 19.

Subd. 2. [MEMBERS AND SELECTION.] The board is composed of seven members selected as provided in this subdivision. Each of the town boards of the townships shall meet to appoint two residents to the water and sanitary sewer board. The township appointees must live on Cedar lake and must be served by the system. One member must be selected by the city of New Prague. Two members must be selected by the Scott county board of commissioners. Each member has one vote. The first terms are as follows: two for one year, two for two years, and three for three years, fixed by lot at the district's first meeting. Thereafter, all terms are for three years.

Subd. 3. [TIME LIMITS FOR SELECTION.] The board members must be selected as provided in subdivision 2 within 60 days after sections 1 to 19 are effective. The successor to each board member must be selected at any time within 60 days before the expiration of the member's term in the same manner as the predecessor was selected. A vacancy on the board must be filled within 60 days after it occurs.

Subd. 4. [VACANCIES.] If the office of a board member becomes vacant, the vacancy must be filled for the unexpired term in the manner provided for selection of the member who vacated the office. The office is deemed vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. [REMOVAL.] A board member may be removed by the unanimous vote of the governing body appointing the member, with or without cause, or for malfeasance or nonfeasance in the performance of official duties as provided by Minnesota Statutes, sections 351.14 to 351.23.

Subd. 6. [CERTIFICATES OF SELECTION; OATH OF OFFICE.] A certificate of selection of every board member selected under subdivision 2 stating the term for which selected, must be made by the respective town clerks. The certificates, with the approval appended by other authority, if required, must be filed with the secretary of state. Counterparts thereof must be furnished to the board member and the secretary of the board. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article 5, section 8. The oath, duly certified by the official administering the same, must be filed with the secretary of state and the secretary of the board.

Subd. 7. [BOARD MEMBERS' COMPENSATION.] Each board member, except the chair, may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services as are specifically authorized by the board, not to exceed the per diem amount under Minnesota Statutes, section 15.0575, subdivision 3, and not to exceed $1,000 in any one year. The chair may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services specifically authorized by the board, not to exceed the per diem amount under Minnesota Statutes, section 15.0575, subdivision 3, and not to exceed $1,500 in any one year. All members of the board must be reimbursed for all reasonable and necessary expenses actually incurred in the performance of duties.

Sec. 3. [GENERAL PROVISIONS FOR ORGANIZATION AND OPERATION OF BOARD.]

Subdivision 1. [ORGANIZATION; OFFICERS; MEETINGS; SEAL.] After the selection and qualification of all board members, the board must meet to organize the board at the call of any two board members, upon seven days' notice by registered mail to the remaining board members, at a time and place within the district specified in the

notice. A majority of the members is a quorum at that meeting and all other meetings of the board, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members. At the first meeting the board shall select its officers and conduct other organizational business as may be necessary. Thereafter the board shall meet regularly at the time and place that the board designates by resolution. Special meetings may be held at any time upon call of the chair or any two members, upon written notice sent by mail to each member at least three days before the meeting, or upon other notice as the board by resolution may provide, or without notice if each member is present or files with the secretary a written consent to the meeting either before or after the meeting. Except as otherwise provided in sections 1 to 19, any action within the authority of the board may be taken by the affirmative vote of a majority of the board and may be taken by regular or adjourned regular meeting or at a duly held special meeting, but in any case only if a quorum is present. Meetings of the board must be open to the public. The board may adopt a seal, which must be officially and judicially noticed, to authenticate instruments executed by its authority, but omission of the seal does not affect the validity of any instrument.

Subd. 2. [CHAIR.] The board shall elect a chair from its membership. The term of the first chair of the board expires on January 1, 2001, and the terms of successor chairs expire on January 1 of each succeeding year. The chair shall preside at all meetings of the board, if present, and shall perform all other duties and functions usually incumbent upon such an officer, and all administrative functions assigned to the chair by the board. The board shall elect a vice-chair from its membership to act for the chair during temporary absence or disability.

Subd. 3. [SECRETARY AND TREASURER.] The board shall select persons who may, but need not be, members of the board, to act as its secretary and treasurer. The two offices may be combined. The secretary and treasurer shall hold office at the pleasure of the board, subject to the terms of any contract of employment that the board may enter into with the secretary or treasurer. The secretary shall record the minutes of all meetings of the board, and be the custodian of all books and records of the board except those that the board entrusts to the custody of a designated employee. The treasurer is the custodian of all money received by the board except as the board otherwise entrusts to the custody of a designated employee. The board may appoint a deputy to perform any and all functions of either the secretary or the treasurer. A secretary or treasurer who is not a member of the board or a deputy of either does not have the right to vote.

Subd. 4. [PUBLIC EMPLOYEES.] The executive director and other persons employed by the district are public employees and have all the rights and duties conferred on public employees under Minnesota Statutes, sections 179A.01 to 179A.25. The board may elect to have employees become members of either the public employees retirement association or the Minnesota state retirement system. The compensation and conditions of employment of the employees must be governed by rules applicable to state employees in the classified service and to the provisions of Minnesota Statutes, chapter 15A.

Subd. 5. [PROCEDURES.] The board shall adopt resolutions or bylaws establishing procedures for board action, personnel administration, keeping records, approving claims, authorizing or making disbursements, safekeeping funds, and auditing all financial operations of the board.

Subd. 6. [SURETY BONDS AND INSURANCE.] The board may procure surety bonds for its officers and employees, in amounts deemed necessary to ensure proper performance of their duties and proper accounting for funds in their custody. It may procure insurance against risks to property and liability of the board and its officers, agents, and employees for personal injuries or death and property damage and destruction, in amounts deemed necessary or desirable, with the force and effect stated in Minnesota Statutes, chapter 466.

Sec. 4. [GENERAL POWERS OF BOARD.]

Subdivision 1. [SCOPE.] The board has all powers necessary or convenient to discharge the duties imposed upon it by law. The powers include those specified in this section, but the express grant or enumeration of powers does not limit the generality or scope of the grant of powers contained in this subdivision.

Subd. 2. [SUIT.] The board may sue or be sued.

Subd. 3. [CONTRACT.] The board may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 4. [GIFTS, GRANTS, LOANS.] The board may accept gifts, apply for and accept grants or loans of money or other property from the United States, the state, or any person for any of its purposes, enter into any agreement required in connection with them, and hold, use, and dispose of the money or property in accordance with the terms of the gift, grant, loan, or agreement relating to it. With respect to loans or grants of funds or real or personal property or other assistance from any state or federal government or its agency or instrumentality, the board may contract to do and perform all acts and things required as a condition or consideration for the gift, grant, or loan pursuant to state or federal law or regulations, whether or not included among the powers expressly granted to the board in sections 1 to 19.

Subd. 5. [COOPERATIVE ACTION.] The board may act under Minnesota Statutes, section 471.59, or any other appropriate law providing for joint or cooperative action between governmental units.

Subd. 6. [STUDIES AND INVESTIGATIONS.] The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with the design, construction, and operation of the district disposal system.

Subd. 7. [EMPLOYEES, TERMS.] The board may employ on terms it deems advisable, persons or firms performing engineering, legal, or other services of a professional nature; require any employee to obtain and file with it an individual bond or fidelity insurance policy; and procure insurance in amounts it deems necessary against liability of the board or its officers or both, for personal injury or death and property damage or destruction, with the force and effect stated in Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property as it deems necessary.

Subd. 8. [PROPERTY RIGHTS, POWERS.] The board may acquire by purchase, lease, condemnation, gift, or grant, any real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary or convenient for the collection and disposal of sewage in the district. Any local governmental unit and the commissioners of transportation and natural resources are authorized to convey to or permit the use of any of the above-mentioned facilities owned or controlled by it, by the board, subject to the rights of the holders of any bonds issued with respect to those facilities, with or without compensation, without an election or approval by any other governmental unit or agency. All powers conferred by this subdivision may be exercised both within or without the district as may be necessary for the exercise by the board of its powers or the accomplishment of its purposes. The board may hold, lease, convey, or otherwise dispose of the above-mentioned property for its purposes upon the terms and in the manner it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation may be exercised only in accordance with Minnesota Statutes, sections 117.011 to 117.232, and applies to any property or interest in the property owned by any local governmental unit. Property devoted to an actual public use at the time, or held to be devoted to such a use within a reasonable time, must not be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount to the existing use. Except in the case of property in actual public use, the board may take possession of any property on which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation.

Subd. 9. [RELATIONSHIP TO OTHER PROPERTIES.] The board may construct or maintain its systems or facilities in, along, on, under, over, or through public waters, streets, bridges, viaducts, and other public rights-of-way without first obtaining a franchise from a county or municipality having jurisdiction over them. However, the facilities must be constructed and maintained in accordance with the ordinances and resolutions of the county or municipality relating to constructing, installing, and maintaining similar facilities on public properties and must not unnecessarily obstruct the public use of those rights-of-way.

Subd. 10. [DISPOSAL OF PROPERTY.] The board may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property may be sold in the manner provided by Minnesota Statutes, section 469.065, insofar as practical. The board may give notice of

sale as it deems appropriate. When the board determines that any property or any part of the district disposal system acquired from a local governmental unit without compensation is no longer required but is required as a local facility by the governmental unit from which it was acquired, the board may by resolution transfer it to that governmental unit.

Subd. 11. [AGREEMENTS WITH OTHER GOVERNMENTAL UNITS.] The board may contract with the United States or any agency thereof, any state or agency thereof, or any regional public planning body in the state with jurisdiction over any part of the district, or any other municipal or public corporation, or governmental subdivision or agency or political subdivision in any state, for the joint use of any facility owned by the board or such entity, for the operation by that entity of any system or facility of the board, or for the performance on the board's behalf of any service, including but not limited to planning, on terms as may be agreed upon by the contracting parties. Unless designated by the board as a local water and sanitary sewer facility, any treatment works or interceptor jointly used, or operated on behalf of the board, as provided in this subdivision, is deemed to be operated by the board for purposes of including those facilities in the district disposal system.

Sec. 5. [COMPREHENSIVE PLAN.]

Subdivision 1. [BOARD PLAN AND PROGRAM.] The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. All comprehensive plans of the district shall be subject to the planning and zoning authority of Scott county and in conformance with all planning and zoning ordinances of Scott county. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact the disposal system will have on present and future land use in the area affected. In no case shall the comprehensive plan provide for more than 325 connections to the disposal system. All connections must be charged a full assessment. Connections made after the initial assessment period ends must be charged an amount equal to the initial assessment plus an adjustment for inflation and plus any other charges determined to be reasonable and necessary by the board. Deferred assessments may be permitted, as provided for in Minnesota Statutes, chapter 429. The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program, and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

Subd. 2. [COMPREHENSIVE PLANS; HEARING.] Before adopting any subsequent comprehensive plan, the board shall hold a public hearing on the proposed plan at a time and place in the district that it selects. The hearing may be continued from time to time. Not less than 45 days before the hearing, the board shall publish notice of the hearing in a newspaper having general circulation in the district, stating the date, time, and place of the hearing, and the place where the proposed plan may be examined by any interested person. At the hearing, all interested persons must be permitted to present their views on the plan.

Sec. 6. [POWERS TO ISSUE OBLIGATIONS AND IMPOSE SPECIAL ASSESSMENTS.]

The Cedar lake area water and sanitary sewer board, in order to implement the powers granted under sections 1 to 19 to establish, maintain, and administer the Cedar lake area water and sanitary sewer district, may issue obligations and impose special assessments against benefited property within the limits of the district benefited by facilities constructed under sections 1 to 19 in the manner provided for local governments by Minnesota Statutes, chapter 429.

Sec. 7. [SYSTEM EXPANSION; APPLICATION TO CITIES.]

The authority of the water and sanitary sewer board to establish water or sewer or combined water and sewer systems under this section extends to areas within the Cedar lake area water and sanitary sewer district organized into cities when requested by resolution of the governing body of the affected city or when ordered by the Minnesota pollution control agency after notice and hearing. For the purpose of any petition filed or special assessment levied with respect to any system, the entire area to be served within a city must be treated as if it were owned by a single person, and the governing body shall exercise all the rights and be subject to all the duties of an owner of the area, and shall have power to provide for the payment of all special assessments and other charges imposed upon the area with respect to the system by the appropriation of money, the collection of service charges, or the levy of taxes, which shall be subject to no limitation of rate or amount.

Sec. 8. [SEWAGE COLLECTION AND DISPOSAL; POWERS.]

Subdivision 1. [POWERS.] In addition to all other powers conferred upon the board in sections 1 to 19, it has the powers specified in this section.

Subd. 2. [DISCHARGE OF TREATED SEWAGE.] The board may discharge the effluent from any treatment works operated by it into any waters of the state, subject to approval of the agency if required and in accordance with any effluent or water quality standards lawfully adopted by the agency, any interstate agency, or any federal agency having jurisdiction.

Subd. 3. [UTILIZATION OF DISTRICT SYSTEM.] The board may require any person or local governmental unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity for connection is provided; may regulate the manner in which the connections are made; may require any person or local governmental unit discharging sewage into the disposal system to provide preliminary treatment for it; may prohibit the discharge into the district disposal system of any substance that it determines will or may be harmful to the system or any persons operating it; and may require any local governmental unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Subd. 4. [SYSTEM OF COST RECOVERY TO COMPLY WITH APPLICABLE REGULATIONS.] Any charges, connection fees, or other cost-recovery techniques imposed on persons discharging sewage directly or indirectly into the district disposal system must comply with applicable state and federal law, including state and federal regulations governing grant applications.

Sec. 9. [BUDGET.]

(a) The board shall prepare and adopt, on or before October 1 in 2000 and each year thereafter, a budget showing for the following calendar year or other fiscal year determined by the board, sometimes referred to in sections 1 to 19 as the budget year, estimated receipts of money from all sources, including but not limited to payments by each local governmental unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

(1) costs of operation, administration, and maintenance of the district disposal system;

(2) cost of acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued pursuant to section 13, and any money judgments entered by a court of competent jurisdiction.

(b) Expenditures within these general categories, and any other categories as the board may from time to time determine, must be itemized in detail as the board prescribes. The board and its officers, agents, and employees must not spend money for any purpose other than debt service without having set forth the expense in the budget nor in excess of the amount set forth in the budget for it. No obligation to make an expenditure of the above-mentioned type is enforceable except as the obligation of the person or persons incurring it. The board may amend the budget at any time by transferring from one purpose to another any sums except money for debt service and bond proceeds or by increasing expenditures in any amount by which actual cash receipts during the budget year exceed the total amounts designated in the original budget. The creation of any obligation under section 13, or the receipt of any federal or state grant is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 10. [ALLOCATION OF COSTS.]

Subdivision 1. [DEFINITION OF CURRENT COSTS.] The estimated cost of administration, operation, maintenance, and debt service of the district disposal system to be paid by the board in each fiscal year and the estimated costs of acquisition and betterment of the system that are to be paid during the year from funds other than state or federal grants and bond proceeds and all other previously unallocated payments made by the board pursuant to sections 1 to 19 to be allocated in the fiscal year are referred to as current costs and must be allocated by the board as provided in subdivision 2 in the budget for that year.

Subd. 2. [METHOD OF ALLOCATION OF CURRENT COSTS.] Current costs must be allocated in the district on an equitable basis as the board may determine by resolution to be in the best interests of the district. The adoption or revision of any method of allocation used by the board must be by the affirmative vote of at least two-thirds of the members of the board.

Sec. 11. [TAX LEVIES.]

To accomplish any duty imposed on it the board may, in addition to the powers granted in sections 1 to 19 and in any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, 475, sections 115.46, 444.075, and 471.59, with respect to the area in the district. The board may levy taxes upon all taxable property in the district for all or a part of the amount payable to the board, pursuant to section 10, to be assessed and extended as a tax upon that taxable property by the county auditor for the next calendar year, free from any limit of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general taxes.

Sec. 12. [PUBLIC HEARING AND SPECIAL ASSESSMENTS.]

Subdivision 1. [PUBLIC HEARING REQUIREMENT ON SPECIFIC PROJECT.] Before the board orders any project involving the acquisition or betterment of any interceptor or treatment works, all or a part of the cost of which will be allocated pursuant to section 10 as current costs, the board must hold a public hearing on the proposed project. The hearing must be held following two publications in a newspaper having general circulation in the district, stating the time and place of the hearing, the general nature and location of the project, the estimated total cost of acquisition and betterment, that portion of costs estimated to be paid out of federal and state grants, and that portion of costs estimated to be allocated. The estimates must be best available at the time of the meeting and if costs exceed the estimate, the project cannot proceed until an additional public hearing is held, with notice as required at the initial meeting. The two publications must be a week apart and the hearing at least three days after the last publication. Not less than 45 days before the hearing, notice of the hearing must also be mailed to each clerk of all local governmental units in the district, but failure to give mailed notice or any defects in the notice does not invalidate the proceedings. The project may include all or part of one or more interceptors or treatment works. A hearing must not be held on a project unless the project is within the area covered by the comprehensive plan adopted by the board under section 5, except that the hearing may be held simultaneously with a hearing on a comprehensive plan. A hearing is not required with respect to a project, no part of the costs of which are to be allocated as the current costs of acquisition, betterment, and debt service.

Subd. 2. [NOTICE TO BENEFITED PROPERTY OWNERS.] If the board proposes to assess against benefited property within the district all or any part of the allocable costs of the project as provided in subdivision 5, the board shall, not less than two weeks before the hearing provided for in subdivision 1, cause mailed notice of the hearing to be given to the owner of each parcel within the area proposed to be specially assessed and shall also give two weeks' published notice of the hearing. The notice of hearing must contain the same information provided in the notice published by the board pursuant to subdivision 1, and a description of the area proposed to be assessed. For the purpose of giving mailed notice, owners are those shown to be on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. For properties that are tax exempt or subject to taxation on a gross earnings basis and not listed on the records of the county auditor or the county treasurer, the owners must be ascertained by any practicable means and mailed notice given them as herein provided. Failure to give mailed notice or any defects in the notice does not invalidate the proceedings of the board.

Subd. 3. [BOARD PROCEEDINGS PERTAINING TO HEARING.] Before adoption of the resolution calling for a hearing under this section, the board shall secure from the district engineer or some other competent person of the board's selection a report advising it in a preliminary way as to whether the proposed project is feasible and whether it should be made as proposed or in connection with some other project and the estimated costs of the project as recommended. No error or omission in the report invalidates the proceeding. The board may also take other steps before the hearing, as will in its judgment provide helpful information in determining the desirability and feasibility of the project, including but not limited to preparation of plans and specifications and advertisement for bids on them. The hearing may be adjourned from time to time and a resolution ordering the project may be adopted at any time within six months after the date of hearing. In ordering the project the board may reduce but not increase the extent of the project as stated in the notice of hearing and shall find that the project as ordered is in accordance with the comprehensive plan and program adopted by the board pursuant to section 5.

Subd. 4. [EMERGENCY ACTION.] If the board by resolution adopted by the affirmative vote of not less than two-thirds of its members determines that an emergency exists requiring the immediate purchase of materials or supplies or the making of emergency repairs, it may order the purchase of those supplies and materials and the making of the repairs before any hearing required under this section. The board must set as early a date as practicable for the hearing at the time it declares the emergency. All other provisions of this section must be followed in giving notice of and conducting the hearing. Nothing in this subdivision prevents the board or its agents from purchasing maintenance supplies or incurring maintenance costs without regard to the requirements of this section.

Subd. 5. [POWER OF THE BOARD TO SPECIALLY ASSESS.] The board may specially assess all or any part of the costs of acquisition and betterment as provided in this subdivision, of any project ordered under this section. The special assessments must be levied in accordance with Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying the special assessments, the hearing on the project required in subdivision 1 serves as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but may not exceed the area proposed to be assessed as stated in the notice of hearing on the project provided for in subdivision 2.

Sec. 13. [BONDS, CERTIFICATES, AND OTHER OBLIGATIONS.]

Subdivision 1. [BUDGET ANTICIPATION CERTIFICATES OF INDEBTEDNESS.] At any time after adoption of its annual budget and in anticipation of the collection of tax and other revenues estimated and set forth by the board in the budget, except in the case of deficiency taxes levied under this subdivision and taxes levied for the payment of certificates issued under subdivision 2, the board may, by resolution, authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon terms it determines, of its negotiable general obligation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the total amount of tax collections and other revenues, and maturing not later than three months after the close of the budget year in which issued. The proceeds of the sale of the certificates must be used solely for the purposes for which the tax collections and other revenues are to be expended under the budget.

All the tax collections and other revenues included in the budget for the budget year, after the expenditure of the tax collections and other revenues in accordance with the budget, must be irrevocably pledged and appropriated to a special fund to pay the principal and interest on the certificates when due. If for any reason the tax collections and other revenues are insufficient to pay the certificates and interest when due, the board shall levy a tax in the amount of the deficiency on all taxable property in the district and shall appropriate this amount when received to the special fund.

Subd. 2. [EMERGENCY CERTIFICATES OF INDEBTEDNESS.] If in any budget year the receipts of tax and other revenues should for some unforeseen cause become insufficient to pay the board's current expenses, or if any public emergency should subject it to the necessity of making extraordinary expenditures, the board may by resolution authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon the terms and conditions it determines, of its negotiable general obligation certificates of indebtedness in an amount sufficient to meet the deficiency. The board shall levy on all taxable property in the district a tax sufficient to pay the certificates and interest on the certificates and shall appropriate all collections of the tax to a special fund created for the payment of the certificates and the interest on them. Certificates issued under this subdivision mature not later than April 1 in the year following the year in which the tax is collectible.

Subd. 3. [GENERAL OBLIGATION BONDS.] The board may by resolution authorize the issuance of general obligation bonds for the acquisition or betterment of any part of the district disposal system, including but without limitation the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board shall pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the bonds in the manner provided in Minnesota Statutes, chapter 475. The board has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the debt limitations of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, and any revenues receivable under any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds available and appropriated for that purpose, are not sufficient to pay all principal and interest due or about to become due, provided that the revenues have not been anticipated by the issuance of certificates under subdivision 1.

Subd. 4. [MANNER OF SALE AND ISSUANCE OF CERTIFICATES.] Certificates issued under subdivisions 1 and 2 may be issued and sold by negotiation, without public sale, and may be sold at a price equal to the percentage of the par value of the certificates, plus accrued interest, and bearing interest at the rate determined by the board. An election is not required to authorize the issuance of the certificates. The certificates must bear the same rate of interest after maturity as before and the full faith and credit and taxing power of the board must be pledged to the payment of the certificates.

Sec. 14. [DEPOSITORIES.]

The board shall designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for money of the board, and shall require the treasurer to deposit all or a part of the money in those institutions. The designation must be in writing and set forth all the terms and conditions upon which the deposits are made, and must be signed by the chair and treasurer and made a part of the minutes of the board.

Sec. 15. [MONEY, ACCOUNTS, AND INVESTMENTS.]

Subdivision 1. [RECEIPT AND APPLICATION.] Money received by the board must be deposited or invested by the treasurer and disposed of as the board may direct in accordance with its budget; provided that any money that has been pledged or dedicated by the board to the payment of obligations or interest on the obligations or expenses incident thereto, or for any other specific purpose authorized by law, must be paid by the treasurer into the fund to which it has been pledged.

Subd. 2. [FUNDS AND ACCOUNTS.] (a) The board's treasurer shall establish funds and accounts as may be necessary or convenient to handle the receipts and disbursements of the board in an orderly fashion.

(b) The funds and accounts must be audited annually by a certified public accountant at the expense of the district.

Subd. 3. [DEPOSIT AND INVESTMENT.] The money on hand in those funds and accounts may be deposited in the official depositories of the board or invested as provided in this subdivision. Any amount not currently needed or required by law to be kept in cash on deposit may be invested in obligations authorized for the investment of municipal sinking funds by Minnesota Statutes, section 475.66. The money may also be held under certificates of deposit issued by any official depository of the board.

Subd. 4. [BOND PROCEEDS.] The use of proceeds of all bonds issued by the board for the acquisition and betterment of the district disposal system, and the use, other than investment, of all money on hand in any sinking fund or funds of the board, is governed by the provisions of Minnesota Statutes, chapter 475, the provisions of sections 1 to 19, and the provisions of resolutions authorizing the issuance of the bonds. When received, the bond proceeds must be transferred to the treasurer of the board for safekeeping, investment, and payment of the costs for which they were issued.

Subd. 5. [AUDIT.] The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state auditor or a public accountant authorized to perform that function under Minnesota Statutes, chapter 6.

Sec. 16. [SERVICE CONTRACTS WITH GOVERNMENTAL ENTITIES OUTSIDE THE JURISDICTION OF THE BOARD.]

(a) The board may contract with the United States or any agency of the federal government, any state or its agency, or any municipal or public corporation, governmental subdivision or agency or political subdivision in any state, outside the jurisdiction of the board, for furnishing services to those entities, including but not limited to planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local water and sanitary sewer facilities. The board may include as one of the terms of the contract that the entity must pay to the board an amount agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated in the district. When payments are made by entities to the board, they must be applied in reduction of the total amount of costs thereafter allocated in the district, on an equitable basis as the board deems to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 10, subdivision 2. A municipality in the state of Minnesota may enter into a contract and perform all acts and things required as a condition or consideration therefor consistent with the purposes of sections 1 to 19, whether or not included among the powers otherwise granted to the municipality by law or charter.

(b) The board shall contract with a qualified entity to make necessary inspections of the district facilities, and to otherwise process or assist in processing any of the work of the district.

Sec. 17. [CONTRACTS FOR CONSTRUCTION, MATERIALS, SUPPLIES, AND EQUIPMENT.]

When the board orders a project involving the acquisition or betterment of a part of the district disposal system, it shall cause plans and specifications of the project to be made, or if previously made, to be modified, if necessary, and to be approved by the agency if required, and after any required approval by the agency, one or more contracts for work and materials called for by the plans and specification may be awarded as provided in Minnesota Statutes, section 471.345.

Sec. 18. [PROPERTY EXEMPT FROM TAXATION.]

Any properties, real or personal, owned, leased, controlled, used, or occupied by the water and sanitary sewer board for any purpose under sections 1 to 19 are declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and are exempt from taxation by the state or any

political subdivision of the state. The properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement.

Sec. 19. [RELATION TO EXISTING LAWS.]

Sections 1 to 19 must be given full effect notwithstanding the provisions of any law or charter inconsistent with sections 1 to 19. The powers conferred on the board under sections 1 to 19 do not in any way diminish or supersede the powers conferred on the agency by Minnesota Statutes, chapters 115 to 116.

Sec. 20. [BANNING JUNCTION AREA WATER AND SANITARY SEWER DISTRICT; DEFINITIONS.]

Subdivision 1. [APPLICATION.] For the purposes of sections 20 to 38, the terms defined in this section have the meanings given them.

Subd. 2. [DISTRICT.] "Banning Junction area water and sanitary sewer district" and "district" mean the area over which the Banning Junction area water and sanitary sewer board has jurisdiction, including the town of Finlayson and the city of Finlayson in Pine county and Banning state park, but only that part of the township described in the comprehensive plan adopted by the board pursuant to section 24.

Subd. 3. [BOARD.] "Water and sanitary sewer board" or "board" means the Banning Junction area water and sanitary sewer board established for the district as provided in subdivision 2.

Subd. 4. [PERSON.] "Person" means an individual, partnership, corporation, limited liability company, cooperative, or other organization or entity, public or private.

Subd. 5. [LOCAL GOVERNMENTAL UNITS.] "Local governmental units" or "governmental units" means the town of Finlayson, the department of natural resources, and the city of Finlayson.

Subd. 6. [ACQUISITION; BETTERMENT.] "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, chapter 475.

Subd. 7. [AGENCY.] "Agency" means the Minnesota pollution control agency created in Minnesota Statutes, chapter 116.

Subd. 8. [SEWAGE.] "Sewage" means all liquid or water-carried waste products from whatever sources derived, together with any groundwater infiltration and surface water as may be present.

Subd. 9. [POLLUTION OF WATER; SEWER SYSTEM.] "Pollution of water" and "sewer system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 10. [TREATMENT WORKS; DISPOSAL SYSTEM.] "Treatment works" and "disposal system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 11. [INTERCEPTOR.] "Interceptor" means a sewer and its necessary appurtenances, including but not limited to mains, pumping stations, and sewage flow-regulating and -measuring stations, that is:

(1) designed for or used to conduct sewage originating in more than one local governmental unit;

(2) designed or used to conduct all or substantially all the sewage originating in a single local governmental unit from a point of collection in that unit to an interceptor or treatment works outside that unit; or

(3) determined by the board to be a major collector of sewage used or designed to serve a substantial area in the district.

Subd. 12. [DISTRICT DISPOSAL SYSTEM.] "District disposal system" means any and all interceptors or treatment works owned, constructed, or operated by the board unless designated by the board as local water and sanitary sewer facilities.

Subd. 13. [MUNICIPALITY.] "Municipality" means any home rule charter or statutory city or town.

Subd. 14. [TOTAL COSTS.] "Total costs of acquisition and betterment" and "costs of acquisition and betterment" mean all acquisition and betterment expenses permitted to be financed out of stopped bond proceeds issued in accordance with section 32, whether or not the expenses are in fact financed out of the bond proceeds.

Subd. 15. [CURRENT COSTS.] "Current costs of acquisition, betterment, and debt service" means interest and principal estimated to be due during the budget year on bonds issued to finance said acquisition and betterment and all other costs of acquisition and betterment estimated to be paid during the year from funds other than bond proceeds and federal or state grants.

Subd. 16. [RESIDENT.] "Resident" means the owner of a dwelling located in the district and receiving water or sewer service.

Sec. 21. [WATER AND SANITARY SEWER BOARD.]

Subdivision 1. [ESTABLISHMENT.] A water and sanitary sewer district is established for the town of Finlayson, for the Banning state park, under the jurisdiction of the Minnesota department of natural resources, and for the city of Finlayson in Pine county, to be known as the Banning Junction area water and sanitary sewer district. The water and sewer district is under the control and management of the Banning Junction area water and sanitary sewer board. The board is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties that may be validly granted to or imposed upon a municipal corporation, as provided in sections 20 to 38.

Subd. 2. [MEMBERS AND SELECTION.] The board is composed of five members selected as follows: the town board shall meet to appoint three members, one of whom shall be an elected township officer, and two of whom shall be persons served by the system, the city shall appoint one member, and the department of natural resources shall appoint one member to the water and sanitary sewer board and each board member shall have one vote. The first terms must be as follows: one for one year, two for two years, and two for three years, fixed by lot at the district's first meeting. Thereafter, all terms are for three years.

Subd. 3. [TIME LIMITS FOR SELECTION.] The board members must be selected as provided in subdivision 2 within 60 days after sections 20 to 38 become effective. The successor to each board member must be selected at any time within 60 days before the expiration of the member's term in the same manner as the predecessor was selected. A vacancy on the board must be filled within 60 days after it occurs.

Subd. 4. [VACANCIES.] If the office of a board member becomes vacant, the vacancy must be filled for the unexpired term in the manner provided for selection of the member who vacated the office. The office is deemed vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. [REMOVAL.] A board member may be removed by the unanimous vote of the governing body appointing the member, with or without cause, or for malfeasance or nonfeasance in the performance of official duties as provided by Minnesota Statutes, sections 351.14 to 351.23.

Subd. 6. [CERTIFICATES OF SELECTION; OATH OF OFFICE.] A certificate of selection of every board member selected under subdivision 2 stating the term for which selected, must be made by the respective town clerks, city administrator, and by the commissioner of natural resources. The certificates, with the approval appended by other authority, if required, must be filed with the secretary of state. Counterparts thereof must be furnished to the board member and the secretary of the board. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article V, section 6. The oath, duly certified by the official administering the same, must be filed with the secretary of state and the secretary of the board.

Subd. 7. [BOARD MEMBERS' COMPENSATION.] Each board member, except the chair, may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services as are specifically authorized by the board, not to exceed the per diem amount under Minnesota Statutes, section 15.0575, subdivision 3, and not to exceed $1,000 in any one year. The chair may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services specifically authorized by the board, not to exceed the per diem amount under Minnesota Statutes, section 15.0575, subdivision 3, and not to exceed $1,500 in any one year. All members of the board must be reimbursed for all reasonable and necessary expenses actually incurred in the performance of duties.

Sec. 22. [GENERAL PROVISIONS FOR ORGANIZATION AND OPERATION OF BOARD.]

Subdivision 1. [ORGANIZATION; OFFICERS; MEETINGS; SEAL.] After the selection and qualification of all board members, they shall meet to organize the board at the call of any two board members, upon seven days' notice by registered mail to the remaining board members, at a time and place within the district specified in the notice. A majority of the members shall constitute a quorum at that meeting and all other meetings of the board, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members. At the first meeting the board shall select its officers and conduct other organizational business as may be necessary. Thereafter the board shall meet regularly at the time and place that the board designates by resolution. Special meetings may be held at any time upon call of the chair or any two members, upon written notice sent by mail to each member at least three days before the meeting, or upon other notice as the board by resolution may provide, or without notice if each member is present or files with the secretary a written consent to the meeting either before or after the meeting. Except as otherwise provided in sections 20 to 38, any action within the authority of the board may be taken by the affirmative vote of a majority of the board and may be taken by regular or adjourned regular meeting or at a duly held special meeting, but in any case only if a quorum is present. Meetings of the board must be open to the public. The board may adopt a seal, which must be officially and judicially noticed, to authenticate instruments executed by its authority, but omission of the seal does not affect the validity of any instrument.

Subd. 2. [CHAIR.] The board shall elect a chair from its membership. The term of the first chair of the board shall expire on January 1, 2001, and the terms of successor chairs expire on January 1 of each succeeding year. The chair shall preside at all meetings of the board, if present, and shall perform all other duties and functions usually incumbent upon such an officer, and all administrative functions assigned to the chair by the board. The board shall elect a vice-chair from its membership to act for the chair during temporary absence or disability.

Subd. 3. [SECRETARY AND TREASURER.] The board shall select a person or persons who may, but need not be, a member or members of the board, to act as its secretary and treasurer. The secretary and treasurer shall hold office at the pleasure of the board, subject to the terms of any contract of employment that the board may enter into with the secretary or treasurer. The secretary shall record the minutes of all meetings of the board, and be the custodian of all books and records of the board except those that the board entrusts to the custody of a designated employee. The treasurer is the custodian of all money received by the board except as the board otherwise entrusts to the custody of a designated employee. The board may appoint a deputy to perform any and all functions of either the secretary or the treasurer. A secretary or treasurer who is not a member of the board or a deputy of either does not have the right to vote.

Subd. 4. [EXECUTIVE DIRECTOR.] The board may appoint an executive director, selected solely upon the basis of training, experience, and other qualifications and who shall serve at the pleasure of the board and at a compensation to be determined by the board. The executive director need not be a resident of the district. The executive director may also be selected by the board to serve as either secretary or treasurer, or both, of the board. The executive director shall attend all meetings of the board, but shall not vote, and shall have the following powers and duties:

(1) to see that all resolutions, rules, regulations, or orders of the board are enforced;

(2) to appoint and remove, upon the basis of merit and fitness, all subordinate officers and regular employees of the board except the secretary and the treasurer and their deputies;

(3) to present to the board plans, studies, and other reports prepared for board purposes and recommend to the board for adoption the measures the executive director deems necessary to enforce or carry out the powers and the duties of the board, or the efficient administration of the affairs of the board;

(4) to keep the board fully advised as to its financial condition, and to prepare and submit to the board and to the governing bodies of the local governmental units, the board's annual budget and other financial information the board may request;

(5) to recommend to the board for adoption rules and regulations the executive director deems necessary for the efficient operation of the district disposal system; and

(6) to perform other duties prescribed by the board.

Subd. 5. [PUBLIC EMPLOYEES.] The executive director and other persons employed by the district are public employees and have all the rights and duties conferred on public employees under Minnesota Statutes, sections 179A.01 to 179A.25. The board may elect to have employees become members of either the public employees retirement association or the Minnesota state retirement system. The compensation and conditions of employment of the employees must be governed by rules applicable to state employees in the classified service and to the provisions of Minnesota Statutes, chapter 15A.

Subd. 6. [PROCEDURES.] The board shall adopt resolutions or bylaws establishing procedures for board action, personnel administration, keeping records, approving claims, authorizing or making disbursements, safekeeping funds, and auditing all financial operations of the board.

Subd. 7. [SURETY BONDS AND INSURANCE.] The board may procure surety bonds for its officers and employees, in amounts deemed necessary to ensure proper performance of their duties and proper accounting for funds in their custody. It may procure insurance against risks to property and liability of the board and its officers, agents, and employees for personal injuries or death and property damage and destruction, in amounts deemed necessary or desirable, with the force and effect stated in Minnesota Statutes, chapter 466.

Sec. 23. [GENERAL POWERS OF BOARD.]

Subdivision 1. [SCOPE.] The board has all powers necessary or convenient to discharge the duties imposed upon it by law. The powers include those specified in this section, but the express grant or enumeration of powers does not limit the generality or scope of the grant of powers contained in this subdivision.

Subd. 2. [SUIT.] The board may sue or be sued.

Subd. 3. [CONTRACT.] The board may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 4. [GIFTS, GRANTS, LOANS.] The board may accept gifts, apply for and accept grants or loans of money or other property from the United States, the state, or any person for any of its purposes, enter into any agreement required in connection with them, and hold, use, and dispose of the money or property in accordance with the terms of the gift, grant, loan, or agreement relating to it. With respect to loans or grants of funds or real or personal property or other assistance from any state or federal government or its agency or instrumentality, the board may contract to do and perform all acts and things required as a condition or consideration for the gift, grant, or loan pursuant to state or federal law or regulations, whether or not included among the powers expressly granted to the board in sections 20 to 38.

Subd. 5. [COOPERATIVE ACTION.] The board may act under Minnesota Statutes, section 471.59, or any other appropriate law providing for joint or cooperative action between governmental units.

Subd. 6. [STUDIES AND INVESTIGATIONS.] The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with the design, construction, and operation of the district disposal system.

Subd. 7. [EMPLOYEES, TERMS.] The board may employ on terms it deems advisable, persons or firms performing engineering, legal, or other services of a professional nature; require any employee to obtain and file with it an individual bond or fidelity insurance policy; and procure insurance in amounts it deems necessary against liability of the board or its officers or both, for personal injury or death and property damage or destruction, with the force and effect stated in Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property as it deems necessary.

Subd. 8. [PROPERTY RIGHTS, POWERS.] The board may acquire by purchase, lease, condemnation, gift, or grant, any real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary or convenient for the collection and disposal of sewage in the district. Any local governmental unit and the commissioners of transportation and natural resources are authorized to convey to or permit the use of any of the above-mentioned facilities owned or controlled by it, by the board, subject to the rights of the holders of any bonds issued with respect to those facilities, with or without compensation, without an election or approval by any other governmental unit or agency. All powers conferred by this subdivision may be exercised both within or without the district as may be necessary for the exercise by the board of its powers or the accomplishment of its purposes. The board may hold, lease, convey, or otherwise dispose of the above-mentioned property for its purposes upon the terms and in the manner it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation may be exercised only in accordance with Minnesota Statutes, sections 117.011 to 117.232, and shall apply to any property or interest in the property owned by any local governmental unit. No property devoted to an actual public use at the time, or held to be devoted to such a use within a reasonable time, shall be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount to the existing use. Except in the case of property in actual public use, the board may take possession of any property on which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation.

Subd. 9. [RELATIONSHIP TO OTHER PROPERTIES.] The board may construct or maintain its systems or facilities in, along, on, under, over, or through public waters, streets, bridges, viaducts, and other public rights-of-way without first obtaining a franchise from a county or municipality having jurisdiction over them. However, the facilities must be constructed and maintained in accordance with the ordinances and resolutions of the county or municipality relating to constructing, installing, and maintaining similar facilities on public properties and must not unnecessarily obstruct the public use of those rights-of-way.

Subd. 10. [DISPOSAL OF PROPERTY.] The board may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property may be sold in the manner provided by Minnesota Statutes, section 469.065, insofar as practical. The board may give notice of sale as it deems appropriate. When the board determines that any property or any part of the district disposal system acquired from a local governmental unit without compensation is no longer required but is required as a local facility by the governmental unit from which it was acquired, the board may by resolution transfer it to that governmental unit.

Subd. 11. [AGREEMENTS WITH OTHER GOVERNMENTAL UNITS.] The board may contract with the United States or any agency thereof, any state or agency thereof, or any regional public planning body in the state with jurisdiction over any part of the district, or any other municipal or public corporation, or governmental subdivision or agency or political subdivision in any state, for the joint use of any facility owned by the board or such entity, for the operation by that entity of any system or facility of the board, or for the performance on the board's behalf of any service, including but not limited to planning, on terms as may be agreed upon by the contracting parties. Unless designated by the board as a local water and sanitary sewer facility, any treatment works or interceptor jointly used, or operated on behalf of the board, as provided in this subdivision, is deemed to be operated by the board for purposes of including those facilities in the district disposal system.

Sec. 24. [COMPREHENSIVE PLAN.]

Subdivision 1. [BOARD PLAN AND PROGRAM.] The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact the disposal system will have on present and future land use in the area affected. The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program, and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

Subd. 2. [COMPREHENSIVE PLANS; HEARING.] Before adopting any subsequent comprehensive plan, the board shall hold a public hearing on the proposed plan at a time and place in the district that it selects. The hearing may be continued from time to time. Not less than 45 days before the hearing, the board shall publish notice of the hearing in a newspaper having general circulation in the district, stating the date, time, and place of the hearing, and the place where the proposed plan may be examined by any interested person. At the hearing, all interested persons must be permitted to present their views on the plan.

Subd. 3. [GOVERNMENTAL UNIT PLANS AND PROGRAMS; COORDINATION WITH BOARD'S RESPONSIBILITIES.] Once the board's plan is adopted, no construction project involving the construction of new sewers or other disposal facilities may be undertaken by the local governmental unit unless its governing body shall first find the project to be in accordance with the governmental unit's comprehensive plan and program as approved by the board. Before approval by the board of the comprehensive plan and program of any local governmental unit in the district, no water and sanitary sewer construction project may be undertaken by the governmental unit unless approval of the project is first secured from the board as to those features of the project affecting the board's responsibilities as determined by the board.

Sec. 25. [POWERS TO ISSUE OBLIGATIONS AND IMPOSE SPECIAL ASSESSMENTS.]

The Banning Junction area water and sanitary sewer board, in order to implement the powers granted under sections 20 to 38 to establish, maintain, and administer the Banning Junction area water and sanitary sewer district, may issue obligations and impose special assessments against benefited property within the limits of the district benefited by facilities constructed under sections 20 to 38 in the manner provided for local governments by Minnesota Statutes, chapter 429.

Sec. 26. [SYSTEM EXPANSION; APPLICATION TO CITIES.]

The authority of the water and sanitary sewer board to establish water or sewer or combined water and sewer systems under this section extends to areas within the Banning Junction area water and sanitary sewer district organized into cities when requested by resolution of the governing body of the affected city or when ordered by the Minnesota pollution control agency after notice and hearing. For the purpose of any petition filed or special assessment levied with respect to any system, the entire area to be served within a city must be treated as if it were owned by a single person, and the governing body shall exercise all the rights and be subject to all the duties of an owner of the area, and shall have power to provide for the payment of all special assessments and other charges imposed upon the area with respect to the system by the appropriation of money, the collection of service charges, or the levy of taxes, which shall be subject to no limitation of rate or amount.

Sec. 27. [SEWAGE COLLECTION AND DISPOSAL; POWERS.]

Subdivision 1. [POWERS.] In addition to all other powers conferred upon the board in sections 20 to 38, it has the powers specified in this section.

Subd. 2. [DISCHARGE OF TREATED SEWAGE.] The board may discharge the effluent from any treatment works operated by it into any waters of the state, subject to approval of the agency if required and in accordance with any effluent or water quality standards lawfully adopted by the agency, any interstate agency, or any federal agency having jurisdiction.

Subd. 3. [UTILIZATION OF DISTRICT SYSTEM.] The board may require any person or local governmental unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity for connection is provided; may regulate the manner in which the connections are made; may require any person or local governmental unit discharging sewage into the disposal system to provide preliminary treatment for it; may prohibit the discharge into the district disposal system of any substance that it determines will or may be harmful to the system or any persons operating it; and may require any local governmental unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Subd. 4. [SYSTEM OF COST RECOVERY TO COMPLY WITH APPLICABLE REGULATIONS.] Any charges, connection fees, or other cost-recovery techniques imposed on persons discharging sewage directly or indirectly into the district disposal system must comply with applicable state and federal law, including state and federal regulations governing grant applications.

Sec. 28. [BUDGET.]

The board shall prepare and adopt, on or before October 1 in 1999 and each year thereafter, a budget showing for the following calendar year or other fiscal year determined by the board, sometimes referred to in sections 20 to 38 as the budget year, estimated receipts of money from all sources, including but not limited to payments by each local governmental unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

(1) costs of operation, administration, and maintenance of the district disposal system;

(2) cost of acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued pursuant to section 32, and any money judgments entered by a court of competent jurisdiction. Expenditures within these general categories, and any other categories as the board may from time to time determine, must be itemized in detail as the board prescribes. The board and its officers, agents, and employees shall not spend money for any purpose other than debt service without having set forth the expense in the budget nor in excess of the amount set forth in the budget for it. No obligation to make an expenditure of the above-mentioned type is enforceable except as the obligation of the person or persons incurring it. The board may amend the budget at any time by transferring from one purpose to another any sums except money for debt service and bond proceeds or by increasing expenditures in any amount by which actual cash receipts during the budget year exceed the total amounts designated in the original budget. The creation of any obligation under section 32 or the receipt of any federal or state grant is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 29. [ALLOCATION OF COSTS.]

Subdivision 1. [DEFINITION OF CURRENT COSTS.] The estimated cost of administration, operation, maintenance, and debt service of the district disposal system to be paid by the board in each fiscal year and the estimated costs of acquisition and betterment of the system that are to be paid during the year from funds other than

state or federal grants and bond proceeds and all other previously unallocated payments made by the board pursuant to sections 20 to 38 to be allocated in the fiscal year are referred to as current costs and must be allocated by the board as provided in subdivision 2 in the budget for that year.

Subd. 2. [METHOD OF ALLOCATION OF CURRENT COSTS.] Current costs must be allocated in the district on an equitable basis as the board may determine by resolution to be in the best interests of the district. The adoption or revision of any method of allocation used by the board must be by the affirmative vote of at least two-thirds of the members of the board.

Sec. 30. [TAX LEVIES.]

To accomplish any duty imposed on it the board may, in addition to the powers granted in sections 20 to 38 and in any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, 475, sections 115.46, 444.075, and 471.59, with respect to the area in the district. The board may levy taxes upon all taxable property in the district for all or a part of the amount payable to the board, pursuant to section 29, to be assessed and extended as a tax upon that taxable property by the county auditor for the next calendar year, free from any limitation of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general taxes.

Sec. 31. [PUBLIC HEARING AND SPECIAL ASSESSMENTS.]

Subdivision 1. [PUBLIC HEARING REQUIREMENT ON SPECIFIC PROJECT.] Before the board orders any project involving the acquisition or betterment of any interceptor or treatment works, all or a part of the cost of which will be allocated pursuant to section 29 as current costs, the board shall hold a public hearing on the proposed project. The hearing must be held following two publications in a newspaper having general circulation in the district, stating the time and place of the hearing, the general nature and location of the project, the estimated total cost of acquisition and betterment, that portion of costs estimated to be paid out of federal and state grants, and that portion of costs estimated to be allocated. The estimates must be best available at the time of the meeting and if costs exceed the estimate, the project cannot proceed until an additional public hearing is held, with notice as required at the initial meeting. The two publications must be a week apart and the hearing at least three days after the last publication. Not less than 45 days before the hearing, notice of the hearing must also be mailed to each clerk of all local governmental units in the district, but failure to give mailed notice or any defects in the notice does not invalidate the proceedings. The project may include all or part of one or more interceptors or treatment works. No hearing may be held on any project unless the project is within the area covered by the comprehensive plan adopted by the board pursuant to section 24 except that the hearing may be held simultaneously with a hearing on a comprehensive plan. A hearing is not required with respect to a project, no part of the costs of which are to be allocated as the current costs of acquisition, betterment, and debt service.

Subd. 2. [NOTICE TO BENEFITED PROPERTY OWNERS.] If the board proposes to assess against benefited property within the district all or any part of the allocable costs of the project as provided in subdivision 5, the board shall, not less than two weeks before the hearing provided for in subdivision 1, cause mailed notice of the hearing to be given to the owner of each parcel within the area proposed to be specially assessed and shall also give two weeks' published notice of the hearing. The notice of hearing must contain the same information provided in the notice published by the board pursuant to subdivision 1, and a description of the area proposed to be assessed. For the purpose of giving mailed notice, owners are those shown to be on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. For properties that are tax exempt or subject to taxation on a gross earnings basis and not listed on the records of the county auditor or the county treasurer, the owners must be ascertained by any practicable means and mailed notice given them as herein provided. Failure to give mailed notice or any defects in the notice does not invalidate the proceedings of the board.

Subd. 3. [BOARD PROCEEDINGS PERTAINING TO HEARING.] Before adoption of the resolution calling for a hearing under this section, the board shall secure from the district engineer or some other competent person of the board's selection a report advising it in a preliminary way as to whether the proposed project is feasible and

whether it should be made as proposed or in connection with some other project and the estimated costs of the project as recommended. No error or omission in the report invalidates the proceeding. The board may also take other steps before the hearing, as will in its judgment provide helpful information in determining the desirability and feasibility of the project, including but not limited to preparation of plans and specifications and advertisement for bids on them. The hearing may be adjourned from time to time and a resolution ordering the project may be adopted at any time within six months after the date of hearing. In ordering the project the board may reduce but not increase the extent of the project as stated in the notice of hearing and shall find that the project as ordered is in accordance with the comprehensive plan and program adopted by the board pursuant to section 24.

Subd. 4. [EMERGENCY ACTION.] If the board by resolution adopted by the affirmative vote of not less than two-thirds of its members determines that an emergency exists requiring the immediate purchase of materials or supplies or the making of emergency repairs, it may order the purchase of those supplies and materials and the making of the repairs before any hearing required under this section, provided that the board shall set as early a date as practicable for the hearing at the time it declares the emergency. All other provisions of this section must be followed in giving notice of and conducting the hearing. Nothing herein may be construed as preventing the board or its agents from purchasing maintenance supplies or incurring maintenance costs without regard to the requirements of this section.

Subd. 5. [POWER OF THE BOARD TO SPECIALLY ASSESS.] The board may specially assess all or any part of the costs of acquisition and betterment as herein provided, of any project ordered pursuant to this section. The special assessments must be levied in accordance with the provisions of Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying the special assessments, the hearing on the project required in subdivision 1 serves as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but may not exceed the area proposed to be assessed as stated in the notice of hearing on the project provided for in subdivision 2.

Sec. 32. [BONDS, CERTIFICATES, AND OTHER OBLIGATIONS.]

Subdivision 1. [BUDGET ANTICIPATION CERTIFICATES OF INDEBTEDNESS.] At any time after adoption of its annual budget and in anticipation of the collection of tax and other revenues estimated and set forth by the board in the budget, except in the case of deficiency taxes levied under this subdivision and taxes levied for the payment of certificates issued under subdivision 2, the board may, by resolution, authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon terms it determines, of its negotiable general obligation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the total amount of tax collections and other revenues, and maturing not later than three months after the close of the budget year in which issued. The proceeds of the sale of the certificates must be used solely for the purposes for which the tax collections and other revenues are to be expended pursuant to the budget.

All the tax collections and other revenues included in the budget for the budget year, after the expenditure of the tax collections and other revenues in accordance with the budget, must be irrevocably pledged and appropriated to a special fund to pay the principal and interest on the certificates when due. If for any reason the tax collections and other revenues are insufficient to pay the certificates and interest when due, the board shall levy a tax in the amount of the deficiency on all taxable property in the district and shall appropriate this amount when received to the special fund.

Subd. 2. [EMERGENCY CERTIFICATES OF INDEBTEDNESS.] If in any budget year the receipts of tax and other revenues should for some unforeseen cause become insufficient to pay the board's current expenses, or if any public emergency should subject it to the necessity of making extraordinary expenditures, the board may by resolution authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon the terms and conditions it determines, of its negotiable general obligation certificates of indebtedness in an amount sufficient to meet the deficiency. The board shall levy on all taxable property in the district a tax sufficient to pay the certificates and interest on the certificates and shall appropriate all collections of the tax to a special fund created for the payment of the certificates and the interest on them. Certificates issued under this subdivision mature not later than April 1 in the year following the year in which the tax is collectible.

Subd. 3. [GENERAL OBLIGATION BONDS.] The board may by resolution authorize the issuance of general obligation bonds for the acquisition or betterment of any part of the district disposal system, including but without limitation the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board shall pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the bonds in the manner provided in Minnesota Statutes, chapter 475. The board has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the debt limitations of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, and any revenues receivable under any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds available and appropriated for that purpose, are not sufficient to pay all principal and interest due or about to become due, provided that the revenues have not been anticipated by the issuance of certificates under subdivision 1.

Subd. 4. [MANNER OF SALE AND ISSUANCE OF CERTIFICATES.] Certificates issued under subdivisions 1 and 2 may be issued and sold by negotiation, without public sale, and may be sold at a price equal to the percentage of the par value of the certificates, plus accrued interest, and bearing interest at the rate determined by the board. No election is required to authorize the issuance of the certificates. The certificates must bear the same rate of interest after maturity as before and the full faith and credit and taxing power of the board must be pledged to the payment of the certificates.

Sec. 33. [DEPOSITORIES.]

The board shall designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for money of the board, and shall require the treasurer to deposit all or a part of the money in those institutions. The designation must be in writing and must set forth all the terms and conditions upon which the deposits are made, and must be signed by the chair and treasurer and made a part of the minutes of the board.

Sec. 34. [MONEY, ACCOUNTS, AND INVESTMENTS.]

Subdivision 1. [RECEIPT AND APPLICATION.] Money received by the board must be deposited or invested by the treasurer and disposed of as the board may direct in accordance with its budget; provided that any money that has been pledged or dedicated by the board to the payment of obligations or interest on the obligations or expenses incident thereto, or for any other specific purpose authorized by law, must be paid by the treasurer into the fund to which it has been pledged.

Subd. 2. [FUNDS AND ACCOUNTS.] (a) The board's treasurer shall establish funds and accounts as may be necessary or convenient to handle the receipts and disbursements of the board in an orderly fashion.

(b) The funds and accounts must be audited annually by a certified public accountant at the expense of the district.

Subd. 3. [DEPOSIT AND INVESTMENT.] The money on hand in those funds and accounts may be deposited in the official depositories of the board or invested as provided in this subdivision. Any amount not currently needed or required by law to be kept in cash on deposit may be invested in obligations authorized for the investment of municipal sinking funds by Minnesota Statutes, section 475.66. The money may also be held under certificates of deposit issued by any official depository of the board.

Subd. 4. [BOND PROCEEDS.] The use of proceeds of all bonds issued by the board for the acquisition and betterment of the district disposal system, and the use, other than investment, of all money on hand in any sinking fund or funds of the board, is governed by the provisions of Minnesota Statutes, chapter 475, the provisions of sections 20 to 38, and the provisions of resolutions authorizing the issuance of the bonds. When received, the bond proceeds must be transferred to the treasurer of the board for safekeeping, investment, and payment of the costs for which they were issued.

Subd. 5. [AUDIT.] The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state auditor or a public accountant authorized to perform that function under Minnesota Statutes, chapter 6.

Sec. 35. [SERVICE CONTRACTS WITH GOVERNMENTAL ENTITIES OUTSIDE THE JURISDICTION OF THE BOARD.]

(a) The board may contract with the United States or any agency of the federal government, any state or its agency, or any municipal or public corporation, governmental subdivision or agency or political subdivision in any state, outside the jurisdiction of the board, for furnishing services to those entities, including but not limited to planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local water and sanitary sewer facilities. The board may include as one of the terms of the contract that the entity must pay to the board an amount agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated in the district. When payments are made by entities to the board, they must be applied in reduction of the total amount of costs thereafter allocated in the district, on an equitable basis as the board deems to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 29, subdivision 2. A municipality in the state of Minnesota may enter into a contract and perform all acts and things required as a condition or consideration therefor consistent with the purposes of sections 20 to 38, whether or not included among the powers otherwise granted to the municipality by law or charter.

(b) The board shall contract with a qualified entity to make necessary inspections on the district facilities, and to otherwise process or assist in processing any of the work of the district.

Sec. 36. [CONTRACTS FOR CONSTRUCTION, MATERIALS, SUPPLIES, AND EQUIPMENT.]

When the board orders a project involving the acquisition or betterment of a part of the district disposal system, it shall cause plans and specifications of the project to be made, or if previously made, to be modified, if necessary, and to be approved by the agency if required, and after any required approval by the agency, one or more contracts for work and materials called for by the plans and specification may be awarded as provided in Minnesota Statutes, section 471.345.

Sec. 37. [PROPERTY EXEMPT FROM TAXATION.]

Any properties, real or personal, owned, leased, controlled, used, or occupied by the water and sanitary sewer board for any purpose under sections 20 to 38 are declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and are exempt from taxation by the state or any political subdivision of the state, provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any properties in any manner different from their use as part of a disposal system at the time may be considered in determining the special benefit received by the properties. All assessments are subject to final approval by the board, whose determination of the benefits is conclusive upon the political subdivision levying the assessment.

Sec. 38. [RELATION TO EXISTING LAWS.]

The provisions of sections 20 to 38 must be given full effect notwithstanding the provisions of any law or charter inconsistent with sections 20 to 38. The powers conferred on the board under sections 20 to 38 do not in any way diminish or supersede the powers conferred on the agency by Minnesota Statutes, chapters 115 to 116.

Sec. 39. [EFFECTIVE DATE.]

Sections 1 to 19 are effective the day after a certificate of approval under Minnesota Statutes, section 645.021, subdivision 3, is filed by the last of the four local governmental units subject to sections 1 to 19.

Sections 20 to 38 are effective as to the city and the town of Finlayson separately the day after the certificate of approval of the governing body of each is filed as provided in Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 15

AUTOMATIC REBATE IN ENACTED BUDGET

Section 1. [16A.1522] [REBATE REQUIREMENTS.]

Subdivision 1. [FORECAST.] If, on the basis of a forecast of general fund revenues and expenditures in November of an even-numbered year or February of an odd-numbered year, the commissioner projects a positive unrestricted budgetary general fund balance at the close of the biennium that exceeds one-half of one percent of total general fund biennial revenues, the commissioner shall designate the entire balance as available for rebate to the taxpayers of this state. In forecasting, projecting, or designating the unrestricted budgetary general fund balance or general fund biennial revenue under this section, the commissioner shall not include any balance or revenue attributable to settlement payments received after July 1, 1998, and before July 1, 2001, as defined in Section IIB of the settlement document, filed May 18, 1998, in State v. Philip Morris, Inc., No. C1-94-8565 (Minnesota District Court, Second Judicial District).

Subd. 2. [PLAN.] If the commissioner designates an amount for rebate in either forecast, the governor shall present a plan to the legislature for rebating that amount. The plan must provide for payments to begin no later than August 15 of the odd-numbered year. By April 15 of each odd-numbered year, the legislature shall enact, modify, or reject the plan presented by the governor.

Subd. 3. [CERTIFICATION.] By July 15 of each odd-numbered year, based on a preliminary analysis of the general fund balance at the end of the fiscal year June 30, the commissioner of finance shall certify to the commissioner of revenue the amount available for rebate.

Subd. 4. [TRANSFER TO TAX RELIEF ACCOUNT.] Any positive unrestricted budgetary general fund balance on June 30 of an odd-numbered year is appropriated to the commissioner for transfer to the tax relief account.

Subd. 5. [APPROPRIATION.] A sum sufficient to pay any rebate due under the plan enacted under subdivision 2 is appropriated from the general fund to the commissioner of revenue.

Sec. 2. [ABOLISHING TAX REFORM AND REDUCTION ACCOUNT.]

The tax reform and reduction account created in Laws 1998, chapter 389, article 9, section 2, subdivision 2, clause (2), is abolished. The balance in the account shall revert to the unrestricted general fund balance.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective September 1, 1999. Section 2 is effective the day following final enactment.

ARTICLE 16

MISCELLANEOUS

Section 1. Minnesota Statutes 1998, section 3.986, subdivision 2, is amended to read:

Subd. 2. [LOCAL FISCAL IMPACT.] (a) "Local fiscal impact" means increased or decreased costs or revenues that a political subdivision would incur as a result of a law enacted after June 30, 1997, or rule proposed after December 31, ~~1998~~ 1999:

(1) that mandates a new program, eliminates an existing mandated program, requires an increased level of service of an existing program, or permits a decreased level of service in an existing mandated program;

(2) that implements or interprets federal law and, by its implementation or interpretation, increases or decreases program or service levels beyond the level required by the federal law;

(3) that implements or interprets a statute or amendment adopted or enacted pursuant to the approval of a statewide ballot measure by the voters and, by its implementation or interpretation, increases or decreases program or service levels beyond the levels required by the ballot measure;

(4) that removes an option previously available to political subdivisions, or adds an option previously unavailable to political subdivisions, thus requiring higher program or service levels or permitting lower program or service levels, or prohibits a specific activity and so forces political subdivisions to use a more costly alternative to provide a mandated program or service;

(5) that requires that an existing program or service be provided in a shorter time period and thus increases the cost of the program or service, or permits an existing mandated program or service to be provided in a longer time period, thus permitting a decrease in the cost of the program or service;

(6) that adds new requirements to an existing optional program or service and thus increases the cost of the program or service because the political subdivisions have no reasonable alternative other than to continue the optional program;

(7) that affects local revenue collections by changes in property or sales and use tax exemptions;

(8) that requires costs previously incurred at local option that have subsequently been mandated by the state; or

(9) that requires payment of a new fee or increases the amount of an existing fee, or permits the elimination or decrease of an existing fee mandated by the state.

(b) When state law is intended to achieve compliance with federal law or court orders, state mandates shall be determined as follows:

(1) if the federal law or court order is discretionary, the state law is a state mandate;

(2) if the state law exceeds what is required by the federal law or court order, only the provisions of the state law that exceed the federal requirements are a state mandate; and

(3) if the state law does not exceed what is required by the federal statute or regulation or court order, the state law is not a state mandate.

Sec. 2. Minnesota Statutes 1998, section 3.987, subdivision 1, is amended to read:

Subdivision 1. [LOCAL IMPACT NOTES.] The commissioner of finance shall coordinate the development of a local impact note for any proposed legislation introduced after June 30, 1997, or any rule proposed after December 31, ~~1998~~ 1999, upon request of the chair or the ranking minority member of either legislative tax committee. Upon receipt of a request to prepare a local impact note, the commissioner must notify the authors of the proposed legislation or, for an administrative rule, the head of the relevant executive agency or department, that the request has been made. The local impact note must be made available to the public upon request. If the action is among the exceptions listed in section 3.988, a local impact note need not be requested nor prepared. The commissioner shall make a reasonable and timely estimate of the local fiscal impact on each type of political subdivision that would result from the proposed legislation. The commissioner of finance may require any political subdivision or the commissioner of an administrative agency of the state to supply in a timely manner any information determined to be necessary to determine local fiscal impact. The political subdivision, its representative association, or commissioner shall convey the requested information to the commissioner of finance with a signed statement to the effect that the information is accurate and complete to the best of its ability. The political subdivision, its representative association, or commissioner, when requested, shall update its determination of local fiscal impact based on actual cost or revenue figures, improved estimates, or both. Upon completion of the note, the commissioner must provide a copy to the authors of the proposed legislation or, for an administrative rule, to the head of the relevant executive agency or department.

Sec. 3. [16A.77] [TOBACCO SETTLEMENT FUND.]

(a) A tobacco settlement fund is established in the state treasury. Amounts in the fund are available only for purposes authorized by appropriation by the legislature. The governor shall make recommendations to the legislature regarding use of the money in the fund.

(b) The commissioner of finance shall credit all settlement payments received after July 1, 1998, and before July 1, 2001, as defined in Section IIB of the settlement document, filed May 18, 1998, in the State of Minnesota et al. vs. Philip Morris et al., to the tobacco settlement fund. All other payments to the state resulting from the specified litigation shall be credited to the general fund.

Sec. 4. Minnesota Statutes 1998, section 270.07, subdivision 1, is amended to read:

Subdivision 1. [POWERS OF COMMISSIONER; APPLICATION FOR ABATEMENT; ORDERS.] (a) The commissioner of revenue shall prescribe the form of all blanks and books required under this chapter and shall hear and determine all matters of grievance relating to taxation. Except for matters delegated to the various boards of county commissioners under section 375.192, and except as otherwise provided by law, the commissioner shall have power to grant such reduction or abatement of net tax capacities or taxes and of any costs, penalties or interest thereon as the commissioner may deem just and equitable, and to order the refundment, in whole or in part, of any taxes, costs, penalties or interest thereon which have been erroneously or unjustly paid. Application therefor shall be submitted with a statement of facts in the case and the favorable recommendation of the county board or of the board of abatement of any city where any such board exists, and the county auditor of the county wherein such tax was levied or paid. In the case of taxes other than gross earnings taxes, the order may be made only on application and approval as provided in this paragraph. No reduction, abatement, or refundment of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of such municipality.

(b) The commissioner has the power to grant reductions or abatements of gross earnings tax. An application for reduction of gross earnings taxes may be made directly to the commissioner without the favorable action of the county board and county auditor. The commissioner shall direct that any gross earnings taxes that may have been erroneously or unjustly paid be applied against unpaid taxes due from the applicant.

(c) The commissioner shall forward to the county auditor a copy of the order made by the commissioner in all cases in which the approval of the county board is required.

(d) The commissioner may refer any question that may arise in reference to the true construction of this chapter to the attorney general, and the decision thereon shall be in force and effect until annulled by the judgment of a court of competent jurisdiction.

(e) The commissioner may by written order abate, reduce, or refund any penalty or interest imposed by any law relating to taxation, if in the commissioner's opinion the failure to timely pay the tax or failure to timely file the return is due to reasonable cause, or if the taxpayer is located in a presidentially declared disaster area. ~~The order shall be made on application of the taxpayer to the commissioner.~~

~~(f) If an order issued under this subdivision is for an abatement, reduction, or refund of over $5,000, it shall be valid only if approved in writing by the attorney general.~~

~~(g)~~ (f) An appeal may not be taken to the tax court from any order of the commissioner of revenue made in the exercise of the discretionary authority granted in paragraph (a) with respect to the reduction or abatement of real or personal property taxes in response to a taxpayer's application for an abatement, reduction, or refund of taxes, net tax capacities, costs, penalties, or interest.

Sec. 5. Minnesota Statutes 1998, section 270.65, is amended to read:

270.65 [DATE OF ASSESSMENT; DEFINITION.]

For purposes of taxes administered by the commissioner, the term "date of assessment" means the date a return was filed or the date a return should have been filed, whichever is later; or, in the case of taxes determined by the commissioner, "date of assessment" means the date of the order assessing taxes; or, in the case of an amended return filed by the taxpayer, the assessment date is the date the return was filed with the commissioner; or, in the case of a check from a taxpayer that is dishonored and results in an erroneous refund being given to the taxpayer, remittance of the check is deemed to be an assessment and the "date of assessment" is the date the check was received by the commissioner.

Sec. 6. Minnesota Statutes 1998, section 270.67, is amended by adding a subdivision to read:

Subd. 4. [OFFER-IN-COMPROMISE AND INSTALLMENT PAYMENT PROGRAM.] (a) In implementing the authority provided in subdivision 1 or in section 8.30 to accept offers of installment payments or offers-in-compromise of tax liabilities, the commissioner of revenue shall prescribe guidelines for employees of the department of revenue to determine whether an offer-in-compromise or an offer to make installment payments is adequate and should be accepted to resolve a dispute. In prescribing the guidelines, the commissioner shall develop and publish schedules of national and local allowances designed to provide that taxpayers entering into a compromise or payment agreement have an adequate means to provide for basic living expenses. The guidelines must provide that the taxpayer's ownership interest in a motor vehicle, to the extent of the value allowed in section 550.37, will not be considered as an asset; in the case of an offer related to a joint tax liability of spouses, that value of two motor vehicles must be excluded. The guidelines must provide that employees of the department shall determine, on the basis of the facts and circumstances of each taxpayer, whether the use of the schedules is appropriate and that employees must not use the schedules to the extent the use would result in the taxpayer not having adequate means to provide for basic living expenses. The guidelines must provide that:

(1) an employee of the department shall not reject an offer-in-compromise or an offer to make installment payments from a low-income taxpayer solely on the basis of the amount of the offer; and

(2) in the case of an offer-in-compromise which relates only to issues of liability of the taxpayer:

(i) the offer must not be rejected solely because the commissioner is unable to locate the taxpayer's return or return information for verification of the liability; and

(ii) the taxpayer shall not be required to provide an audited, reviewed, or compiled financial statement.

(b) The commissioner shall establish procedures:

(1) that require presentation of a counteroffer or a written rejection of the offer by the commissioner if the amount offered by the taxpayer in an offer-in-compromise or an offer to make installment payments is not accepted by the commissioner;

(2) for an administrative review of any written rejection of a proposed offer-in-compromise or installment agreement made by a taxpayer under this section before the rejection is communicated to the taxpayer;

(3) that allow a taxpayer to request reconsideration of any written rejection of the offer or agreement to the commissioner of revenue to determine whether the rejection is reasonable and appropriate under the circumstances; and

(4) that provide for notification to the taxpayer when an offer-in-compromise has been accepted, and issuance of certificates of release of any liens imposed under section 270.69 related to the liability which is the subject of the compromise.

Sec. 7. Minnesota Statutes 1998, section 270.78, is amended to read:

270.78 [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.]

~~(a)~~ In addition to other applicable penalties imposed by law, after notification from the commissioner of revenue to the taxpayer that payments for a tax administered by the commissioner are required to be made by means of electronic funds transfer, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause. The penalty bears interest at the rate specified in section 270.75 from the due date of the payment of the tax to the date of payment of the penalty.

~~(b) The penalty under paragraph (a) does not apply if the taxpayer pays by other means the amount due at least three business days before the date the payment is due. This paragraph does not apply after December 31, 1997.~~

Sec. 8. Minnesota Statutes 1998, section 270A.03, subdivision 2, is amended to read:

Subd. 2. [CLAIMANT AGENCY.] "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city presenting a claim for a municipal hospital or a public library, a hospital district, a private nonprofit hospital that leases its building from the county in which it is located, any public agency responsible for child support enforcement, any public agency responsible for the collection of court-ordered restitution, and any public agency established by general or special law that is responsible for the administration of a low-income housing program.

Sec. 9. Minnesota Statutes 1998, section 270A.07, subdivision 2, is amended to read:

Subd. 2. [SETOFF PROCEDURES.] (a) The commissioner, upon receipt of notification, shall initiate procedures to detect any refunds otherwise payable to the debtor. When the commissioner determines that a refund is due to a debtor whose debt was submitted by a claimant agency, the commissioner shall first deduct the fee in subdivision 1 and then remit the refund or the amount claimed, whichever is less, to the agency. In transferring or remitting moneys to the claimant agency, the commissioner shall provide information indicating the amount applied against each debtor's obligation and the debtor's address listed on the tax return.

(b) The commissioner shall remit to the debtor the amount of any refund due in excess of the debt submitted for setoff by the claimant agency. Notice of the amount setoff and address of the claimant agency shall accompany any disbursement to the debtor of the balance of a refund. The notice shall also advise the debtor of the right to contest the validity of the claim, other than a claim based upon child support under section 518.171, 518.54, 518.551, or chapter 518C at a hearing, subject to the restrictions in this paragraph. The debtor must assert this right by written request to the claimant agency, which request the claimant agency must receive within 45 days of the date of the notice. This right does not apply to (1) issues relating to the validity of the claim that have been previously raised at a hearing under this section or section 270A.09; (2) issues relating to the validity of the claim that were not timely raised by the debtor under section 270A.08, subdivision 2; ~~or~~ (3) issues relating to the validity of the claim that have been previously raised at a hearing conducted under rules promulgated by the United States Department of Housing and Urban Development or any public agency that is responsible for the administration of a low-income housing program, or that were not timely raised by the debtor under those rules; or (4) issues relating to the validity of the claim for which a hearing is discretionary under section 270A.09.

Sec. 10. Minnesota Statutes 1998, section 270A.08, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS OF NOTICE.] (a) This written notice shall clearly and with specificity set forth the basis for the claim to the refund including the name of the benefit program involved if the debt arises from a public assistance grant and the dates on which the debt was incurred and, further, shall advise the debtor of the claimant agency's intention to request setoff of the refund against the debt.

(b) Except as provided in paragraph (c), the notice will also advise the debtor that the debt can be setoff against a refund unless the time period allowed by law for collecting the debt has expired, and will advise the debtor of the right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the claimant agency, which request the agency must receive within 45 days of the mailing date of the original notice or of the corrected notice, as required by subdivision 1. If the debtor has not received the notice, the 45 days shall not commence until the debtor has received actual notice. The debtor shall have the burden of showing no notice and shall be entitled to a hearing on the issue of notice as well as on the merits.

(c) If the claimant agency is a public agency that is responsible for the administration of a low-income housing program, the notice will also advise the debtor that the debt can be set off against a refund unless the time period allowed by law for collecting the debt has expired. If the public agency has provided the debtor with the opportunity to contest the issues relating to the validity of the claim at a hearing under rules promulgated by the United States Department of Housing and Urban Development or the public agency, the notice will advise the debtor of that fact and advise the debtor that no further hearing may be requested by the debtor to contest the validity of the claim.

Sec. 11. Minnesota Statutes 1998, section 287.01, subdivision 3, as amended by Laws 1999, chapter 31, section 1, is amended to read:

Subd. 3. [DEBT.] "Debt" means the principal amount of an obligation to pay money ~~or to perform or refrain from performing an act~~ that is secured in whole or in part by a mortgage of an interest in real property.

Sec. 12. Minnesota Statutes 1998, section 287.05, subdivision 1, as amended by Laws 1999, chapter 31, section 5, is amended to read:

Subdivision 1. [REAL PROPERTY OUTSIDE MINNESOTA.] (a) When a multistate mortgage is intended to secure only a portion of a debt amount recited or referred to in the mortgage, the mortgage may contain the following statement, or its equivalent, on the first page: "Notwithstanding anything to the contrary herein, enforcement of this mortgage in Minnesota is limited to a debt amount of $. . . . under chapter 287 of Minnesota Statutes." In such case, the tax shall be imposed based only on the amount of debt so stated to be secured by real property located in this state; and, the effect of the mortgage, or any amendment or extension, as evidence in any court in this state, or as notice for any purpose in this state, shall be limited to the amount contained in the statement and for which the tax has been paid and additional amounts for accrued interest and advances not subject to tax under section 287.035 or 287.05, subdivision 4.

(b) All multistate mortgages not taxed under paragraph (a) shall be taxed under sections 287.01 to 287.13 as if the real property identified in the mortgage secures payment of that portion of the maximum debt amount referred to, or incorporated by reference, in the mortgage that is equal to a fraction the numerator of which is the value of the real property described in the mortgage that is located in this state and the denominator of which is the value of all the real property described in the mortgage.

Sec. 13. Minnesota Statutes 1998, section 287.05, subdivision 1a, as amended by Laws 1999, chapter 31, section 5, is amended to read:

Subd. 1a. [REAL PROPERTY IN THIS STATE SECURES PORTION OF DEBT.] (a) When the real property identified in a mortgage is located entirely in this state and is intended to secure only a portion of a debt amount recited or referred to in the mortgage, the mortgage may contain the following statement, or its equivalent, on the first page: "Notwithstanding anything to the contrary herein, enforcement of this mortgage is limited to a debt amount of $. . . . under chapter 287 of Minnesota Statutes." In such case, the tax shall be imposed based only on the amount of debt so stated to be secured by real property; and, the effect of the mortgage, or any amendment or extension, as evidence in any court in this state, or as notice for any purpose in this state, shall be limited to the amount contained in the statement and for which the tax has been paid and additional amounts for accrued interest and advances not subject to tax under section 287.035 or 287.05, subdivision 4.

(b) All mortgages that are not multistate mortgages and that are not taxed under paragraph (a) shall be taxed under sections 287.01 to 287.13 as if the real property identified in the mortgage secures payment of the maximum debt amount referred to, or incorporated by reference, in the mortgage.

Sec. 14. Minnesota Statutes 1998, section 289A.31, subdivision 2, is amended to read:

Subd. 2. [JOINT INCOME TAX RETURNS.] (a) If a joint income tax return is made by a husband and wife, the liability for the tax is joint and several. A spouse who ~~is relieved of~~ qualifies for relief from a liability attributable to ~~a substantial~~ an underpayment under section ~~6013(e)~~ 6015(b) of the Internal Revenue Code is ~~also~~ relieved of the state income tax liability on the ~~substantial~~ underpayment.

(b) In the case of individuals who were a husband and wife prior to the dissolution of their marriage or their legal separation, or prior to the death of one of the individuals, for tax liabilities reported on a joint or combined return, the liability of each person is limited to the proportion of the tax due on the return that equals that person's proportion of the total tax due if the husband and wife filed separate returns for the taxable year. This provision is effective only when the commissioner receives written notice of the marriage dissolution, legal separation, or death of a spouse from the husband or wife. No refund may be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more than 60 days before receipt by the commissioner of the written notice.

Sec. 15. Minnesota Statutes 1998, section 289A.40, subdivision 1, is amended to read:

Subdivision 1. [TIME LIMIT; GENERALLY.] Unless otherwise provided in this chapter, a claim for a refund of an overpayment of state tax must be filed within 3-1/2 years from the date prescribed for filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time, or one year from the date of an order assessing tax under section 289A.37, subdivision 1, or an order determining an appeal under section 289A.65, subdivision 8, or one year from the date of a return made by the commissioner under section 289A.35, upon payment in full of the tax, penalties, and interest shown on the order or return made by the commissioner, whichever period expires later. Claims for refund, except for taxes under chapter 297A, filed after the 3-1/2 year period but within the one-year period are limited to the amount of the tax, penalties, and interest on the order or return made by the commissioner and to issues determined by the order or return made by the commissioner.

In the case of assessments under section 289A.38, subdivision 5 or 6, claims for refund under chapter 297A filed after the 3-1/2 year period but within the one-year period are limited to the amount of the tax, penalties, and interest on the order or return made by the commissioner that are due for the period before the 3-1/2 year period.

Sec. 16. Minnesota Statutes 1998, section 289A.40, subdivision 1a, is amended to read:

Subd. 1a. [INDIVIDUAL INCOME TAXES; ~~REASONABLE CAUSE~~ SUSPENSION DURING PERIOD OF DISABILITY.] If the taxpayer ~~establishes reasonable cause for failing to timely file the return required by section 289A.08, subdivision 1, files the required return within ten years of the date specified in section 289A.18, subdivision 1, and independently verifies that an overpayment has been made, the commissioner shall grant a refund claimed by the original return, notwithstanding the limitations of subdivision 1~~ meets the requirements for suspending the running of the time period to file a claim for refund under section 6511(h) of the Internal Revenue Code, the time period in subdivision 1 for the taxpayer to file a claim for an individual income tax refund is suspended.

Sec. 17. Minnesota Statutes 1998, section 289A.50, is amended by adding a subdivision to read:

Subd. 1a. [REFUND FORM.] On or before January 1, 2000, the commissioner of revenue shall prepare and make available to taxpayers a form for filing claims for refund of taxes paid in excess of the amount due. If the commissioner fails to prepare a form under this subdivision by January 1, 2000, any claims for refund made after January 1, 2000, and up to ten days after the form is made available to taxpayers are deemed to be made in compliance with the requirement of the form.

Sec. 18. Minnesota Statutes 1998, section 289A.50, subdivision 7, is amended to read:

Subd. 7. [REMEDIES.] (a) If the taxpayer is notified by the commissioner that the refund claim is denied in whole or in part, the taxpayer may:

(1) file an administrative appeal as provided in section 289A.65, or an appeal with the tax court, within 60 days after issuance of the commissioner's notice of denial; or

(2) file an action in the district court to recover the refund.

(b) An action in the district court on a denied claim for refund must be brought within 18 months of the date of the denial of the claim by the commissioner.

(c) No action in the district court or the tax court shall be brought within six months of the filing of the refund claim unless the commissioner denies the claim within that period.

(d) If a taxpayer files a claim for refund and the commissioner has not issued a denial of the claim, the taxpayer may bring an action in the district court or the tax court at any time after the expiration of six months of the time the claim was filed~~, but within four years of the date that the claim was filed~~.

(e) The commissioner and the taxpayer may agree to extend the period for bringing an action in the district court.

(f) An action for refund of tax by the taxpayer must be brought in the district court of the district in which lies the county of the taxpayer's residence or principal place of business. In the case of an estate or trust, the action must be brought at the principal place of its administration. Any action may be brought in the district court for Ramsey county.

Sec. 19. Minnesota Statutes 1998, section 289A.55, subdivision 9, is amended to read:

Subd. 9. [INTEREST ON PENALTIES.] (a) A penalty imposed under section 289A.60, subdivision 1, 2, 3, 4, 5, ~~or~~ 6, or 21 bears interest from the date the return or payment was required to be filed or paid, including any extensions, to the date of payment of the penalty.

(b) A penalty not included in paragraph (a) bears interest only if it is not paid within ten days from the date of notice. In that case interest is imposed from the date of notice to the date of payment.

Sec. 20. Minnesota Statutes 1998, section 289A.60, subdivision 3, is amended to read:

Subd. 3. [COMBINED PENALTIES.] When penalties are imposed under subdivisions 1 and 2, ~~except for the minimum penalty under subdivision 2,~~ the penalties imposed under both subdivisions combined must not exceed 38 percent.

Sec. 21. Minnesota Statutes 1998, section 289A.60, subdivision 21, is amended to read:

Subd. 21. [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.] ~~(a)~~ In addition to other applicable penalties imposed by this section, after notification from the commissioner to the taxpayer that payments are required to be made by means of electronic funds transfer under section 289A.20, subdivision 2, paragraph (e), or 4, paragraph (d), or 289A.26, subdivision 2a, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause.

~~(b) The penalty under paragraph (a) does not apply if the taxpayer pays by other means the amount due at least three business days before the date the payment is due. This paragraph does not apply after December 31, 1997.~~

Sec. 22. Minnesota Statutes 1998, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of sections 297A.02, subdivision 5, and 297A.25, subdivision 42, the tax on sales of capital equipment, and replacement capital equipment, shall be imposed and collected as if the rate under section 297A.02, subdivision 1, applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the exemption under section 297A.25, subdivision 42, and the rate under section 297A.02, subdivision 5, shall be paid to the purchaser. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.25, subdivision 42, or replacement capital equipment under section 297A.01, subdivision 20. No more than two applications for refunds may be filed under this subdivision in a calendar year. Unless otherwise specifically provided by this subdivision, the provisions of ~~section~~ sections 289A.40 and 289A.50 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to make the refunds.

The amount to be refunded shall bear interest at the rate in section 270.76 from the date the refund claim is filed with the commissioner.

Sec. 23. Minnesota Statutes 1998, section 360.55, is amended by adding a subdivision to read:

Subd. 8. [AGRICULTURAL AIRCRAFT.] Aircraft registered with the Federal Aviation Administration as restricted category aircraft used for agricultural purposes must be listed for taxation and registration upon filing by the owner a sworn affidavit with the commissioner. The affidavit must state:

(1) the name and address of the owner;

(2) the name and address of the person from whom purchased;

(3) the aircraft's make, year, model number, federal registration number, and manufacturer's identification number; and

(4) that the aircraft is owned and operated solely for agricultural operations and purposes.

The owner shall file the affidavit and pay an annual fee established under sections 360.511 to 360.67, which must not exceed $500. Should the aircraft be operated other than for agricultural purposes, the owner shall list the aircraft for taxation and registration under sections 360.511 to 360.67. If the aircraft is sold, the new owner shall list the aircraft for taxation and registration under this subdivision or under sections 360.511 to 360.67, as applicable.

Sec. 24. Minnesota Statutes 1998, section 414.11, is amended to read:

414.11 [MUNICIPAL BOARD SUNSET.]

The municipal board shall terminate on ~~December 31~~ June 1, 1999, and all of its authority and duties under this chapter shall be transferred to the office of strategic and long-range planning according to section 15.039, and any money remaining available on that date of the amount appropriated to the municipal board for fiscal year 2000 is transferred and appropriated to the director of the office of strategic and long-range planning to be used for the purposes of this chapter.

Sec. 25. [414.12] [DIRECTOR'S POWERS.]

Notwithstanding anything to the contrary in sections 414.01 to 414.11, the director of the office of strategic and long-range planning, upon consultation with affected parties and considering the procedures and principles established in sections 414.01 to 414.11, and Laws 1997, chapter 202, article 4, sections 1 to 13, may require alternative dispute resolution processes, including those provided in chapter 14, in the execution of the office's duties under this chapter.

Sec. 26. Minnesota Statutes 1998, section 469.169, subdivision 12, is amended to read:

Subd. 12. [ADDITIONAL ZONE ALLOCATIONS.] (a) In addition to tax reductions authorized in subdivisions 7, 8, 9, 10, and 11, the commissioner shall allocate tax reductions to border city enterprise zones located on the western border of the state. The cumulative total amount of tax reductions for all years of the program under sections 469.1731 to 469.1735, is limited to:

(1) for the city of Breckenridge, $394,000;

(2) for the city of Dilworth, $118,200;

(3) for the city of East Grand Forks, $788,000;

(4) for the city of Moorhead, $591,000; and

(5) for the city of Ortonville, $78,800.

Allocations made under this subdivision may be used for tax reductions provided in section 469.1732 or 469.1734 or for reimbursements under section 469.1735, subdivision 3, but only if the municipality determines that the granting of the tax reduction or offset is necessary to enable a business to expand within a city or to attract a business to a city. Limitations on allocations under subdivision 7 do not apply to this allocation.

(b) The limit in the allocation in paragraph (a) for a municipality may be waived by the commissioner if the commissioner of revenue finds that the municipality must provide an incentive under section 469.1732 or 469.1734 that, by itself or when aggregated with all other tax reductions granted by the municipality under those provisions, exceeds the municipality's maximum allocation under paragraph (a), in order to obtain or retain a business in the city that would not occur in the municipality without the incentive. The limit may be waived only if the commissioner finds that the business for which the tax incentives are to be provided:

(1) requires a private capital investment of at least $1,000,000 within the city;

(2) employs at least 25 new or additional full-time equivalent employees within the city; and

(3) pays its employees at the location in the city wages that, on the average, will exceed the average wage paid in the county in which the municipality is located.

Sec. 27. Minnesota Statutes 1998, section 469.169, is amended by adding a subdivision to read:

Subd. 14. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7 to 12, the commissioner may allocate $1,500,000 for tax reductions to border city enterprise zones in cities located on the western border of the state. The commissioner shall make allocations to zones in cities on the western border on a per capita basis. Allocations made under this subdivision may be used for tax reductions as provided in section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under subdivision 7, do not apply to this allocation.

Sec. 28. Minnesota Statutes 1998, section 469.1735, is amended by adding a subdivision to read:

Subd. 4. [APPROPRIATION; WAIVERS.] An amount sufficient to fund any tax reductions under a waiver made by the commissioner under section 469.169, subdivision 12, paragraph (b), is appropriated to the commissioner of revenue from the general fund. This appropriation may not be deducted from the dollar limits under this section or section 469.169 or 469.1734.

Sec. 29. Laws 1997, Second Special Session chapter 2, section 6, is amended to read:

Sec. 6. TRADE AND ECONOMIC DEVELOPMENT 8,200,000

Notwithstanding the requirement in Minnesota Statutes, section 469.169, subdivision 11, as added by Laws 1997, chapter 231, article 16, section 20, to base allocations to zones in cities on the state's western border on a per capita basis, $1,200,000 is a one-time appropriation from the general fund to the commissioner of trade and economic development for border city enterprise competitiveness grants under Minnesota Statutes, sections 469.166 to 469.173. Funds shall be allocated to communities with significant business losses that are at risk of losing business tax base due to noncompetitiveness with North Dakota and South Dakota and shall be available to communities for locally administered measures to retain their job base. Allocations made under this paragraph may be used for tax reductions as provided in Minnesota Statutes, section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under Minnesota Statutes, section 469.169, subdivision 7, do not apply to this appropriation. Enterprise zones that receive allocations under this paragraph may continue in effect for purposes of those allocations through ~~December 31, 1998~~ June 30, 1999.

$6,000,000 is a one-time appropriation from the general fund to the Minnesota investment fund for grants to local units of government for locally administered operating loan programs for businesses directly and adversely affected by the floods. Loan criteria and requirements shall be locally established with approval by the department. For the purposes of this appropriation, Minnesota Statutes, sections 116J.8731, subdivisions 3, 4, 5, and 7, and 116J.991, are waived. Businesses that receive grants or loans from this appropriation shall set goals for jobs retained and wages paid within the area designated under Presidential Declaration of Major Disaster, DR-1175.

$1,000,000 is a one-time appropriation from the petroleum tank release cleanup fund to the commissioner of trade and economic development. Notwithstanding Minnesota Statutes, section 115C.08, subdivision 4, as amended by Laws 1997, chapter 200, article 2, section 4, these funds are to be used for grants to buy out property substantially damaged by a petroleum tank release.

Sec. 30. Laws 1999, chapter 112, section 1, subdivision 1, is amended to read:

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

(b) "Acre" means an acre of effective agricultural use land within the state of Minnesota as reported to the farm service agency on form 156EZ for the purposes of this subdivision and subdivisions 2 and 9.

(c) "Commissioner" means the commissioner of revenue.

(d) "Effective agricultural use land" means the land suitable for growing an agricultural crop and excludes land enrolled in the conservation reserve program established by Minnesota Statutes, section 103F.515, or the water bank program established by Minnesota Statutes, section 103F.601.

(e) "Farm" or "farm operation" means an agricultural production operation with a unique farm number as reported on form 156EZ to the farm service agency, which includes at least 40 acres of effective agricultural use land. "Farm" also includes an agricultural production operation, which contains less than 40 acres of effective agriculture use if the farm operator operates another farm qualifying under this paragraph.

(f) "Farm operator" means a person who is identified as the operator of a farm on form 156EZ filed with the farm service agency.

(g) "Farm service agency" means the United States Farm Service Agency.

(h) "Farmer" or "farmer at risk" means a person who produces an agricultural crop or livestock and is reported to the farm service agency as bearing a percentage of the risk for the farm operation.

(i) "Livestock" means cattle, hogs, poultry, and sheep.

(j) "Livestock production facility" means a farm that has produced at least $10,000 in sales of unprocessed livestock or unprocessed dairy products as reported on schedule F or form 1065 or form 1120 or 1120S of the farmer's federal income tax return for either taxable years beginning in calendar year 1997 or 1998.

(k) "Person" includes individuals, fiduciaries, estates, trusts, partnerships, joint ventures, and corporations.

Sec. 31. Laws 1999, chapter 112, section 1, subdivision 3, is amended to read:

Subd. 3. [LIVESTOCK PRODUCERS.] A ~~farmer~~ person who owns or resides on property homesteaded under section 273.124, subdivision 1, paragraph (c), and operates a livestock production facility on 160 acres or less may elect the agricultural property tax refund under subdivisions 4 to 8 in lieu of the per acre payment under subdivision 2. To qualify, the ~~farmer~~ person must apply for the refund as provided in subdivisions 4 to 8. The 40 acre minimum farm size under subdivision 1 does not apply to eligibility under subdivisions 4 to 8.

Sec. 32. Laws 1999, chapter 112, section 1, subdivision 4, is amended to read:

Subd. 4. [REFUND.] The refund equals the full amount of the property tax payment due and payable on May 15, 1999, on a livestock production facility that is class 1b agricultural homestead property or class 2a agricultural homestead property as defined in Minnesota Statutes, section 273.13, excluding that portion of the tax attributable to the house, garage, and surrounding acre of land. If a portion of the property was leased for the agricultural production year, the refund amount shall be ~~prorated so that only the portion of the property which was not leased for the agricultural production year qualifies for the refund~~ reduced by $4 for each acre that was leased for the agricultural production year.

Sec. 33. Laws 1999, chapter 112, section 1, subdivision 9, is amended to read:

Subd. 9. [ALTERNATE QUALIFICATION.] (a) If an agricultural production operation does not meet the definition of a farm under subdivision 1 solely because (1) the farm operator had not filed a form 156EZ with the farm service agency, (2) there was an error in the farm service agency's records, or (3) an operator operates more than one farm and the acres of effective agricultural use land of ~~each~~ a farm is less than 40 acres, but the combined acres of effective agricultural use land of all land operated by that operator is at least 40 acres, the commissioner may allow the farm operator to apply for payment under subdivision 2 after providing such information as the commissioner may require to determine the number of acres that would be comparable to the effective agricultural use land listed on form 156EZ.

(b) If the number of acres of effective agricultural use land for crop year 1998 for a farm is greater than indicated in the farm service agency's records, the commissioner may allow a farm operator to apply for payment on the greater acreage after providing such information as the commissioner may require.

(c) If a person who produced an agricultural crop or livestock in 1998 and bore a portion of the risk for the farm operation does not meet the definition of a farmer under subdivision 1 solely because that information was not reported to the farm service agency, or because there was an error in the farm service agency's records, the commissioner may allow the farmer to be included on an application for payment under subdivision 2 after the farmer provides such information as the commissioner may require to determine the farmer was at risk for that farm.

Sec. 34. [COST ESTIMATES.]

Any waiver granted under Minnesota Statutes, section 469.169, subdivision 12, paragraph (b), must be reported within 60 days to the commissioner of finance and the chairs of the house and senate tax committees.

Sec. 35. [CITY OF RICHFIELD; AIRPORT IMPACT ZONE; FINANCING.]

Subdivision 1. [DESIGNATION OF AIRPORT IMPACT ZONE.] There is established within the city of Richfield an airport impact zone consisting of the real property described as follows: commencing at the intersection of the north city limits with the w'ly ROW line of trunk highway 77, thence south along the w'ly ROW line of trunk highway 77 to the n'ly ROW line of interstate highway 494, thence west along the n'ly ROW line of interstate highway 494 to the center line of Bloomington Avenue, thence north on the center line of Bloomington Avenue to the n'ly ROW line of East 77th Street to a point 133.2 feet east of the e'ly ROW line of Bloomington Avenue, thence north on a line parallel with and 133.2 feet east of the e'ly ROW line of Bloomington Avenue to the north city limits, thence east along the north city limits to the point of beginning.

Subd. 2. [AIRPORT IMPACTS DEFINED.] The legislature finds that:

(1) the area included within the airport impact zone defined under this section will experience significant and unique adverse environmental and socioeconomic impacts directly associated with the operation of the Minneapolis-St. Paul International Airport;

(2) whether funded directly by the metropolitan airports commission or by other means, expenditures for mitigation of those airport-created impacts involve an aspect of the airport's capital and operating expenses and will be made for airport purposes;

(3) appropriate measures to mitigate those adverse impacts include but are not limited to housing replacement activities; and

(4) the state legislature has authorized the expansion of the Minneapolis-St. Paul International Airport in order to accommodate the future economic growth of the state. The environmental quality board has adopted findings that identify the need to make land uses in the area identified in subdivision 1 compatible with airport uses.

Subd. 3. [METROPOLITAN AIRPORTS COMMISSION BONDS; SECURITY.] The metropolitan airports commission shall issue and sell its obligations in an aggregate principal amount not to exceed $30,000,000, after deducting costs of issuance, discount, and capitalized interest. The metropolitan airports commission shall, not later than January 30, 2000, transfer $30,000,000 to the city of Richfield to be used to finance the costs of land and structure acquisition, demolition, relocation and site clearance, and public improvements within the airport impact tax zone established under subdivision 1, including, without limitation, the following housing replacement activities anywhere within the city: rehabilitation, acquisition, demolition, relocation assistance, and relocation of existing single-family or multifamily housing, and financing of new or existing single-family or multifamily housing that replaces housing units eliminated by redevelopment within the airport impact zone.

Subd. 4. [TERMS.] The obligations must be secured by the revenues and pledges from the metropolitan airports commission in accordance with subdivision 5, and must be issued in accordance with chapter 475, provided that no election is required, net debt limits do not apply, and the obligations must mature no later than 35 years from the date of issue of the original obligations. The metropolitan airports commission may issue obligations to refund any obligations issued under this section, the principal amount of which shall not be included in computing the limits on amount of obligations issuable by the commission under this section.

Subd. 5. [SECURITY; METROPOLITAN AIRPORTS COMMISSION PAYMENTS.] (a) Notwithstanding anything to the contrary in Minnesota Statutes, sections 473.601 to 473.679, on or before the due date of each principal and interest payment on obligations issued under this section, the treasurer of the metropolitan airports commission shall remit from any available funds to the trustee or paying agent for the obligations an amount sufficient for the payment, without further order from the commission. The metropolitan airports commission shall be obligated to the holders of obligations issued under this section, to establish, revise from time to time, and collect landing fees according to schedules such as to produce revenues, together with other revenues not restricted by law or regulation available to the metropolitan airport commission, at all times sufficient to pay 105 percent of principal and interest on all obligations issued under this section.

(b) Notwithstanding anything to the contrary in Minnesota Statutes, sections 473.601 to 473.679, any obligations issued under this section shall be further secured by the pledge of the full faith and credit of the metropolitan airports commission, which shall be obligated to levy upon all taxable property within the metropolitan area a tax at the times and in the amounts, if any, as may be required to provide funds sufficient to pay all the obligations and interest thereon in the event revenues pledged under paragraph (a), are insufficient for that purpose. This tax, if ever required to be levied, shall not be subject to any limitation of rate or amount.

(c) The pledges described in this section shall be made by resolution of the metropolitan airports commission. The security afforded by this section extends equally and ratably to all bonds issued under this section and all bonds issued by the metropolitan airports commission secured by similar pledges.

Subd. 6. [OBLIGATION DEFINED.] In subdivisions 1 to 5, "obligation" has the meaning given in Minnesota Statutes, section 475.51, subdivision 3. The term includes obligations issued to refund prior obligations issued under this section.

Subd. 7. [COMPLIANCE WITH FEDERAL LAW; NO ADDITIONAL COMMITMENTS.] (a) Nothing in this section shall require the metropolitan airports commission to violate federal law or regulation, including the Federal Aviation Administration revenue diversion policy.

(b) If this section violates federal law or regulations, including the Federal Aviation Administration revenue diversion policy, the requirements imposed upon the metropolitan airports commission under this section are terminated and shall not become commitments of the state.

Subd. 8. [RELATIONSHIP TO REQUIREMENTS UNDER AGREEMENT.] The requirements imposed upon the metropolitan airports commission under this section are in addition to any requirements imposed upon the commission under the Richfield-metropolitan airports commission noise mitigation agreement dated December 18, 1998.

Sec. 36. [EXTENSIONS FOR OPERATION ALLIED FORCE SERVICE MEMBERS.]

The limitations of time provided by Minnesota Statutes, chapter 289A relating to administration of taxes, chapter 290 relating to income taxes, chapter 271 relating to the tax court for filing returns, paying taxes, claiming refunds, commencing action thereon, appealing to the tax court from orders relating to income taxes, and the filing of petitions under chapter 278, and appealing to the Supreme Court from decisions of the tax court relating to income taxes are extended, as provided in the special rule for section 7508 of the Internal Revenue Code in section 1, paragraph (c), of Public Law Number 106-21.

Sec. 37. [TRANSFER.]

The commissioner of finance shall transfer $2,000,000 from the conservation fund under Minnesota Statutes, section 40A.151, to the general fund on July 1, 1999.

Sec. 38. [APPROPRIATION.]

$143,000 is appropriated to the commissioner of revenue from the general fund for the cost of administering this act. This appropriation is for fiscal year 2000 and any unspent amount may be carried over to fiscal year 2001. This is a one-time appropriation and not part of the budget base for the department.

Sec. 39. [REPEALER.]

Minnesota Statutes 1998, sections 297E.12, subdivision 3; 297F.19, subdivision 4; and 297G.18, subdivision 4, are repealed.

Sec. 40. [EFFECTIVE DATES.]

Sections 4, 21, 22, 25, and 29 to 34 are effective the day following final enactment.

Section 5 is effective for checks received on or after the day following final enactment.

Section 6 is effective the day following final enactment, and applies to offers-in-compromise submitted after June 30, 1999.

Sections 7 and 19 are effective for payments due on or after the day following final enactment.

Sections 8, 9, and 10 are effective for claims for setoff submitted to the commissioner of revenue by claimant agencies after June 30, 1999.

Sections 11 to 13 are effective for documents executed, recorded, or registered after June 30, 1999.

Section 14, paragraph (a), is effective at the same time that section 6015(b) of the Internal Revenue Code is effective for federal tax purposes. Section 14, paragraph (b), is effective for claims for innocent spouse relief, requests for allocation of joint income tax liability, and taxes filed or paid on or after the day following final enactment.

Section 15 is effective for orders issued on or after the day following final enactment.

Section 16 is effective for disabilities existing on or after the date of enactment for which claims for refund have not expired under the time limit in Minnesota Statutes, section 289A.40, subdivision 1. Claims based upon reasonable cause must be filed prior to the expiration of the repealed ten-year period or within one year after the date of enactment, whichever is earlier.

Section 18 is effective for refund claims filed on or after the day following final enactment.

Section 20 is effective for tax years ending on or after the day following final enactment.

Section 23 is effective for aircraft registered after June 30, 1999.

Section 24 is effective June 1, 1999.

Section 36 is effective at the same time section 1, paragraph (c), of Public Law Number 106-21 becomes effective."

Delete the title and insert:

"A bill for an act relating to financing state and local government; providing a sales tax rebate; reducing individual income tax rates; making changes to income, sales and use, property, excise, mortgage registry and deed, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, aircraft registration, lawful gambling, taconite production, solid waste, estate, and special taxes; conforming with changes in federal income tax provisions; authorizing certain cities to impose sales taxes and issue bonds; establishing an agricultural homestead credit; changing and allowing tax credits, subtractions, and exemptions; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, review, appeal, abatement, and distribution provisions; extending levy limits and changing levy authority; authorizing property tax abatements; reducing the rate of health care provider taxes; reducing tax rates on lawful gambling; changing tax increment financing law and providing special authority for certain cities; authorizing water and sanitary sewer districts; providing for the funding of courts in certain judicial districts; changing tax forfeiture and delinquency provisions; changing and clarifying tax administration, collection, enforcement, and penalty provisions; freezing the taconite production tax and providing for its distribution; regulating state and local business subsidies; authorizing issuance of certain local obligations; requiring the metropolitan airports commission to provide funding for airport noise mitigation projects; modifying payment of certain aids to local units of government; providing for funding for border cities; changing fiscal note requirements; providing for deposit of tobacco settlement funds; requiring tax rebates when there is a budget surplus; requiring a study; authorizing requirements to use alternative dispute resolution processes in annexation and similar proceedings; transferring funds; appropriating money; amending Minnesota Statutes 1998, sections 3.986, subdivision 2; 3.987, subdivision 1; 16D.09; 60A.19, subdivision 6; 92.51; 97A.065, subdivision 2; 204B.135, by adding a subdivision; 270.07, subdivision 1; 270.65; 270.67, by adding a subdivision; 270.78; 270A.03, subdivision 2; 270A.07, subdivision 2; 270A.08, subdivision 2; 271.01, subdivision 5; 271.21, subdivision 2; 272.02, subdivision 1; 272.027; 272.03, subdivision 6; 273.11, subdivisions 1a and 16; 273.111, by adding a subdivision; 273.124, subdivisions 1, 7, 8, 13, 14, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.1382; 273.1398, subdivisions 1a, 2, 8, and by adding a subdivision; 273.1399, subdivision 6; 273.20; 274.01, subdivision 1; 275.70, subdivision 5; 275.71, subdivisions 2, 3, and 4; 276.131; 279.37, subdivisions 1, 1a, and 2; 281.23, subdivisions 2, 4, and 6; 282.01, subdivisions 1, 4, and 7; 282.04, subdivision 2; 282.05; 282.08; 282.09; 282.241; 282.261, subdivision 4, and by adding a subdivision; 283.10; 287.01, subdivision 3, as amended; 287.05, subdivisions 1, as amended, and 1a, as amended; 289A.02, subdivision 7; 289A.18, subdivision 4; 289A.20, subdivision 4; 289A.31, subdivision 2; 289A.40, subdivisions 1 and 1a; 289A.50, subdivision 7, and by adding a subdivision; 289A.55, subdivision 9; 289A.56, subdivision 4; 289A.60, subdivisions 3 and 21; 290.01, subdivisions 7, 19, 19a, 19b, 19f, 19g, 31, and by adding a subdivision; 290.06, subdivisions 2c, 2d, and by adding subdivisions; 290.0671, subdivision 1; 290.0674, subdivisions 1 and 2; 290.091, subdivisions 1, 2, and 6; 290.0921, subdivision 5; 290.095, subdivision 3; 290.17, subdivisions 3, 4, and 6; 290.191, subdivisions 2 and 3; 290.9725; 290.9726, by adding a subdivision; 290A.03, subdivisions 3, 6, and 15; 290B.03, subdivision 1; 290B.04, subdivisions 2, 3, and 4; 290B.05, subdivision 1; 291.005, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 7; 295.53, subdivision 1; 295.55, subdivisions 2 and 3; 295.57, by adding a subdivision; 296A.16, by adding subdivisions; 297A.15, subdivision 5; 297A.25, subdivisions 9, 63, 73, and by adding subdivisions; 297A.48, by adding subdivisions; 297E.01, by adding a subdivision; 297E.02, subdivisions 1, 3, 4, and 6; 297F.01, subdivision 23; 297F.17, subdivision 6; 297H.05; 297H.06, subdivision 2; 298.22, subdivision 7; 298.24, subdivision 1; 298.28, subdivisions 9a and 9b; 298.296, subdivision 4; 299D.03, subdivision 5; 357.021, subdivision 1a; 360.55, by adding a subdivision; 373.40, subdivision 1; 375.18, subdivision 12; 375.192, subdivision 2; 383C.482, subdivision 1; 414.11; 462A.071, subdivision 2; 465.82, by adding a subdivision; 469.002, subdivision 10; 469.012, subdivision 1; 469.169, subdivision 12, and by adding a subdivision; 469.1735, by adding a subdivision; 469.176, subdivision 4g; 469.1763, by adding a subdivision; 469.1771, subdivision 1, and by adding a subdivision; 469.1791, subdivision 3; 469.1813, subdivisions 1, 2, 3, 6, and by adding subdivisions; 469.1815, subdivision 2; 473.252, subdivision 2; 475.52, subdivisions 1, 3, and 4; 477A.011, subdivision 36; 477A.03, subdivision 2; 477A.06, subdivision 1; 485.018, subdivision 5; 487.02, subdivision 2; 487.32, subdivision 3; 487.33, subdivision 5; and 574.34, subdivision 1; Laws 1997, chapter 231, article 1, section 19, subdivisions 1 and 3; article 2, section 68, subdivision 3, as amended; article 3, section 9; Laws 1997, First Special Session chapter 3, section 27; Laws 1997, Second Special Session chapter 2, section 6; Laws 1998, chapter 389, article 8, section 44, subdivisions 5, 6, and 7, as amended; Laws 1998, chapter 645, section 3; and Laws 1999, chapter 112, section 1, subdivisions 1, 3, 4, and 9; proposing coding for new law in Minnesota Statutes, chapters 16A; 116J; 275; 290;

383D; 414; and 469; repealing Minnesota Statutes 1998, sections 92.22; 116J.991; 273.11, subdivision 10; 280.27; 281.13; 281.38; 284.01; 284.02; 284.03; 284.04; 284.05; 284.06; 297E.12, subdivision 3; 297F.19, subdivision 4; 297G.18, subdivision 4; 473.252, subdivisions 4 and 5; and 477A.05; Laws 1997, chapter 231, article 1, section 19, subdivision 2; and Laws 1998, chapter 389, article 3, section 45."

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

House Conferees: RON ABRAMS, DAN MCELROY, WILLIAM KUISLE, HENRY TODD VAN DELLEN AND ANN H. REST.

Senate Conferees: DOUGLAS J. JOHNSON, JIM VICKERMAN, STEVE L. MURPHY, JOHN C. HOTTINGER AND WILLIAM V. BELANGER, JR.

Abrams moved that the report of the Conference Committee on H. F. No. 2420 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2420, as amended by Conference, was read for the third time.

LAY ON THE TABLE

Abrams moved that H. F. No. 2420, as amended by Conference, be laid on the table.

A roll call was requested and properly seconded.

The question was taken on the Abrams motion and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 71 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Harder	McElroy	Rhodes	Tingelstad
Abrams	Dorman	Holberg	Molnau	Rifenberg	Tuma
Anderson, B.	Erhardt	Holsten	Mulder	Rostberg	Van Dellen
Bishop	Erickson	Howes	Ness	Seagren	Vandeveer
Boudreau	Finseth	Kielkucki	Nornes	Seifert, J.	Westerberg
Bradley	Fuller	Knoblach	Olson	Seifert, M.	Westfall
Broecker	Gerlach	Krinkie	Osskopp	Smith	Westrom
Cassell	Goodno	Kuisle	Ozment	Stanek	Wilkin
Clark, J.	Gunther	Larsen, P.	Paulsen	Stang	Wolf
Daggett	Haake	Leppik	Pawlenty	Storm	Workman
Davids	Haas	Lindner	Pelowski	Swenson	Spk. Sviggum
Dehler	Hackbarth	Mares	Reuter	Sykora	

Those who voted in the negative were:

Anderson, I.	Carlson	Dawkins	Folliard	Greenfield	Hausman
Bakk	Carruthers	Dorn	Gleason	Greiling	Hilty
Biernat	Chaudhary	Entenza	Gray	Hasskamp	Huntley

Jaros	Kubly	Marko	Orfield	Schumacher	Wejcman
Jennings	Larson, D.	McCollum	Osthoff	Skoe	Wenzel
Johnson	Leighton	McGuire	Otremba	Skoglund	Winter
Juhnke	Lenczewski	Milbert	Paymar	Solberg	
Kahn	Lieder	Mullery	Peterson	Tomassoni	
Kalis	Luther	Munger	Pugh	Trimble	
Kelliher	Mahoney	Murphy	Rest	Tunheim	
Koskinen	Mariani	Opatz	Rukavina	Wagenius	

The motion prevailed and H. F. No. 2420, as amended by Conference, was laid on the table.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2205, A bill for an act relating to public administration; authorizing spending for public purposes; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature; authorizing certain improvements and transfers between accounts; providing a procedure for political subdivisions' request for capital assistance; making technical corrections; amending earlier authorizations; reauthorizing a project; authorizing bonds; providing for certain public pension associations' facilities; providing for storage and retention of certain documents; authorizing certain easements; providing for certain port authority leases or management contracts; requesting an investigation and report; authorizing a certain college project; appropriating money with certain conditions and directions; amending Minnesota Statutes 1998, sections 16A.69, subdivision 2; 16B.30; 136F.36, by adding a subdivision; 136F.60, by adding a subdivision; 353.03, subdivision 4; 354.06, subdivision 7; and 457A.04, by adding a subdivision; Laws 1998, chapter 404, sections 3, subdivision 17; 5, subdivision 4; 7, subdivisions 23 and 26; 13, subdivision 12; and 27, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 16A; and 356.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2387, A bill for an act relating to transportation; appropriating money for the department of transportation and other agencies; providing for a maximum percentage of the motorcycle safety fund that may be spent for certain activities; authorizing suspension of a vehicle's registration in certain circumstances; requiring a detachable postcard to be provided in a vehicle's certificate of title and completed on transfer of the vehicle; modifying provisions relating to disability parking privileges; abolishing certain credit for vehicle registration fee;

specifically authorizing cities to enact ordinances regulating long-term parking; requiring the department of public safety to provide photo identification equipment to certain driver's license agents; reducing cost of Minnesota identification card for persons with serious and persistent mental illness; authorizing siting of public safety radio communications towers; directing commissioner of transportation to establish a southern railway corridor improvement plan; clarifying snowmobile gas tax provision; regulating advertising in department of public safety publications; modifying provisions relating to special number plates for collector aircraft; amending Minnesota Statutes 1998, sections 121A.36, subdivision 3; 168.021, subdivision 2; 168.17; 168.301, subdivisions 3 and 4; 168A.05, subdivision 5; 168A.10, subdivisions 1, 2, and 5; 168A.30, subdivision 2; 169.345, subdivisions 1, 2, 3, and 4; 169.346, subdivision 3, and by adding a subdivision; 171.061, subdivision 4; 171.07, subdivision 3; 174.70; 296A.18, subdivision 3; 299A.01, by adding a subdivision; and 360.55, subdivision 4; Laws 1997, chapter 159, article 1, sections 2, subdivision 7; and 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 174; and 219.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1219.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1219

A bill for an act relating to health; establishing a uniform complaint resolution process for health plan companies; establishing an external review process; amending Minnesota Statutes 1998, sections 62D.11, subdivision 1; 62M.01; 62M.02, subdivisions 3, 4, 5, 6, 7, 9, 10, 11, 12, 17, 20, 21, and by adding a subdivision; 62M.03, subdivisions 1 and 3; 62M.04, subdivisions 1, 2, 3, and 4; 62M.05; 62M.06; 62M.07; 62M.09, subdivision 3; 62M.10, subdivisions 2, 5, and 7; 62M.12; 62M.15; 62Q.106; 62Q.19, subdivision 5a; 62T.04; 72A.201, subdivision 4a; and 256B.692, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 62D; and 62Q; repealing Minnesota Statutes 1998, sections 62D.11, subdivisions 1b and 2; 62Q.105; and 62Q.30; Minnesota Rules, parts 4685.0100, subparts 4 and 4a; 4685.1010, subpart 3; and 4685.1700.

May 17, 1999

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1219, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 1219 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 62D.11, subdivision 1, is amended to read:

Subdivision 1. [ENROLLEE COMPLAINT SYSTEM.] Every health maintenance organization shall establish and maintain a complaint system, as required under ~~section 62Q.105~~ sections 62Q.68 to 62Q.72 to provide reasonable procedures for the resolution of written complaints initiated by or on behalf of enrollees concerning the provision of health care services. ~~"Provision of health services" includes, but is not limited to, questions of the scope of coverage, quality of care, and administrative operations. The health maintenance organization must inform enrollees that they may choose to use arbitration to appeal a health maintenance organization's internal appeal decision. The health maintenance organization must also inform enrollees that they have the right to use arbitration to appeal a health maintenance organization's internal appeal decision not to certify an admission, procedure, service, or extension of stay under section 62M.06. If an enrollee chooses to use arbitration, the health maintenance organization must participate.~~

Sec. 2. [62D.124] [GEOGRAPHIC ACCESSIBILITY.]

Subdivision 1. [PRIMARY CARE; MENTAL HEALTH SERVICES; GENERAL HOSPITAL SERVICES.] Within the health maintenance organization's service area, the maximum travel distance or time shall be the lesser of 30 miles or 30 minutes to the nearest provider of each of the following services: primary care services, mental health services, and general hospital services. The health maintenance organization must designate which method is used.

Subd. 2. [OTHER HEALTH SERVICES.] Within a health maintenance organization's service area, the maximum travel distance or time shall be the lesser of 60 miles or 60 minutes to the nearest provider of specialty physician services, ancillary services, specialized hospital services, and all other health services not listed in subdivision 1. The health maintenance organization must designate which method is used.

Subd. 3. [EXCEPTION.] The commissioner shall grant an exception to the requirements of this section according to Minnesota Rules, part 4685.1010, subpart 4, if the health maintenance organization can demonstrate with specific data that the requirement of subdivision 1 or 2 is not feasible in a particular service area or part of a service area.

Subd. 4. [APPLICATION.] (a) Subdivisions 1 and 2 do not apply if an enrollee is referred to a referral center for health care services.

(b) Subdivision 1 does not apply:

(1) if an enrollee has chosen a health plan with full knowledge that the health plan has no participating providers within 30 miles or 30 minutes of the enrollee's place of residence; or

(2) to service areas approved before May 24, 1993.

Sec. 3. Minnesota Statutes 1998, section 62M.01, is amended to read:

62M.01 [CITATION, JURISDICTION, AND SCOPE.]

Subdivision 1. [POPULAR NAME.] Sections 62M.01 to 62M.16 may be cited as the "Minnesota Utilization Review Act of 1992."

Subd. 2. [JURISDICTION.] Sections 62M.01 to 62M.16 apply to any insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan

operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, that provides utilization review services for the administration of benefits under a health benefit plan as defined in section 62M.02; or any entity performing utilization review on behalf of a business entity in this state pursuant to a health benefit plan covering a Minnesota resident.

Subd. 3. [SCOPE.] ~~Sections 62M.02, 62M.07, and 62M.09, subdivision 4, apply to prior authorization of services.~~ Nothing in sections 62M.01 to 62M.16 applies to review of claims after submission to determine eligibility for benefits under a health benefit plan. The appeal procedure described in section 62M.06 applies to any complaint as defined under section 62Q.68, subdivision 2, that requires a medical determination in its resolution.

Sec. 4. Minnesota Statutes 1998, section 62M.02, subdivision 3, is amended to read:

Subd. 3. [ATTENDING DENTIST.] "Attending dentist" means the dentist with primary responsibility for the dental care provided to ~~a patient~~ an enrollee.

Sec. 5. Minnesota Statutes 1998, section 62M.02, subdivision 4, is amended to read:

Subd. 4. [ATTENDING ~~PHYSICIAN~~ HEALTH CARE PROFESSIONAL.] "Attending ~~physician~~ health care professional" means the ~~physician~~ health care professional providing care within the scope of their practice and with primary responsibility for the care provided to ~~a patient in a hospital or other health care facility~~ an enrollee. Attending health care professional shall include only physicians; chiropractors; dentists; mental health professionals as defined in section 245.462, subdivision 18, or section 245.4871, subdivision 27; podiatrists; and advanced practice nurses.

Sec. 6. Minnesota Statutes 1998, section 62M.02, subdivision 5, is amended to read:

Subd. 5. [CERTIFICATION.] "Certification" means a determination by a utilization review organization that an admission, extension of stay, or other health care service has been reviewed and that it, based on the information provided, meets the utilization review requirements of the applicable health plan and the health ~~carrier~~ plan company will then pay for the covered benefit, provided the preexisting limitation provisions, the general exclusion provisions, and any deductible, copayment, coinsurance, or other policy requirements have been met.

Sec. 7. Minnesota Statutes 1998, section 62M.02, subdivision 6, is amended to read:

Subd. 6. [CLAIMS ADMINISTRATOR.] "Claims administrator" means an entity that reviews and determines whether to pay claims to enrollees~~, physicians, hospitals, or others~~ or providers based on the contract provisions of the health plan contract. Claims administrators may include insurance companies licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended.

Sec. 8. Minnesota Statutes 1998, section 62M.02, subdivision 7, is amended to read:

Subd. 7. [CLAIMANT.] "Claimant" means the enrollee ~~or covered person~~ who files a claim for benefits or a provider of services who, pursuant to a contract with a claims administrator, files a claim on behalf of an enrollee or covered person.

Sec. 9. Minnesota Statutes 1998, section 62M.02, subdivision 9, is amended to read:

Subd. 9. [CONCURRENT REVIEW.] "Concurrent review" means utilization review conducted during ~~a patient's~~ an enrollee's hospital stay or course of treatment and has the same meaning as continued stay review.

Sec. 10. Minnesota Statutes 1998, section 62M.02, subdivision 10, is amended to read:

Subd. 10. [DISCHARGE PLANNING.] "Discharge planning" means the process that assesses ~~a patient's~~ an enrollee's need for treatment after hospitalization in order to help arrange for the necessary services and resources to effect an appropriate and timely discharge.

Sec. 11. Minnesota Statutes 1998, section 62M.02, subdivision 11, is amended to read:

Subd. 11. [ENROLLEE.] "Enrollee" means an individual ~~who has elected to contract for, or participate in, a health benefit plan for enrollee coverage or for dependent coverage~~ covered by a health benefit plan and includes an insured policyholder, subscriber, contract holder, member, covered person, or certificate holder.

Sec. 12. Minnesota Statutes 1998, section 62M.02, subdivision 12, is amended to read:

Subd. 12. [HEALTH BENEFIT PLAN.] "Health benefit plan" means a policy, contract, or certificate issued by a health ~~carrier to an employer or individual~~ plan company for the coverage of medical, dental, or hospital benefits. A health benefit plan does not include coverage that is:

(1) limited to disability or income protection coverage;

(2) automobile medical payment coverage;

(3) supplemental to liability insurance;

(4) designed solely to provide payments on a per diem, fixed indemnity, or nonexpense incurred basis;

(5) credit accident and health insurance issued under chapter 62B;

(6) blanket accident and sickness insurance as defined in section 62A.11;

(7) accident only coverage issued by a licensed and tested insurance agent; or

(8) workers' compensation.

Sec. 13. Minnesota Statutes 1998, section 62M.02, is amended by adding a subdivision to read:

Subd. 12a. [HEALTH PLAN COMPANY.] "Health plan company" means a health plan company as defined in section 62Q.01, subdivision 4, and includes an accountable provider network operating under chapter 62T.

Sec. 14. Minnesota Statutes 1998, section 62M.02, subdivision 17, is amended to read:

Subd. 17. [PROVIDER.] "Provider" means a licensed health care facility, physician, or other health care professional that delivers health care services to an enrollee ~~or covered person~~.

Sec. 15. Minnesota Statutes 1998, section 62M.02, subdivision 20, is amended to read:

Subd. 20. [UTILIZATION REVIEW.] "Utilization review" means the evaluation of the necessity, appropriateness, and efficacy of the use of health care services, procedures, and facilities, by a person or entity other than the attending ~~physician~~ health care professional, for the purpose of determining the medical necessity of the service or

admission. Utilization review also includes review conducted after the admission of the enrollee. It includes situations where the enrollee is unconscious or otherwise unable to provide advance notification. Utilization review does not include ~~the imposition of a requirement that services be received by or upon referral from a participating provider~~ a referral or participation in a referral process by a participating provider unless the provider is acting as a utilization review organization.

Sec. 16. Minnesota Statutes 1998, section 62M.02, subdivision 21, is amended to read:

Subd. 21. [UTILIZATION REVIEW ORGANIZATION.] "Utilization review organization" means an entity including but not limited to an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, which conducts utilization review and determines certification of an admission, extension of stay, or other health care services for a Minnesota resident; or any entity performing utilization review that is affiliated with, under contract with, or conducting utilization review on behalf of, a business entity in this state.

Sec. 17. Minnesota Statutes 1998, section 62M.03, subdivision 1, is amended to read:

Subdivision 1. [LICENSED UTILIZATION REVIEW ORGANIZATION.] Beginning January 1, 1993, any organization that meets the definition of utilization review organization in section 62M.02, subdivision 21, must be licensed under chapter 60A, 62C, 62D, 62N, 62T, or 64B, or registered under this chapter and must comply with sections 62M.01 to 62M.16 and section 72A.201, subdivisions 8 and 8a. Each licensed community integrated service network or health maintenance organization that has an employed staff model of providing health care services shall comply with sections 62M.01 to 62M.16 and section 72A.201, subdivisions 8 and 8a, for any services provided by providers under contract.

Sec. 18. Minnesota Statutes 1998, section 62M.03, subdivision 3, is amended to read:

Subd. 3. [PENALTIES AND ENFORCEMENTS.] If a utilization review organization fails to comply with sections 62M.01 to 62M.16, the organization may not provide utilization review services for any Minnesota resident. The commissioner of commerce may issue a cease and desist order under section 45.027, subdivision 5, to enforce this provision. The cease and desist order is subject to appeal under chapter 14. A nonlicensed utilization review organization that fails to comply with the provisions of sections 62M.01 to 62M.16 is subject to all applicable penalty and enforcement provisions of section 72A.201. Each utilization review organization licensed under chapter 60A, 62C, 62D, 62N, 62T, or 64B shall comply with sections 62M.01 to 62M.16 as a condition of licensure.

Sec. 19. Minnesota Statutes 1998, section 62M.04, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITY FOR OBTAINING CERTIFICATION.] A health benefit plan that includes utilization review requirements must specify the process for notifying the utilization review organization in a timely manner and obtaining certification for health care services. Each health plan company must provide a clear and concise description of this process to an enrollee as part of the policy, subscriber contract, or certificate of coverage. In addition to the enrollee, the utilization review organization must allow any ~~licensed hospital, physician or the physician's~~ provider or provider's designee, or responsible patient representative, including a family member, to fulfill the obligations under the health plan.

A claims administrator that contracts directly with providers for the provision of health care services to enrollees may, through contract, require the provider to notify the review organization in a timely manner and obtain certification for health care services.

Sec. 20. Minnesota Statutes 1998, section 62M.04, subdivision 2, is amended to read:

Subd. 2. [INFORMATION UPON WHICH UTILIZATION REVIEW IS CONDUCTED.] If the utilization review organization is conducting routine prospective and concurrent utilization review, utilization review organizations must collect only the information necessary to certify the admission, procedure of treatment, and length of stay.

(a) Utilization review organizations may request, but may not require~~, hospitals, physicians, or other~~ providers to supply numerically encoded diagnoses or procedures as part of the certification process.

(b) Utilization review organizations must not routinely request copies of medical records for all patients reviewed. In performing prospective and concurrent review, copies of the pertinent portion of the medical record should be required only when a difficulty develops in certifying the medical necessity or appropriateness of the admission or extension of stay.

(c) Utilization review organizations may request copies of medical records retrospectively for a number of purposes, including auditing the services provided, quality assurance review, ensuring compliance with the terms of either the health benefit plan or the provider contract, and compliance with utilization review activities. Except for reviewing medical records associated with an appeal or with an investigation or audit of data discrepancies, ~~health care~~ providers must be reimbursed for the reasonable costs of duplicating records requested by the utilization review organization for retrospective review unless otherwise provided under the terms of the provider contract.

Sec. 21. Minnesota Statutes 1998, section 62M.04, subdivision 3, is amended to read:

Subd. 3. [DATA ELEMENTS.] Except as otherwise provided in sections 62M.01 to 62M.16, for purposes of certification a utilization review organization must limit its data requirements to the following elements:

(a) Patient information that includes the following:

(1) name;

(2) address;

(3) date of birth;

(4) sex;

(5) social security number or patient identification number;

(6) name of health ~~carrier~~ plan company or health plan; and

(7) plan identification number.

(b) Enrollee information that includes the following:

(1) name;

(2) address;

(3) social security number or employee identification number;

(4) relation to patient;

(5) employer;

(6) health benefit plan;

(7) group number or plan identification number; and

(8) availability of other coverage.

(c) Attending ~~physician or provider~~ health care professional information that includes the following:

(1) name;

(2) address;

(3) telephone numbers;

(4) degree and license;

(5) specialty or board certification status; and

(6) tax identification number or other identification number.

(d) Diagnosis and treatment information that includes the following:

(1) primary diagnosis with associated ICD or DSM coding, if available;

(2) secondary diagnosis with associated ICD or DSM coding, if available;

(3) tertiary diagnoses with associated ICD or DSM coding, if available;

(4) proposed procedures or treatments with ICD or associated CPT codes, if available;

(5) surgical assistant requirement;

(6) anesthesia requirement;

(7) proposed admission or service dates;

(8) proposed procedure date; and

(9) proposed length of stay.

(e) Clinical information that includes the following:

(1) support and documentation of appropriateness and level of service proposed; and

(2) identification of contact person for detailed clinical information.

(f) Facility information that includes the following:

(1) type;

(2) licensure and certification status and DRG exempt status;

(3) name;

(4) address;

(5) telephone number; and

(6) tax identification number or other identification number.

(g) Concurrent or continued stay review information that includes the following:

(1) additional days, services, or procedures proposed;

(2) reasons for extension, including clinical information sufficient for support of appropriateness and level of service proposed; and

(3) diagnosis status.

(h) For admissions to facilities other than acute medical or surgical hospitals, additional information that includes the following:

(1) history of present illness;

(2) patient treatment plan and goals;

(3) prognosis;

(4) staff qualifications; and

(5) 24-hour availability of staff.

Additional information may be required for other specific review functions such as discharge planning or catastrophic case management. Second opinion information may also be required, when applicable, to support benefit plan requirements.

Sec. 22. Minnesota Statutes 1998, section 62M.04, subdivision 4, is amended to read:

Subd. 4. [ADDITIONAL INFORMATION.] A utilization review organization may request information in addition to that described in subdivision 3 when there is significant lack of agreement between the utilization review organization and the ~~health care~~ provider regarding the appropriateness of certification during the review or appeal process. For purposes of this subdivision, "significant lack of agreement" means that the utilization review organization has:

(1) tentatively determined through its professional staff that a service cannot be certified;

(2) referred the case to a physician for review; and

(3) talked to or attempted to talk to the attending ~~physician~~ health care professional for further information.

Nothing in sections 62M.01 to 62M.16 prohibits a utilization review organization from requiring submission of data necessary to comply with the quality assurance and utilization review requirements of chapter 62D or other appropriate data or outcome analyses.

Sec. 23. Minnesota Statutes 1998, section 62M.05, is amended to read:

62M.05 [PROCEDURES FOR REVIEW DETERMINATION.]

Subdivision 1. [WRITTEN PROCEDURES.] A utilization review organization must have written procedures to ensure that reviews are conducted in accordance with the requirements of this chapter ~~and section 72A.201, subdivision 4a~~.

Subd. 2. [CONCURRENT REVIEW.] A utilization review organization may review ongoing inpatient stays based on the severity or complexity of the ~~patient's~~ enrollee's condition or on necessary treatment or discharge planning activities. Such review must not be consistently conducted on a daily basis.

Subd. 3. [NOTIFICATION OF DETERMINATIONS.] A utilization review organization must have written procedures for providing notification of its determinations on all certifications in accordance with ~~the following:~~ this section.

Subd. 3a. [STANDARD REVIEW DETERMINATION.] (a) Notwithstanding subdivision 3b, an initial determination on all requests for utilization review must be communicated to the provider and enrollee in accordance with this subdivision within ten business days of the request, provided that all information reasonably necessary to make a determination on the request has been made available to the utilization review organization.

(b) When an initial determination is made to certify, notification must be provided promptly by telephone to the provider. The utilization review organization shall send written notification to the ~~hospital, attending physician, or applicable service provider within ten business days of the determination in accordance with section 72A.201, subdivision 4a,~~ provider or shall maintain an audit trail of the determination and telephone notification. For purposes of this subdivision, "audit trail" includes documentation of the telephone notification, including the date; the name of the person spoken to; the enrollee ~~or patient~~; the service, procedure, or admission certified; and the date of the service, procedure, or admission. If the utilization review organization indicates certification by use of a number, the number must be called the "certification number."

~~(b)~~ (c) When ~~a~~ an initial determination is made not to certify ~~a hospital or surgical facility admission or extension of a hospital stay, or other service requiring review determination~~, notification must be provided by telephone within one working day after making the ~~decision~~ determination to the attending ~~physician~~ health care professional and hospital ~~must be notified by telephone~~ and a written notification must be sent to the hospital, attending ~~physician~~ health care professional, and enrollee ~~or patient~~. The written notification must include the principal reason or reasons for the determination and the process for initiating an appeal of the determination. Upon request, the utilization review organization shall provide the ~~attending physician or~~ provider or enrollee with the criteria used to determine the necessity, appropriateness, and efficacy of the health care service and identify the database, professional treatment parameter, or other basis for the criteria. Reasons for a determination not to certify may include, among other things, the lack of adequate information to certify after a reasonable attempt has been made to contact the ~~attending physician~~ provider or enrollee.

(d) When an initial determination is made not to certify, the written notification must inform the enrollee and the attending health care professional of the right to submit an appeal to the internal appeal process described in section 62M.06 and the procedure for initiating the internal appeal.

Subd. 3b. [EXPEDITED REVIEW DETERMINATION.] (a) An expedited initial determination must be utilized if the attending health care professional believes that an expedited determination is warranted.

(b) Notification of an expedited initial determination to either certify or not to certify must be provided to the hospital, the attending health care professional, and the enrollee as expeditiously as the enrollee's medical condition requires, but no later than 72 hours from the initial request. When an expedited initial determination is made not to certify, the utilization review organization must also notify the enrollee and the attending health care professional of the right to submit an appeal to the expedited internal appeal as described in section 62M.06 and the procedure for initiating an internal expedited appeal.

Subd. 4. [FAILURE TO PROVIDE NECESSARY INFORMATION.] A utilization review organization must have written procedures to address the failure of a ~~health care~~ provider~~, patient, or representative of either~~ or enrollee to provide the necessary information for review. If the ~~patient~~ enrollee or provider will not release the necessary information to the utilization review organization, the utilization review organization may deny certification in accordance with its own policy or the policy described in the health benefit plan.

Subd. 5. [NOTIFICATION TO CLAIMS ADMINISTRATOR.] If the utilization review organization and the claims administrator are separate entities, the utilization review organization must forward, electronically or in writing, a notification of certification or determination not to certify to the appropriate claims administrator for the health benefit plan.

Sec. 24. Minnesota Statutes 1998, section 62M.06, is amended to read:

62M.06 [APPEALS OF DETERMINATIONS NOT TO CERTIFY.]

Subdivision 1. [PROCEDURES FOR APPEAL.] A utilization review organization must have written procedures for appeals of determinations not to certify ~~an admission, procedure, service, or extension of stay~~. The right to appeal must be available to the enrollee ~~or designee~~ and to the attending ~~physician~~ health care professional. ~~The right of appeal must be communicated to the enrollee or designee or to the attending physician, whomever initiated the original certification request, at the time that the original determination is communicated.~~

Subd. 2. [EXPEDITED APPEAL.] (a) When an initial determination not to certify a health care service is made prior to or during an ongoing service requiring review~~,~~ and the attending ~~physician~~ health care professional believes that the determination warrants ~~immediate~~ an expedited appeal, the utilization review organization must ensure that the enrollee and the attending ~~physician, enrollee, or designee has~~ health care professional have an opportunity to appeal the determination over the telephone on an expedited basis. In such an appeal, the utilization review organization must ensure reasonable access to its consulting physician or health care provider. ~~Expedited appeals that are not resolved may be resubmitted through the standard appeal process.~~

(b) The utilization review organization shall notify the enrollee and attending health care professional by telephone of its determination on the expedited appeal as expeditiously as the enrollee's medical condition requires, but no later than 72 hours after receiving the expedited appeal.

(c) If the determination not to certify is not reversed through the expedited appeal, the utilization review organization must include in its notification the right to submit the appeal to the external appeal process described in section 62Q.73 and the procedure for initiating the process. This information must be provided in writing to the enrollee and the attending health care professional as soon as practical.

Subd. 3. [STANDARD APPEAL.] The utilization review organization must establish procedures for appeals to be made either in writing or by telephone.

(a) ~~Each~~ A utilization review organization shall notify in writing the enrollee ~~or patient~~, attending ~~physician~~ health care professional, and claims administrator of its determination on the appeal ~~as soon as practical, but in no case later than 45 days after receiving the required documentation on the appeal~~ within 30 days upon receipt of the notice of appeal. If the utilization review organization cannot make a determination within 30 days due to circumstances outside the control of the utilization review organization, the utilization review organization may take up to 14 additional days to notify the enrollee, attending health care professional, and claims administrator of its determination. If the utilization review organization takes any additional days beyond the initial 30-day period to make its determination, it must inform the enrollee, attending health care professional, and claims administrator, in advance, of the extension and the reasons for the extension.

(b) The documentation required by the utilization review organization may include copies of part or all of the medical record and a written statement from the attending health care ~~provider~~ professional.

(c) Prior to upholding the ~~original decision~~ initial determination not to certify for clinical reasons, the utilization review organization shall conduct a review of the documentation by a physician who did not make the ~~original~~ initial determination not to certify.

(d) The process established by a utilization review organization may include defining a period within which an appeal must be filed to be considered. The time period must be communicated to the ~~patient,~~ enrollee~~, or~~ and attending ~~physician~~ health care professional when the initial determination is made.

(e) An attending ~~physician~~ health care professional or enrollee who has been unsuccessful in an attempt to reverse a determination not to certify shall, consistent with section 72A.285, be provided the following:

(1) a complete summary of the review findings;

(2) qualifications of the reviewers, including any license, certification, or specialty designation; and

(3) the relationship between the enrollee's diagnosis and the review criteria used as the basis for the decision, including the specific rationale for the reviewer's decision.

(f) In cases of appeal to reverse a determination not to certify for clinical reasons, the utilization review organization must, upon request of the attending ~~physician~~ health care professional, ensure that a physician of the utilization review organization's choice in the same or a similar general specialty as typically manages the medical condition, procedure, or treatment under discussion is reasonably available to review the case.

(g) If the initial determination is not reversed on appeal, the utilization review organization must include in its notification the right to submit the appeal to the external review process described in section 62Q.73 and the procedure for initiating the external process.

Subd. 4. [NOTIFICATION TO CLAIMS ADMINISTRATOR.] If the utilization review organization and the claims administrator are separate entities, the utilization review organization must ~~forward~~ notify, either electronically or in writing, ~~a notification of certification or determination not to certify to~~ the appropriate claims administrator for the health benefit plan of any determination not to certify that is reversed on appeal.

Sec. 25. Minnesota Statutes 1998, section 62M.07, is amended to read:

62M.07 [PRIOR AUTHORIZATION OF SERVICES.]

(a) Utilization review organizations conducting prior authorization of services must have written standards that meet at a minimum the following requirements:

(1) written procedures and criteria used to determine whether care is appropriate, reasonable, or medically necessary;

(2) a system for providing prompt notification of its determinations to enrollees and providers and for notifying the provider, enrollee, or enrollee's designee of appeal procedures under clause (4);

(3) compliance with section ~~72A.201~~ 62M.05, ~~subdivision 4a~~ subdivisions 3a and 3b, regarding time frames for approving and disapproving prior authorization requests;

(4) written procedures for appeals of denials of prior authorization which specify the responsibilities of the enrollee and provider, and which meet the requirements of ~~section~~ sections 62M.06 and 72A.285, regarding release of summary review findings; and

(5) procedures to ensure confidentiality of patient-specific information, consistent with applicable law.

(b) No utilization review organization, health plan company, or claims administrator may conduct or require prior authorization of emergency confinement or emergency treatment. The enrollee or the enrollee's authorized representative may be required to notify the health plan company, claims administrator, or utilization review organization as soon after the beginning of the emergency confinement or emergency treatment as reasonably possible.

Sec. 26. Minnesota Statutes 1998, section 62M.09, subdivision 3, is amended to read:

Subd. 3. [PHYSICIAN REVIEWER INVOLVEMENT.] A physician must review all cases in which the utilization review organization has concluded that a determination not to certify for clinical reasons is appropriate. The physician should be reasonably available by telephone to discuss the determination with the attending ~~physician~~ health care professional. This subdivision does not apply to outpatient mental health or substance abuse services governed by subdivision 3a.

Sec. 27. Minnesota Statutes 1998, section 62M.10, subdivision 2, is amended to read:

Subd. 2. [REVIEWS DURING NORMAL BUSINESS HOURS.] A utilization review organization must conduct its telephone reviews, on-site reviews, and hospital communications during ~~hospitals' and physicians'~~ reasonable and normal business hours, unless otherwise mutually agreed.

Sec. 28. Minnesota Statutes 1998, section 62M.10, subdivision 5, is amended to read:

Subd. 5. [ORAL REQUESTS FOR INFORMATION.] Utilization review organizations shall orally inform, upon request, designated hospital personnel or the attending ~~physician~~ health care professional of the utilization review requirements of the specific health benefit plan and the general type of criteria used by the review agent. Utilization review organizations should also orally inform, upon request, ~~hospitals, physicians, and other health care professionals~~ a provider of the operational procedures in order to facilitate the review process.

Sec. 29. Minnesota Statutes 1998, section 62M.10, subdivision 7, is amended to read:

Subd. 7. [AVAILABILITY OF CRITERIA.] Upon request, a utilization review organization shall provide to an enrollee or to ~~an attending physician or~~ a provider the criteria used for a specific procedure to determine the necessity, appropriateness, and efficacy of that procedure and identify the database, professional treatment guideline, or other basis for the criteria.

Sec. 30. Minnesota Statutes 1998, section 62M.12, is amended to read:

62M.12 [PROHIBITION OF INAPPROPRIATE INCENTIVES.]

No individual who is performing utilization review may receive any financial incentive based on the number of denials of certifications made by such individual, provided that utilization review organizations may establish medically appropriate performance standards. This prohibition does not apply to financial incentives established between health ~~plans~~ plan companies and ~~their~~ providers.

Sec. 31. Minnesota Statutes 1998, section 62M.15, is amended to read:

62M.15 [APPLICABILITY OF OTHER CHAPTER REQUIREMENTS.]

The requirements of this chapter regarding the conduct of utilization review are in addition to any specific requirements contained in chapter 62A, 62C, 62D, 62Q, 62T, or 72A.

Sec. 32. Minnesota Statutes 1998, section 62Q.106, is amended to read:

62Q.106 [DISPUTE RESOLUTION BY COMMISSIONER.]

A complainant may at any time submit a complaint to the appropriate commissioner to investigate. After investigating a complaint, or reviewing a company's decision, the appropriate commissioner may order a remedy as authorized under ~~section 62Q.30 or~~ chapter 45, 60A, or 62D.

Sec. 33. Minnesota Statutes 1998, section 62Q.19, subdivision 5a, is amended to read:

Subd. 5a. [COOPERATION.] Each health plan company and essential community provider shall cooperate to facilitate the use of the essential community provider by the high risk and special needs populations. This includes cooperation on the submission and processing of claims, sharing of all pertinent records and data, including performance indicators and specific outcomes data, and the use of all dispute resolution methods ~~as defined in section 62Q.11, subdivision 1~~.

Sec. 34. [62Q.68] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] For purposes of sections 62Q.68 to 62Q.72, the terms defined in this section have the meanings given them. For purposes of sections 62Q.69 and 62Q.70, the term "health plan company" does not include an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01 or a nonprofit health service plan corporation regulated under chapter 62C that only provides dental coverage or vision coverage.

Subd. 2. [COMPLAINT.] "Complaint" means any grievance against a health plan company that is not the subject of litigation and that has been submitted by a complainant to a health plan company regarding the provision of health services including, but not limited to, the scope of coverage for health care services; retrospective denials or limitations of payment for services; eligibility issues; denials, cancellations, or nonrenewals of coverage; administrative operations; and the quality, timeliness, and appropriateness of health care services rendered. If the complaint is from an applicant, the complaint must relate to the application. If the complaint is from a former enrollee, the complaint must relate to services received during the period of time the individual was an enrollee. Any grievance requiring a medical determination in its resolution must have the medical determination aspect of the complaint processed under the appeal procedure described in section 62M.06.

Subd. 3. [COMPLAINANT.] "Complainant" means an enrollee, applicant, or former enrollee, or anyone acting on behalf of an enrollee, applicant, or former enrollee who submits a complaint.

Sec. 35. [62Q.69] [COMPLAINT RESOLUTION.]

Subdivision 1. [ESTABLISHMENT.] Each health plan company must establish and maintain an internal complaint resolution process that meets the requirements of this section to provide for the resolution of a complaint initiated by a complainant.

Subd. 2. [PROCEDURES FOR FILING A COMPLAINT.] (a) A complainant may submit a complaint to a health plan company either by telephone or in writing. If a complaint is submitted orally and the resolution of the complaint, as determined by the complainant, is partially or wholly adverse to the complainant, or the oral complaint is not resolved to the satisfaction of the complainant, by the health plan company within ten days of receiving the complaint, the health plan company must inform the complainant that the complaint may be submitted in writing. The health plan company must also offer to provide the complainant with any assistance needed to submit a written complaint, including an offer to complete the complaint form for a complaint that was previously submitted orally and promptly mail the completed form to the complainant for the complainant's signature. At the complainant's request, the health plan company must provide the assistance requested by the complainant. The complaint form must include the following information:

(1) the telephone number of the office of health care consumer assistance, advocacy, and information, and the health plan company member services or other departments or persons equipped to advise complainants on complaint resolution;

(2) the address to which the form must be sent;

(3) a description of the health plan company's internal complaint procedure and the applicable time limits; and

(4) the toll-free telephone number of either the commissioner of health or commerce and notification that the complainant has the right to submit the complaint at any time to the appropriate commissioner for investigation.

(b) Upon receipt of a written complaint, the health plan company must notify the complainant within ten business days that the complaint was received, unless the complaint is resolved to the satisfaction of the complainant within the ten business days.

(c) Each health plan company must provide, in the member handbook, subscriber contract, or certification of coverage, a clear and concise description of how to submit a complaint and a statement that, upon request, assistance in submitting a written complaint is available from the health plan company.

Subd. 3. [NOTIFICATION OF COMPLAINT DECISIONS.] (a) The health plan company must notify the complainant in writing of its decision and the reasons for it as soon as practical but in no case later than 30 days after receipt of a written complaint. If the health plan company cannot make a decision within 30 days due to circumstances outside the control of the health plan company, the health plan company may take up to 14 additional days to notify the complainant of its decision. If the health plan company takes any additional days beyond the initial 30-day period to make its decision, it must inform the complainant, in advance, of the extension and the reasons for the extension.

(b) If the decision is partially or wholly adverse to the complainant, the notification must inform the complainant of the right to appeal the decision to the health plan company's internal appeal process described in section 62Q.70 and the procedure for initiating an appeal.

(c) The notification must also inform the complainant of the right to submit the complaint at any time to either the commissioner of health or commerce for investigation and the toll-free telephone number of the appropriate commissioner.

Sec. 36. [62Q.70] [APPEAL OF THE COMPLAINT DECISION.]

Subdivision 1. [ESTABLISHMENT.] (a) Each health plan company shall establish an internal appeal process for reviewing a health plan company's decision regarding a complaint filed in accordance with section 62Q.69. The appeal process must meet the requirements of this section.

(b) The person or persons with authority to resolve or recommend the resolution of the internal appeal must not be solely the same person or persons who made the complaint decision under section 62Q.69.

(c) The internal appeal process must permit the receipt of testimony, correspondence, explanations, or other information from the complainant, staff persons, administrators, providers, or other persons as deemed necessary by the person or persons investigating or presiding over the appeal.

Subd. 2. [PROCEDURES FOR FILING AN APPEAL.] If a complainant notifies the health plan company of the complainant's desire to appeal the health plan company's decision regarding the complaint through the internal appeal process, the health plan company must provide the complainant the option for the appeal to occur either in writing or by hearing.

Subd. 3. [NOTIFICATION OF APPEAL DECISIONS.] (a) If a complainant appeals in writing, the health plan company must give the complainant written notice of the appeal decision and all key findings within 30 days of the health plan company's receipt of the complainant's written notice of appeal. If a complainant appeals by hearing, the health plan company must give the complainant written notice of the appeal decision and all key findings within 45 days of the health plan company's receipt of the complainant's written notice of appeal.

(b) If the appeal decision is partially or wholly adverse to the complainant, the notice must advise the complainant of the right to submit the appeal decision to the external review process described in section 62Q.73 and the procedure for initiating the external process.

(c) Upon the request of the complainant, the health plan company must provide the complainant with a complete summary of the appeal decision.

Sec. 37. [62Q.71] [NOTICE TO ENROLLEES.]

Each health plan company shall provide to enrollees a clear and concise description of its complaint resolution procedure, if applicable under section 62Q.68, subdivision 1, and the procedure used for utilization review as defined under chapter 62M as part of the member handbook, subscriber contract, or certificate of coverage. If the health plan company does not issue a member handbook, the health plan company may provide the description in another written document. The description must specifically inform enrollees:

(1) how to submit a complaint to the health plan company;

(2) if the health plan includes utilization review requirements, how to notify the utilization review organization in a timely manner and how to obtain certification for health care services;

(3) how to request an appeal either through the procedures described in sections 62Q.69 and 62Q.70 or through the procedures described in chapter 62M;

(4) of the right to file a complaint with either the commissioner of health or commerce at any time during the complaint and appeal process;

(5) the toll-free telephone number of the appropriate commissioner;

(6) the telephone number of the office of consumer assistance, advocacy, and information; and

(7) of the right to obtain an external review under section 62Q.73 and a description of when and how that right may be exercised.

Sec. 38. [62Q.72] [RECORDKEEPING; REPORTING.]

Subdivision 1. [RECORDKEEPING.] Each health plan company shall maintain records of all enrollee complaints and their resolutions. These records shall be retained for five years and shall be made available to the appropriate commissioner upon request. An insurance company licensed under chapter 60A may instead comply with section 72A.20, subdivision 30.

Subd. 2. [REPORTING.] Each health plan company shall submit to the appropriate commissioner, as part of the company's annual filing, data on the number and type of complaints that are not resolved within 30 days, or 30 business days as provided under section 72A.201, subdivision 4, clause (3), for insurance companies licensed under chapter 60A. The commissioner shall also make this information available to the public upon request.

Sec. 39. [62Q.73] [EXTERNAL REVIEW OF ADVERSE DETERMINATIONS.]

Subdivision 1. [DEFINITION.] For purposes of this section, adverse determination means:

(1) a complaint decision relating to a health care service or claim that has been appealed in accordance with section 62Q.70 and the appeal decision is partially or wholly adverse to the complainant;

(2) any initial determination not to certify that has been appealed in accordance with section 62M.06 and the appeal did not reverse the initial determination not to certify; or

(3) a decision relating to a health care service made by a health plan company licensed under chapter 60A that denies the service on the basis that the service was not medically necessary.

An adverse determination does not include complaints relating to fraudulent marketing practices or agent misrepresentation.

Subd. 2. [EXCEPTION.] (a) This section does not apply to governmental programs except as permitted under paragraph (b). For purposes of this subdivision, "governmental programs" means the prepaid medical assistance program, the MinnesotaCare program, the prepaid general assistance medical care program, and the federal Medicare program.

(b) In the course of a recipient's appeal of a medical determination to the commissioner of human services under section 256.045, the recipient may request an expert medical opinion be arranged by the external review entity under contract to provide independent external reviews under this section. If such a request is made, the cost of the review shall be paid by the commissioner of human services. Any medical opinion obtained under this paragraph shall only be used by a state human services referee as evidence in the recipient's appeal to the commissioner of human services under section 256.045.

(c) Nothing in this subdivision shall be construed to limit or restrict the appeal rights provided in section 256.045 for governmental program recipients.

Subd. 3. [RIGHT TO EXTERNAL REVIEW.] (a) Any enrollee or anyone acting on behalf of an enrollee who has received an adverse determination may submit a written request for an external review of the adverse determination, if applicable under section 62Q.68, subdivision 1, or 62M.06, to the commissioner of health if the request involves a health plan company regulated by that commissioner or to the commissioner of commerce if the request involves a health plan company regulated by that commissioner. The written request must be accompanied by a filing fee of $25. The fee may be waived by the commissioner of health or commerce in cases of financial hardship.

(b) Nothing in this section requires the commissioner of health or commerce to independently investigate an adverse determination referred for independent external review.

(c) If an enrollee requests an external review, the health plan company must participate in the external review. The cost of the external review in excess of the filing fee described in paragraph (a) shall be borne by the health plan company.

Subd. 4. [CONTRACT.] Pursuant to a request for proposal, the commissioner of administration, in consultation with the commissioners of health and commerce, shall contract with an organization or business entity to provide independent external reviews of all adverse determinations submitted for external review. The contract shall ensure that the fees for services rendered in connection with the reviews be reasonable.

Subd. 5. [CRITERIA.] (a) The request for proposal must require that the entity demonstrate:

(1) no conflicts of interest in that it is not owned, a subsidiary of, or affiliated with a health plan company or utilization review organization;

(2) an expertise in dispute resolution;

(3) an expertise in health related law;

(4) an ability to conduct reviews using a variety of alternative dispute resolution procedures depending upon the nature of the dispute;

(5) an ability to provide data to the commissioners of health and commerce on reviews conducted; and

(6) an ability to ensure confidentiality of medical records and other enrollee information.

(b) The commissioner of administration shall take into consideration, in awarding the contract according to subdivision 4, any national accreditation standards that pertain to an external review entity.

Subd. 6. [PROCESS.] (a) Upon receiving a request for an external review, the external review entity must provide immediate notice of the review to the enrollee and to the health plan company. Within ten business days of receiving notice of the review the health plan company and the enrollee must provide the external review entity with any information that they wish to be considered. Each party shall be provided an opportunity to present its version of the facts and arguments. An enrollee may be assisted or represented by a person of the enrollee's choice.

(b) As part of the external review process, any aspect of an external review involving a medical determination must be performed by a health care professional with expertise in the medical issue being reviewed.

(c) An external review shall be made as soon as practical but in no case later than 40 days after receiving the request for an external review and must promptly send written notice of the decision and the reasons for it to the enrollee, the health plan company, and to the commissioner who is responsible for regulating the health plan company.

Subd. 7. [STANDARDS OF REVIEW.] (a) For an external review of any issue in an adverse determination that does not require a medical necessity determination, the external review must be based on whether the adverse determination was in compliance with the enrollee's health benefit plan.

(b) For an external review of any issue in an adverse determination by a health plan company licensed under chapter 62D that requires a medical necessity determination, the external review must determine whether the adverse determination was consistent with the definition of medically necessary care in Minnesota Rules, part 4685.0100, subpart 9b.

(c) For an external review of any issue in an adverse determination by a health plan company, other than a health plan company licensed under chapter 62D, that requires a medical necessity determination, the external review must determine whether the adverse determination was consistent with the definition of medically necessary care in section 62Q.53, subdivision 2.

Subd. 8. [EFFECTS OF EXTERNAL REVIEW.] A decision rendered under this section shall be nonbinding on the enrollee and binding on the health plan company. The health plan company may seek judicial review of the decision on the grounds that the decision was arbitrary and capricious or involved an abuse of discretion.

Subd. 9. [IMMUNITY FROM CIVIL LIABILITY.] A person who participates in an external review by investigating, reviewing materials, providing technical expertise, or rendering a decision shall not be civilly liable for any action that is taken in good faith, that is within the scope of the person's duties, and that does not constitute willful or reckless misconduct.

Subd. 10. [DATA REPORTING.] The commissioners shall make available to the public, upon request, summary data on the decisions rendered under this section, including the number of reviews heard and decided and the final outcomes. Any data released to the public must not individually identify the enrollee initiating the request for external review.

Sec. 40. Minnesota Statutes 1998, section 62T.04, is amended to read:

62T.04 [COMPLAINT SYSTEM.]

Accountable provider networks must establish and maintain an enrollee complaint system as required under ~~section 62Q.105~~ sections 62Q.68 to 62Q.72. The accountable provider network may contract with the health care purchasing alliance or a vendor for operation of this system.

Sec. 41. Minnesota Statutes 1998, section 72A.201, subdivision 4a, is amended to read:

Subd. 4a. [STANDARDS FOR PREAUTHORIZATION APPROVAL.] If a policy of accident and sickness insurance or a subscriber contract requires preauthorization approval for any nonemergency services or benefits, the decision to approve or disapprove the requested services or benefits must be ~~communicated to the insured or the~~

~~insured's health care provider within ten business days of the preauthorization request provided that all information reasonably necessary to make a decision on the request has been made available to the insurer~~ processed in accordance with section 62M.07.

Sec. 42. Minnesota Statutes 1998, section 256B.692, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF THE COMMISSIONER OF HEALTH.] Notwithstanding chapters 62D and 62N, a county that elects to purchase medical assistance and general assistance medical care in return for a fixed sum without regard to the frequency or extent of services furnished to any particular enrollee is not required to obtain a certificate of authority under chapter 62D or 62N. A county that elects to purchase medical assistance and general assistance medical care services under this section must satisfy the commissioner of health that the requirements of chapter 62D, applicable to health maintenance organizations, or chapter 62N, applicable to community integrated service networks, will be met. A county must also assure the commissioner of health that the requirements of sections 62J.041; 62J.48; 62J.71 to 62J.73; 62M.01 to 62M.16; all applicable provisions of chapter 62Q, including sections 62Q.07; 62Q.075; ~~62Q.105,~~ 62Q.1055; 62Q.106; ~~62Q.11,~~ 62Q.12; 62Q.135; 62Q.14; 62Q.145; 62Q.19; 62Q.23, paragraph (c); ~~62Q.30,~~ 62Q.43; 62Q.47; 62Q.50; 62Q.52 to 62Q.56; 62Q.58; 62Q.64; 62Q.68 to 62Q.72; and 72A.201 will be met. All enforcement and rulemaking powers available under chapters 62D, 62J, 62M, 62N, and 62Q are hereby granted to the commissioner of health with respect to counties that purchase medical assistance and general assistance medical care services under this section.

Sec. 43. [REPEALER.]

(a) Minnesota Statutes 1998, section 62D.11, subdivisions 1b and 2, are repealed.

(b) Minnesota Statutes 1998, sections 62Q.105; 62Q.11; and 62Q.30, are repealed.

(c) Minnesota Rules, parts 4685.0100, subparts 4 and 4a; and 4685.1700, are repealed.

(d) Minnesota Rules, part 4685.1010, subpart 3, is repealed.

Sec. 44. [EFFECTIVE DATE.]

Sections 1, 3 to 42, and 43, paragraphs (a) and (c), are effective April 1, 2000, and apply to contracts issued or renewed on or after that date. Upon request, the commissioner of health or commerce shall grant an extension of up to three months to any health plan company or utilization review organization that is unable to comply with sections 1, 3 to 42, and 43, paragraphs (a) and (c) by April 1, 2000, due to circumstances beyond the control of the health plan company or utilization review organization.

Section 43, paragraph (b), is effective July 1, 1999.

Sections 2 and 43, paragraph (d), are effective January 1, 2000, and apply to contracts issued or renewed on or after that date."

Delete the title and insert:

"A bill for an act relating to health; establishing a uniform complaint resolution process for health plan companies; establishing an external review process; amending Minnesota Statutes 1998, sections 62D.11, subdivision 1; 62M.01; 62M.02, subdivisions 3, 4, 5, 6, 7, 9, 10, 11, 12, 17, 20, 21, and by adding a subdivision; 62M.03, subdivisions 1 and 3; 62M.04, subdivisions 1, 2, 3, and 4; 62M.05; 62M.06; 62M.07; 62M.09, subdivision 3; 62M.10, subdivisions 2, 5, and 7; 62M.12; 62M.15; 62Q.106; 62Q.19, subdivision 5a; 62T.04; 72A.201, subdivision 4a; and 256B.692, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 62D; and 62Q; repealing Minnesota Statutes 1998, sections 62D.11, subdivisions 1b and 2; 62Q.105; 62Q.11; and 62Q.30; Minnesota Rules, parts 4685.0100, subparts 4 and 4a; 4685.1010, subpart 3; and 4685.1700."

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

Senate Conferees: LINDA BERGLIN, LEO T. FOLEY AND SHEILA M. KISCADEN.

House Conferees: KEVIN GOODNO, RON ABRAMS AND LEE GREENFIELD.

Goodno moved that the report of the Conference Committee on S. F. No. 1219 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1219, A bill for an act relating to health; establishing a uniform complaint resolution process for health plan companies; establishing an external review process; amending Minnesota Statutes 1998, sections 62D.11, subdivision 1; 62M.01; 62M.02, subdivisions 3, 4, 5, 6, 7, 9, 10, 11, 12, 17, 20, 21, and by adding a subdivision; 62M.03, subdivisions 1 and 3; 62M.04, subdivisions 1, 2, 3, and 4; 62M.05; 62M.06; 62M.07; 62M.09, subdivision 3; 62M.10, subdivisions 2, 5, and 7; 62M.12; 62M.15; 62Q.106; 62Q.19, subdivision 5a; 62T.04; 72A.201, subdivision 4a; and 256B.692, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 62D; and 62Q; repealing Minnesota Statutes 1998, sections 62D.11, subdivisions 1b and 2; 62Q.105; and 62Q.30; Minnesota Rules, parts 4685.0100, subparts 4 and 4a; 4685.1010, subpart 3; and 4685.1700.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by Conference, and its title agreed to.

MOTION FOR RECONSIDERATION

Pawlenty moved that the vote whereby S. F. No. 709 was not repassed, as amended by Conference, on Saturday, May 15, 1999, be now reconsidered. The motion prevailed.

S. F. No. 709, as amended by Conference, was reported to the House.

S. F. No. 709, A bill for an act relating to state procurement; authorizing the commissioner of administration to award a preference of as much as six percent in the amount bid for specified goods or services to small businesses; amending Minnesota Statutes 1998, section 16C.16, subdivision 7; repealing Minnesota Rules, part 1230.1860, item A.

The bill, as amended by Conference, was placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 101 yeas and 32 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Entenza	Howes	Lieder	Osthoff	Storm
Bakk	Erhardt	Huntley	Luther	Otremba	Swenson
Biernat	Finseth	Jaros	Mahoney	Ozment	Tingelstad
Bishop	Folliard	Jennings	Mares	Pawlenty	Tomassoni
Boudreau	Gleason	Johnson	Mariani	Paymar	Trimble
Bradley	Gray	Juhnke	Marko	Pelowski	Tuma
Carlson	Greenfield	Kahn	McCollum	Peterson	Tunheim
Carruthers	Greiling	Kalis	McGuire	Pugh	Wagenius
Cassell	Gunther	Kelliher	Milbert	Rhodes	Wejcman
Chaudhary	Haake	Kielkucki	Mullery	Rukavina	Wenzel
Clark, J.	Haas	Koskinen	Munger	Schumacher	Westfall
Davids	Hackbarth	Kubly	Murphy	Seifert, M.	Westrom
Dawkins	Harder	Kuisle	Ness	Skoe	Winter
Dehler	Hasskamp	Larson, D.	Nornes	Skoglund	Wolf
Dempsey	Hausman	Leighton	Opatz	Smith	Workman
Dorman	Hilty	Lenczewski	Orfield	Solberg	Spk. Sviggum
Dorn	Holsten	Leppik	Osskopp	Stang	

Those who voted in the negative were:

Abeler	Erickson	Krinkie	Olson	Seagren	Westerberg
Abrams	Fuller	Larsen, P.	Paulsen	Seifert, J.	Wilkin
Anderson, B.	Gerlach	Lindner	Rest	Stanek	
Broecker	Goodno	McElroy	Reuter	Sykora	
Buesgens	Holberg	Molnau	Rifenberg	Van Dellen	
Daggett	Knoblach	Mulder	Rostberg	Vandeveer	

The bill was repassed, as amended by Conference, and its title agreed to.

Munger was excused for the remainder of today's session.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1876, A bill for an act relating to public finance; imposing and modifying conditions and limitations on the use of public debt; reenacting certain provisions relating to taxes, abatements, and tax increments; requiring a study of the taxation of forest land; amending Minnesota Statutes 1998, sections 126C.55, subdivision 7; 272.02, by adding a subdivision; 373.01, subdivision 3; 410.32; 412.301; 469.015, subdivision 4; 469.155, subdivision 4; 473.39, by adding a subdivision; 475.56; and 475.60, subdivisions 1 and 3.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Pogemiller, Betzold and Olson.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Abrams moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1876. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1876:

Abrams, McElroy and Rest.

Pawlenty moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2333

A bill for an act relating to education; prekindergarten through grade 12; providing for general education; special programs; lifework development; facilities and technology; education excellence; other programs; nutrition programs; libraries; education policy; and state agencies; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 43A.18, subdivision 4a; 119A.01, subdivisions 1 and 2; 120A.22, subdivision 5; 120A.24, subdivision 1; 120A.41; 121A.15, subdivision 1; 121A.23; 121A.45, subdivision 2; 122A.07, subdivision 1;

122A.18, by adding a subdivision; 122A.28; 122A.60, subdivision 3; 122A.61, subdivisions 1 and 2; 123A.05, subdivision 2; 123A.48, subdivision 10; 123B.195; 123B.36, subdivision 1; 123B.49, subdivision 4; 123B.53, subdivisions 4, 5, and 6; 123B.54; 123B.57, subdivision 4; 123B.61; 123B.75, by adding a subdivision; 123B.79, by adding a subdivision; 123B.92, subdivision 9; 123B.93; 124C.55, by adding a subdivision; 124D.10, subdivisions 3, 4, 5, 6, 10, 11, and by adding a subdivision; 124D.11, subdivisions 4, 6, 7, 8, and by adding a subdivision; 124D.453, subdivision 3; 124D.454; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.87; 124D.88, subdivision 3; 124D.94, subdivisions 3, 6, and 7; 125A.09, subdivision 4; 125A.50, subdivisions 2 and 5; 125A.75, subdivision 8; 125A.76, subdivisions 1, 4, and 5; 125A.79, subdivisions 1, 2, and by adding subdivisions; 125B.05, subdivision 3; 125B.20; 126C.05, subdivisions 1, 3, 15, and by adding a subdivision; 126C.10, subdivisions 1, 2, 3, 4, 10, 14, 19, 21, and by adding subdivisions; 126C.12; 126C.13, subdivisions 1 and 2; 126C.15; 126C.17, subdivisions 2, 5, and 6; 126C.40, subdivision 4; 126C.42, subdivisions 1 and 2; 126C.46; 126C.63, subdivisions 5 and 8; 126C.69, subdivisions 2 and 9; 127A.44, subdivision 2; 127A.45, subdivisions 2, 3, 4, 13, and by adding a subdivision; 127A.47, subdivisions 2 and 7; 127A.49, subdivisions 2 and 3; 128C.01, subdivisions 4 and 5; 128C.02, by adding a subdivision; 128C.12, subdivision 1; 128C.20; and 626.556, by adding a subdivision; Laws 1993, chapter 224, article 3, section 32, as amended; Laws 1995, First Special Session chapter 3, article 12, section 7, as amended; Laws 1996, chapter 412, article 1, section 35; Laws 1997, First Special Session chapter 4, article 1, section 61, subdivisions 1, 2, 3, as amended, and 4; article 2, section 51, subdivision 29, as amended; article 8, section 4; article 9, section 13; and Laws 1998, chapter 397, article 12, section 8; chapter 398, article 6, sections 38 and 39; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 124D; 125A; 125B; 128C; and 134; repealing Minnesota Statutes 1998, sections 120B.05; 122A.31, subdivision 4; 123B.05; 123B.64, subdivisions 1, 2, 3, and 4; 123B.92, subdivisions 2, 4, 6, 7, 8, and 10; 124D.112; 124D.113; 124D.116; 124D.24; 124D.25; 124D.26; 124D.27; 124D.28; 124D.29; 124D.30; 124D.32; 124D.453; 124D.65, subdivision 3; 124D.67; 124D.70; 124D.90; 125A.76, subdivision 6; 125A.77; 125A.79, subdivision 3; 126C.05, subdivision 4; 126C.06; 127A.45, subdivision 5; 134.155; 135A.081; Laws 1995, First Special Session chapter 3, article 3, section 11; Laws 1997, First Special Session chapter 4, article 1, section 62, subdivision 5; article 2, section 51, subdivision 10; article 3, section 5; and article 8, section 5; and Laws 1998, chapter 398, article 2, section 57.

May 17, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 2333, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2333 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 1998, section 123B.92, subdivision 9, is amended to read:

Subd. 9. [NONPUBLIC PUPIL TRANSPORTATION AID.] (a) A district's nonpublic pupil transportation aid for the 1996-1997 and later school years for transportation services for nonpublic school pupils according to sections 123B.88, 123B.84 to 123B.86, and this section, equals the sum of the amounts computed in paragraphs (b) and (c). This aid does not limit the obligation to transport pupils under sections 123B.84 to 123B.87.

(b) For regular and excess transportation according to subdivision 1, paragraph (b), clauses (1) and (2), an amount equal to the product of:

(1) the district's actual expenditure per pupil transported in the regular and excess transportation categories during the second preceding school year; times

(2) the number of nonpublic school pupils residing in the district who receive regular or excess transportation service or reimbursement for the current school year; times

(3) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for the current school year to the formula allowance pursuant to section 126C.10, subdivision 2, for the second preceding school year.

(c) For nonpublic nonregular transportation according to subdivision 1, paragraph (b), clause (5), an amount equal to the product of:

(1) the district's actual expenditure for nonpublic nonregular transportation during the second preceding school year; times

(2) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for the current school year to the formula allowance pursuant to section 126C.10, subdivision 2, for the second preceding school year.

(d) Notwithstanding the amount of the formula allowance for fiscal years ~~1997 and 1998~~ 2000, 2001, and 2002 in section 126C.10, subdivision 2, the commissioner shall use the amount of the formula allowance for the current year ~~less $300~~ plus $87 in determining the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal ~~years 1997 and 1998~~ year 2000, and the amount of the formula allowance less $110 in determining the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal years 2001 and 2002.

Sec. 2. Minnesota Statutes 1998, section 124D.11, subdivision 1, is amended to read:

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

Sec. 3. Minnesota Statutes 1998, section 124D.65, subdivision 1, is amended to read:

Subdivision 1. [ADJUSTED LEP BASE REVENUE.] (a) A district's adjusted limited English proficiency programs base revenue for fiscal year ~~1996 and later~~ 2000 equals the product of:

(1) the district's base revenue for limited English proficiency programs under this section and section 125A.77, times

(2) the ratio of:

(i) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during the current fiscal year to

(ii) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during the base year.

(b) For the purposes of this section, the base year for fiscal year 1996 is fiscal year 1995. The base year for later fiscal years is the second fiscal year preceding the fiscal year for which aid shall be paid. The current year is the fiscal year for which aid shall be paid.

(c) For the purposes of this section, a teacher includes nonlicensed personnel who provide direct instruction to students of limited English proficiency under the supervision of a licensed teacher.

Sec. 4. Minnesota Statutes 1998, section 124D.65, subdivision 5, is amended to read:

Subd. 5. [SCHOOL DISTRICT LEP REVENUE.] (a) A school district's limited English proficiency programs revenue for fiscal year ~~1996 and later~~ 2000 equals the state total limited English proficiency programs revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted limited English proficiency programs base revenue to the state total adjusted limited English proficiency programs base revenue.

(b) Notwithstanding paragraph (a), if the limited English proficiency programs base revenue for a district equals zero, the limited English proficiency programs revenue equals the sum of the following amounts, computed using current year data:

(1) 68 percent of the salary of one full-time equivalent teacher for each 40 pupils of limited English proficiency enrolled, or 68 percent of the salary of one-half of a full-time teacher in a district with 20 or fewer pupils of limited English proficiency enrolled; and

(2) for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of $47 in any one school year for each pupil of limited English proficiency receiving instruction.

(c) A district's limited English proficiency programs revenue for fiscal year 2001 and later equals the product of $584 times the greater of 20 or the number of adjusted marginal cost pupils of limited English proficiency enrolled in the district during the current fiscal year.

Sec. 5. Minnesota Statutes 1998, section 124D.68, subdivision 9, is amended to read:

Subd. 9. [ENROLLMENT VERIFICATION.] (a) For a pupil attending an eligible program full time under subdivision 3, paragraph (d), the department must pay 90 percent of the district's average general education revenue less ~~compensatory~~ basic skills revenue to the eligible program and ten percent of the district's average general education revenue less ~~compensatory~~ basic skills revenue to the resident district within 30 days after the eligible program verifies enrollment using the form provided by the department. For a pupil attending an eligible program part time, revenue shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the resident district shall be reduced accordingly. A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of general education revenue. If payment is made for a pupil under this subdivision, a district shall not reimburse a program under section 124D.69 for the same pupil. ~~Compensatory~~ Basic skills revenue shall be paid according to section 126C.10, subdivision ~~3~~ 4.

(b) The department must pay up to 100 percent of the revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

Sec. 6. Minnesota Statutes 1998, section 124D.69, subdivision 1, is amended to read:

Subdivision 1. [AID.] If a pupil enrolls in an alternative program, eligible under section 124D.68, subdivision 3, paragraph (d), or subdivision 4, operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 124D.68, subdivision 2, the district contracting with the private organization must reimburse the provider an amount equal to at least 90 percent of the district's average general education less ~~compensatory~~ basic skills revenue per pupil unit times the number of pupil units for pupils

attending the program. Basic skills revenue shall be paid according to section 126C.10, subdivision 4. Compensatory revenue must be allocated according to section 126C.15, subdivision 2. For a pupil attending the program part time, the revenue paid to the program must be reduced proportionately, according to the amount of time the pupil attends the program, and revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of general education revenue. If payment is made to a district or program for a pupil under this section, the department must not make a payment for the same pupil under section 124D.68, subdivision 9.

Sec. 7. Minnesota Statutes 1998, section 124D.86, subdivision 3, is amended to read:

Subd. 3. [INTEGRATION REVENUE.] For fiscal year ~~1999~~ 2000 and later fiscal years, integration revenue equals the following amounts:

(1) for independent school district No. 709, Duluth, ~~$193~~ $207 times the ~~resident~~ adjusted pupil units for the school year;

(2) for independent school district No. 625, St. Paul, ~~$427~~ $446 times the ~~resident~~ adjusted pupil units for the school year;

(3) for special school district No. 1, Minneapolis, ~~$523~~ $536 times the ~~resident~~ adjusted pupil units for the school year; and

(4) for a district not listed in clause (1), (2), or (3) that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0200 to 3535.2200, the lesser of the actual cost of implementing the plan during the fiscal year or $93 times the ~~resident~~ adjusted pupil units for the school year.

Sec. 8. Minnesota Statutes 1998, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. [PUPIL UNIT.] Pupil units for each Minnesota resident pupil in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 times 1.25 with a minimum of 0.28, but not more than ~~one~~ 1.25.

(b) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 825 times 1.25.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~.53~~ .557 of a pupil unit for fiscal year ~~1995~~ 2000 and thereafter.

(e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal year 2000 and thereafter.

(f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

~~(f)~~ (g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

~~(g)~~ (h) A pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units.

Sec. 9. Minnesota Statutes 1998, section 126C.05, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION REVENUE PUPIL UNITS.] Compensation revenue pupil units for fiscal year 1998 and thereafter must be computed according to this subdivision.

(a) The compensation revenue concentration percentage for each building in a district equals the product of 100 times the ratio of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the building on October 1 of the previous fiscal year.

(b) The compensation revenue pupil weighting factor for a building equals the lesser of one or the quotient obtained by dividing the building's compensation revenue concentration percentage by 80.0.

(c) The compensation revenue pupil units for a building equals the product of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

(2) the compensation revenue pupil weighting factor for the building; times

(3) .60.

(d) Notwithstanding paragraphs (a) to (c), for charter schools and contracted alternative programs in the first year of operation, compensation revenue pupil units shall be computed using data for the current fiscal year. If the charter school or contracted alternative program begins operation after October 1, compensatory revenue pupil units shall be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensation revenue pupil units shall be prorated based on the ratio of the number of days of student instruction to 170 days.

(e) The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

Sec. 10. Minnesota Statutes 1998, section 126C.05, subdivision 5, is amended to read:

Subd. 5. [ADJUSTED PUPIL UNITS.] (a) Adjusted pupil units for a district or charter school means the sum of:

(1) the number of ~~resident~~ pupil units served, according to subdivision ~~1g~~ 7, plus

(2) ~~shared time pupil units, according to section 126C.01, subdivision 6, plus~~

~~(3)~~ pupil units according to subdivision 1 for ~~pupils attending the district for which general education aid adjustments are made according to section 127A.47, subdivision 7; minus~~

~~(4) pupil units according to subdivision 1 for resident pupils attending other districts for which general education aid adjustments are made according to section 127A.47, subdivision 7.~~ whom the district or charter school pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, minus

(3) pupil units according to subdivision 1 for whom the district or charter school receives tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65.

(b) Adjusted marginal cost pupil units means the sum of .9 times the pupil units defined in paragraph (a) for the current school year and .1 times the pupil units defined in paragraph (a) for the previous school year.

Sec. 11. Minnesota Statutes 1998, section 126C.05, subdivision 6, is amended to read:

Subd. 6. [RESIDENT PUPIL UNITS.] (a) Resident pupil units for a district means the number of pupil units according to subdivision 1 residing in the district.

(b) Resident marginal cost pupil units means the sum of .9 times the pupil units defined in paragraph (a) for the current year and .1 times the pupil units defined in paragraph (a) for the previous school year.

Sec. 12. Minnesota Statutes 1998, section 126C.05, subdivision 7, is amended to read:

Subd. 7. [PUPIL UNITS SERVED.] Pupil units served for a district or charter school means the number of pupil units according to subdivision 1 enrolled in the district or charter school.

Sec. 13. Minnesota Statutes 1998, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] For fiscal year ~~1999~~ 2000 and thereafter, the general education revenue for each district equals the sum of the district's basic revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, ~~graduation standards implementation revenue,~~ equity revenue, referendum offset adjustment, transition revenue, and supplemental revenue.

Sec. 14. Minnesota Statutes 1998, section 126C.10, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the resident pupil units for the school year. ~~The formula allowance for fiscal year 1997 is $3,505.~~ The formula allowance for fiscal year 1998 is $3,581 ~~and~~. The formula allowance for fiscal year 1999 ~~and fiscal year 2000~~ is $3,530. The formula allowance for fiscal year 2000 is $3,740. The formula allowance for fiscal year 2001 and subsequent fiscal years is ~~$3,597~~ $3,875.

Sec. 15. Minnesota Statutes 1998, section 126C.10, subdivision 4, is amended to read:

Subd. 4. [BASIC SKILLS REVENUE.] For fiscal year 1999 and thereafter, a school district's basic skills revenue equals the sum of:

(1) compensatory revenue under subdivision 3; plus

(2) limited English proficiency revenue according to section 124D.65, subdivision 5; plus

(3) $190 times the limited English proficiency pupil units according to section 126C.05, subdivision 17; plus

(4) ~~the lesser of: (i)~~ $22.50 times the number of adjusted marginal cost pupil units in kindergarten to grade 8~~; or (ii) the amount of district money provided to match basic skills revenue for the purposes described in section 126C.15~~.

Sec. 16. Minnesota Statutes 1998, section 126C.10, subdivision 5, is amended to read:

Subd. 5. [TRAINING AND EXPERIENCE REVENUE.] The training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract .8 from the training and experience index;

(2) multiply the result in clause (1) by the product of $660 times the ~~resident~~ adjusted marginal cost pupil units for the school year.

Sec. 17. Minnesota Statutes 1998, section 126C.10, subdivision 6, is amended to read:

Subd. 6. [DEFINITIONS.] The definitions in this subdivision apply only to subdivisions 7 and 8.

(a) "High school" means a secondary school that has pupils enrolled in at least the 10th, 11th, and 12th grades. If there is no secondary school in the district that has pupils enrolled in at least the 10th, 11th, and 12th grades, and the school is at least 19 miles from the next nearest school, the commissioner must designate one school in the district as a high school for the purposes of this section.

(b) "Secondary average daily membership" means, for a district that has only one high school, the average daily membership of ~~resident~~ pupils served in grades 7 through 12. For a district that has more than one high school, "secondary average daily membership" for each high school means the product of the average daily membership of ~~resident~~ pupils served in grades 7 through 12 in the high school, times the ratio of six to the number of grades in the high school.

(c) "Attendance area" means the total surface area of the district, in square miles, divided by the number of high schools in the district. For a district that does not operate a high school and is less than 19 miles from the nearest operating high school, the attendance area equals zero.

(d) "Isolation index" for a high school means the square root of 55 percent of the attendance area plus the distance in miles, according to the usually traveled routes, between the high school and the nearest high school. For a district in which there is located land defined in section 84A.01, 84A.20, or 84A.31, the distance in miles is the sum of:

(1) the square root of one-half of the attendance area; and

(2) the distance from the border of the district to the nearest high school.

(e) "Qualifying high school" means a high school that has an isolation index greater than 23 and that has secondary average daily membership of less than 400.

(f) "Qualifying elementary school" means an elementary school that is located 19 miles or more from the nearest elementary school or from the nearest elementary school within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

(g) "Elementary average daily membership" means, for a district that has only one elementary school, the average daily membership of ~~resident~~ pupils served in kindergarten through grade 6. For a district that has more than one elementary school, "average daily membership" for each school means the average daily membership of pupils served in kindergarten through grade 6 multiplied by the ratio of seven to the number of grades in the elementary school. ~~For a building in a district where the nearest elementary school is at least 65 miles distant, pupils served must be used to determine average daily membership.~~

Sec. 18. Minnesota Statutes 1998, section 126C.10, subdivision 7, is amended to read:

Subd. 7. [SECONDARY SPARSITY REVENUE.] (a) A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

(1) the formula allowance for the school year, multiplied by

(2) the secondary average daily membership of pupils served in the high school, multiplied by

(3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by

(4) the lesser of 1.5 or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed district that is the result of districts combining under the cooperation and combination program or consolidating under section 123A.48 must receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

Sec. 19. Minnesota Statutes 1998, section 126C.10, subdivision 8, is amended to read:

Subd. 8. [ELEMENTARY SPARSITY REVENUE.] A district's elementary sparsity revenue equals the sum of the following amounts for each qualifying elementary school in the district:

(1) the formula allowance for the year, multiplied by

(2) the elementary average daily membership of pupils served in the school, multiplied by

(3) the quotient obtained by dividing 140 minus the elementary average daily membership by 140 plus the average daily membership.

Sec. 20. Minnesota Statutes 1998, section 126C.10, subdivision 9, is amended to read:

Subd. 9. [SUPPLEMENTAL REVENUE.] (a) A district's supplemental revenue allowance for fiscal year 1994 and later fiscal years equals the district's supplemental revenue for fiscal year 1993 divided by the district's 1992-1993 resident pupil units.

(b) A district's supplemental revenue allowance is reduced for fiscal year 1995 and later according to subdivision 12.

(c) A district's supplemental revenue equals the supplemental revenue allowance, if any, times its ~~resident~~ adjusted marginal cost pupil units for that year.

(d) A district may cancel its supplemental revenue by notifying the commissioner of education prior to June 30, 1994. A district that is reorganizing under section 122A.35, 123A.46, or 123A.48 may cancel its supplemental revenue by notifying the commissioner of children, families, and learning before July 1 of the year of the reorganization. If a district cancels its supplemental revenue according to this paragraph, its supplemental revenue allowance for fiscal year 1993 for purposes of subdivision 12 and section 124A.03, subdivision 3b, equals zero.

Sec. 21. Minnesota Statutes 1998, section 126C.10, subdivision 10, is amended to read:

Subd. 10. [SUPPLEMENTAL LEVY.] To obtain supplemental revenue, a district may levy an amount not more than the product of its supplemental revenue for the school year times the lesser of one or the ratio of its adjusted net tax capacity per ~~resident~~ adjusted marginal cost pupil unit to ~~$10,000~~ $8,404.

Sec. 22. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 12a. [SUPPLEMENTAL REVENUE REDUCTION.] If a district's ratio of 1992 adjusted net tax capacity divided by 1994-1995 actual pupil units to $9,025 is less than or equal to .25, then the difference under subdivision 12, clause (2), is equal to $0 for purposes of computing the district's supplemental revenue under subdivision 9.

Sec. 23. Minnesota Statutes 1998, section 126C.10, subdivision 13, is amended to read:

Subd. 13. [TOTAL OPERATING CAPITAL REVENUE.] (a) For fiscal year ~~1999~~ 2000 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b) or (c), plus $68 times the ~~resident~~ adjusted marginal cost pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to subdivision 14.

(b) For fiscal years ~~1999~~ 2000 and later, capital revenue for a district equals $100 times the district's maintenance cost index times its ~~resident~~ adjusted marginal cost pupil units for the school year.

(c) ~~For 1996 and later fiscal years, the previous formula revenue for a district equals $128 times its resident pupil units for the school year.~~

~~(d)~~ For fiscal years ~~1998~~ 2000 and later, the revenue for a district that operates a program under section 124D.128, is increased by an amount equal to $30 times the number of ~~resident~~ marginal cost pupil units served at the site where the program is implemented.

Sec. 24. Minnesota Statutes 1998, section 126C.10, subdivision 14, is amended to read:

Subd. 14. [USES OF TOTAL OPERATING CAPITAL REVENUE.] Total operating capital revenue may be used only for the following purposes:

(1) to acquire land for school purposes;

(2) to acquire or construct buildings for school purposes;

(3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;

(4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures;

(5) for a surplus school building that is used substantially for a public nonschool purpose;

(6) to eliminate barriers or increase access to school buildings by individuals with a disability;

(7) to bring school buildings into compliance with the Uniform Fire Code adopted according to chapter 299F;

(8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

(9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123B.51, subdivision 4;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Northeast Minnesota Economic Protection Trust Fund Act according to sections 298.292 to 298.298;

(15) to purchase or lease interactive telecommunications equipment;

(16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;

(17) to pay ~~capital expenditure equipment-related~~ operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks;

(21) to purchase new and replacement library books or technology;

(22) to purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individual education plans; and

(iii) other classroom information management needs; and

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

Sec. 25. Minnesota Statutes 1998, section 126C.10, subdivision 18, is amended to read:

Subd. 18. [TRANSPORTATION SPARSITY REVENUE ALLOWANCE.] (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

(i) Multiply the formula allowance according to subdivision 2, by .1469.

(ii) Multiply the result in clause (i) by the district's sparsity index raised to the 26/100 power.

(iii) Multiply the result in clause (ii) by the district's density index raised to the 13/100 power.

(iv) Multiply the formula allowance according to subdivision 2, by .0485.

(v) Subtract the result in clause (iv) from the result in clause (iii).

(b) Transportation sparsity revenue is equal to the transportation sparsity allowance times the ~~resident~~ adjusted marginal cost pupil units.

Sec. 26. Minnesota Statutes 1998, section 126C.10, subdivision 19, is amended to read:

Subd. 19. [TRANSITION ALLOWANCE.] (a) A district's transportation transition allowance for fiscal year 1998 and later equals the result of the following:

(1) if the result in subdivision 18, paragraph (a), clause (iii), for fiscal year 1998 is less than the fiscal year 1996 base allowance, the transportation transition allowance equals the fiscal year 1996 base allowance minus the result in subdivision 18, paragraph (a), clause (iii); or

(2) if the result in subdivision 18, paragraph (a), clause (iii), for fiscal year 1998 and later is greater than or equal to the fiscal year 1996 base allowance, the transportation transition allowance equals zero.

(b) A district's compensatory transition allowance equals the greater of zero or the difference between:

(1) the amount of compensatory revenue the district would have received under Minnesota Statutes 1996, section 124A.22, subdivision 3, for fiscal year 1998 computed using a basic formula allowance of $3,281; and

(2) the amount the district receives under subdivision 3; divided by

(3) the district's actual pupil units for fiscal year 1998.

(c) A district's cooperation transition allowance for fiscal year 2001 and later equals the greater of zero or the difference between:

(1) $25,000; and

(2) $67 times the district's resident pupil units for fiscal year 2001 divided by;

(3) the district's resident pupil units for fiscal year 2001.

(d) A district's transition allowance for fiscal ~~year~~ years 1999 and 2000 is equal to the sum of its transportation transition allowance and its compensatory transition allowance. A district's transition allowance for fiscal year ~~2000~~ 2001 and thereafter is equal to the sum of its transportation transition allowance, its compensatory transition allowance, and its cooperation transition allowance.

Sec. 27. Minnesota Statutes 1998, section 126C.10, subdivision 20, is amended to read:

Subd. 20. [TRANSITION REVENUE ADJUSTMENT.] A district's transition revenue adjustment equals the district's transition allowance times the ~~resident~~ adjusted marginal cost pupil units for the school year.

Sec. 28. Minnesota Statutes 1998, section 126C.10, subdivision 21, is amended to read:

Subd. 21. [TRANSITION LEVY ADJUSTMENT.] A district's general education levy shall be adjusted by an amount equal to the district's transition revenue times the lesser of 1 or the ratio of its adjusted net tax capacity per ~~resident~~ adjusted marginal cost pupil unit to ~~$10,000~~ $8,404.

Sec. 29. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 23. [REFERENDUM OFFSET ADJUSTMENT.] A district that qualifies for the referendum allowance reduction under section 126C.17, subdivision 12, and whose referendum allowance under section 126C.17, subdivision 1, as adjusted under section 126C.17, subdivisions 2 and 12, does not exceed the referendum allowance limit under section 126C.17, subdivision 2, clause (2), shall receive a referendum offset adjustment. In fiscal year 2000 and thereafter, the referendum offset adjustment is equal to $25 per resident pupil unit.

Sec. 30. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 24. [EQUITY REVENUE.] (a) A school district qualifies for equity revenue if the school district's adjusted marginal cost pupil unit amount of basic revenue, supplemental revenue, transition revenue, and referendum revenue is less than the 90th percentile of school districts in its equity region for those revenue categories and the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) $10, plus (ii) $30, times the school district's equity index computed under section 126C.10, subdivision 6.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times $10.

Sec. 31. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 25. [REGIONAL EQUITY GAP.] The regional equity gap equals the difference between the fifth and the 90th percentile of adjusted general revenue per marginal cost pupil unit.

Sec. 32. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 26. [DISTRICT EQUITY GAP.] A district's equity gap equals the greater of zero or the difference between the district's adjusted general revenue and the regional 90th percentile of adjusted general revenue per marginal cost pupil unit.

Sec. 33. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 27. [DISTRICT EQUITY INDEX.] A district's equity index equals the ratio of the sum of the district equity gap amount to the regional equity gap amount.

Sec. 34. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 28. [EQUITY REGION.] For the purposes of computing equity revenue under subdivision 23, a district whose administrative offices on July 1, 1999, is located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county is part of the metro equity region. Districts whose administrative offices on July 1, 1999, are not located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county are part of the rural equity region.

Sec. 35. Minnesota Statutes 1998, section 126C.12, subdivision 1, is amended to read:

Subdivision 1. [REVENUE.] Of a district's general education revenue ~~an amount equal to the sum of the number of elementary fund balance pupils in average daily membership defined in section 126C.05, subdivision 5, and one-half of the number of kindergarten fund balance pupils in average daily membership as defined in section 126C.05, subdivision 5, times .06 for fiscal year 1995 and thereafter times the formula allowance must be reserved according to this section.~~ for fiscal year 2000 and thereafter each school district shall reserve an amount equal to the formula allowance multiplied by the following calculation:

(1) the sum of adjusted marginal cost pupil units in average daily membership, according to section 126C.05, subdivision 5, in kindergarten times .057; plus

(2) the sum of adjusted marginal cost pupil units in average daily membership, according to section 126C.05, subdivision 5, in grades 1 to 3 times .115; plus

(3) the sum of adjusted marginal cost pupil units in average daily membership, according to section 126C.05, subdivision 5, in grades 4 to 6 times .06.

Sec. 36. Minnesota Statutes 1998, section 126C.12, subdivision 4, is amended to read:

Subd. 4. [REVENUE USE.] (a) Revenue must be used according to either paragraph (b) or (c).

(b) Revenue must be used to reduce and maintain the district's instructor to learner ratios in kindergarten through grade 6 to a level of 1 to 17 on average. The district must prioritize the use of the revenue to attain this level initially in kindergarten and grade 1 and then through the subsequent grades as revenue is available.

(c) The revenue may be used to prepare and use an individualized learning plan for each learner. A district must not increase the district wide instructor-to-learner ratios in other grades as a result of reducing instructor-to-learner ratios in kindergarten through grade 6. Revenue may not be used to provide instructor preparation time ~~or to provide the district's share of revenue required under section 124D.67~~. A district may use a portion of the revenue reserved under this section to employ up to the same number of full-time equivalent education assistants or aides as the district employed during the 1992-1993 school year under Minnesota Statutes 1992, section 124.331, subdivision 2.

Sec. 37. Minnesota Statutes 1998, section 126C.13, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX RATE.] The commissioner must establish the general education tax rate by July 1 of each year for levies payable in the following year. The general education tax capacity rate must be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate must be the rate that raises ~~$1,385,500,000 for fiscal year 1999, $1,325,500,000 for fiscal year 2000, and $1,387,100,000~~ $1,330,000,000 for fiscal year 2001, and later fiscal years. The general education tax rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been established. ~~If the levy target for fiscal year 1999 or fiscal year 2000 is changed by another law enacted during the 1997 or 1998 session, the commissioner shall reduce the general education levy target in this section by the amount of the reduction in the enacted law.~~

Sec. 38. Minnesota Statutes 1998, section 126C.13, subdivision 2, is amended to read:

Subd. 2. [GENERAL EDUCATION LEVY.] To obtain general education revenue, excluding transition revenue and supplemental revenue, a district may levy an amount not to exceed the general education tax rate times the adjusted net tax capacity of the district for the preceding year. If the amount of the general education levy would exceed the general education revenue, excluding transition revenue and supplemental revenue, the general education levy must be determined according to subdivision 3.

Sec. 39. Minnesota Statutes 1998, section 126C.15, is amended to read:

126C.15 [COMPENSATORY EDUCATION REVENUE.]

Subdivision 1. [USE OF THE REVENUE.] The ~~compensatory education~~ basic skills revenue under section 126C.10, subdivision ~~3~~ 4, and the portion of the transition revenue adjustment under section 126C.10, subdivision 20, attributable to the compensatory transition allowance under section 126C.10, subdivision 19, paragraph (b), must be reserved and used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Any of the following may be provided to meet these learners' needs:

(1) direct instructional services under the assurance of mastery program according to section 124D.66;

(2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(4) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;

(5) comprehensive and ongoing staff development consistent with district and site plans according to section 122A.60, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(6) instructional materials and technology appropriate for meeting the individual needs of these learners;

(7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;

(8) bilingual programs, bicultural programs, and programs for learners of limited English proficiency;

(9) all day kindergarten;

(10) extended school day and extended school year programs;

(11) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian; and

(12) other methods to increase achievement, as needed.

Subd. 2. [BUILDING ALLOCATION.] (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served.

(b) Notwithstanding paragraph (a), for fiscal years 1999, ~~and~~ 2000, and 2001, upon approval by the commissioner, a district may allocate up to five percent of the amount of compensatory revenue that the district would have received under Minnesota Statutes 1996, section ~~126C.10~~ 124A.22, subdivision 3, for fiscal year 1998, computed using a basic formula allowance of $3,581 to school sites according to a plan adopted by the school board.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

Subd. 3. [RECOMMENDATION.] A school site decision-making team, as defined in section 123B.04, subdivision 3, paragraph (a), or the instruction and curriculum advisory committee under section 120B.11, if the school has no school site decision team, shall recommend how the compensatory education revenue will be used to carry out the purpose of this section.

Subd. 4. [SEPARATE ACCOUNTS.] Each district that receives ~~compensatory education~~ basic skills revenue shall maintain separate accounts to identify expenditures for salaries and programs related to basic skills revenue.

Subd. 5. [ANNUAL EXPENDITURE REPORT.] Each year a district that receives ~~compensatory education~~ basic skills revenue must submit a report identifying the expenditures it incurred to meet the needs of eligible learners under subdivision 1. The report must conform to uniform financial and reporting standards established for this purpose.

Sec. 40. Minnesota Statutes 1998, section 126C.17, subdivision 1, is amended to read:

Subdivision 1. [REFERENDUM ALLOWANCE.] A district's referendum revenue allowance equals the referendum revenue authority for that year divided by its resident marginal cost pupil units for that school year.

Sec. 41. Minnesota Statutes 1998, section 126C.17, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM ALLOWANCE LIMIT.] Notwithstanding subdivision 1, a district's referendum allowance must not exceed the greater of:

(1) the district's referendum allowance for fiscal year 1994;

(2) 25 percent of the formula allowance ~~minus $300 for fiscal year 1997 and later~~; or

(3) for a newly reorganized district created after July 1, 1994, the sum of the referendum revenue authority for the reorganizing districts for the fiscal year preceding the reorganization, divided by the sum of the resident marginal cost pupil units of the reorganizing districts for the fiscal year preceding the reorganization.

Sec. 42. Minnesota Statutes 1998, section 126C.17, subdivision 4, is amended to read:

Subd. 4. [TOTAL REFERENDUM REVENUE.] The total referendum revenue for each district equals the district's referendum allowance times the resident marginal cost pupil units for the school year.

Sec. 43. Minnesota Statutes 1998, section 126C.17, subdivision 5, is amended to read:

Subd. 5. [REFERENDUM EQUALIZATION REVENUE.] (a) A district's referendum equalization revenue equals ~~$350~~ the referendum equalization allowance times the district's resident marginal cost pupil units for that year.

(b) The referendum equalization allowance equals $350 for fiscal year 2000 and $415 for fiscal year 2001 and later.

(c) Referendum equalization revenue must not exceed a district's total referendum revenue for that year.

Sec. 44. Minnesota Statutes 1998, section 126C.17, subdivision 6, is amended to read:

Subd. 6. [REFERENDUM EQUALIZATION LEVY.] (a) ~~For fiscal year 1999 and thereafter,~~ A district's referendum equalization levy for a referendum levied against the referendum market value of all taxable property as defined in section 126C.01, subdivision 3, equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to $476,000.

(b) ~~For fiscal year 1999 and thereafter,~~ A district's referendum equalization levy for a referendum levied against the net tax capacity of all taxable property equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per resident marginal cost pupil unit to ~~$10,000~~ $8,404.

Sec. 45. Minnesota Statutes 1998, section 126C.17, subdivision 9, is amended to read:

Subd. 9. [REFERENDUM REVENUE.] (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board or shall be called by the board upon written petition of qualified voters of the district. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per resident marginal cost pupil unit, the estimated referendum tax rate as a percentage of market value in the first year it is to be levied, and that the revenue must be used to finance school operations. The ballot may state a schedule, determined by the board, of increased revenue per resident pupil units that differs from year to year over the number of years for which the increased revenue is authorized. If the ballot contains a schedule showing different amounts, it must also indicate the estimated referendum tax rate as a percent of market value for the amount specified for the first year and for the maximum amount specified in the schedule. The ballot may state that existing referendum levy

authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of . . . . . ., School District No. . ., be approved?"

If approved, an amount equal to the approved revenue per resident marginal cost pupil unit times the resident marginal cost pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The board must prepare and deliver by first class mail at least 15 days but no more than 30 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer is deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum may result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board and shall be called by the board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the levy amount must be based upon the dollar amount, local tax rate, or amount per resident marginal cost pupil unit, that was stated to be the basis for the initial authorization. Revenue approved by the voters of the district pursuant to paragraph (a) must be received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

(g) Except for a referendum held under subdivision 11, any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) must be prepared and delivered by first class mail at least 20 days before the referendum.

Sec. 46. Minnesota Statutes 1998, section 126C.41, subdivision 2, is amended to read:

Subd. 2. [RETIRED EMPLOYEE HEALTH BENEFITS.] ~~For taxes payable in 1996, 1997, 1998, and 1999 only,~~ A district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed $300,000.

Sec. 47. Minnesota Statutes 1998, section 127A.44, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENT TO AIDS.] (a) The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

(1) general education aid authorized in section 126C.13;

(2) secondary vocational aid authorized in section 124D.453;

(3) special education aid authorized in sections 125A.75 and 125A.76;

(4) ~~school-to-work~~ career and technical program aid for children with a disability authorized in section 124D.454;

(5) ~~aid for pupils of limited English proficiency authorized in section 124D.65;~~

~~(6)~~ transportation aid authorized in section 123B.92;

~~(7)~~ (6) community education programs aid authorized in section 124D.20;

~~(8)~~ (7) adult education aid authorized in section 124D.52;

~~(9)~~ (8) early childhood family education aid authorized in section 124D.135;

~~(10)~~ (9) capital expenditure aid authorized in section 123B.57;

~~(11)~~ (10) school district cooperation aid authorized in section 126C.22;

~~(12) assurance of mastery aid according to section 124D.67;~~

~~(13)~~ (11) homestead and agricultural credit aid, disparity credit and aid, and changes to credits for prior year adjustments according to section 273.1398, subdivisions 2, 3, 4, and 7;

~~(14)~~ (12) attached machinery aid authorized in section 273.138, subdivision 3;

~~(15) alternative delivery aid authorized in section 125A.78;~~

~~(16) special education equalization aid authorized in section 125A.77;~~

~~(17)~~ (13) special education excess cost aid authorized in section 125A.79; and

~~(18)~~ (14) learning readiness aid authorized in section 124D.16~~; and~~

~~(19) cooperation-combination aid authorized in section 123A.39, subdivision 3~~.

(b) The commissioner shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 48. Minnesota Statutes 1998, section 127A.47, subdivision 1, is amended to read:

Subdivision 1. [AID TO SERVING DISTRICT ~~OF RESIDENCE~~.] (a) Unless otherwise specifically provided by law, general education aid must be paid ~~to the district of residence unless otherwise specifically provided by law~~ according to this subdivision.

(b) Except as provided in paragraph (c), general education aid must be paid to the serving district.

(c) If the resident district pays tuition for a pupil under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, general education aid, excluding basic skills revenue under section 126C.10, subdivision 4, must be paid to the resident district.

Sec. 49. Minnesota Statutes 1998, section 127A.47, subdivision 7, is amended to read:

Subd. 7. [ALTERNATIVE ATTENDANCE PROGRAMS.] The general education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the ~~general education revenue exclusive of basic skills revenue~~ referendum equalization aid attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the ~~general education revenue exclusive of basic skills revenue~~ referendum equalization aid attributable to the pupil in the nonresident district.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) The district of residence must pay tuition to a district or an area learning center, operated according to paragraph (e), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for transportation, minus (2) the amount of general education ~~aid~~ revenue and special education aid but not including any amount for transportation, attributable to that pupil, that is received by the district providing special instruction and services.

(e) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge tuition for pupils rather than to calculate general education aid adjustments under paragraph (a), (b), or (c). The tuition must be equal to the greater of the average general education revenue per pupil unit attributable to the pupil, or the actual cost of providing the instruction, excluding transportation costs, if the pupil meets the requirements of section 125A.02 or 125A.51.

Sec. 50. Minnesota Statutes 1998, section 127A.47, subdivision 8, is amended to read:

Subd. 8. [CHARTER SCHOOLS.] (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 124D.10. The adjustments must be made according to this subdivision.

(b) ~~General education aid paid to a resident district must be reduced by an amount equal to the general education revenue exclusive of basic skills revenue.~~

~~(c)~~ General education aid paid to a district in which a charter school not providing transportation according to section 124D.10, subdivision 16, is located must be increased by an amount equal to the product of: (1) the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, plus the transportation sparsity allowance for the district, plus the transportation transition allowance for the district; times (2) the pupil units attributable to the pupil.

~~(d) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.~~

Sec. 51. Minnesota Statutes 1998, section 127A.49, subdivision 2, is amended to read:

Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of children, families, and learning the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the preceding year according to the following:

(A) section 126C.13 if the district received general education aid according to that section for the second preceding year;

(B) ~~section 124.226, subdivisions 1 and 4, if the district received transportation aid according to section 123B.92 for the second preceding year;~~

~~(C) section 124.243, if the district received capital expenditure facilities aid according to that section for the second preceding year;~~

~~(D) section 124.244, if the district received capital expenditure equipment aid according to that section for the second preceding year;~~

~~(E)~~ section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

~~(F)~~ (C) sections 124D.20, 124D.21, and 124D.56, if the district received aid for community education programs according to any of those sections for the second preceding year;

~~(G)~~ (D) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; and

~~(H) section 125A.77, subdivision 3, if the district received special education levy equalization aid according to that section for the second preceding year;~~

~~(I)~~ (E) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year; ~~and~~

~~(J) section 124A.22, subdivision 4a, if the district received training and experience aid according to that section for the second preceding year;~~ to

(ii) the total amount of the district's certified levy in the preceding ~~October~~ December, plus or minus auditor's adjustments.

Sec. 52. Minnesota Statutes 1998, section 127A.49, subdivision 3, is amended to read:

Subd. 3. [EXCESS TAX INCREMENT.] (a) If a return of excess tax increment is made to a district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(b) An amount must be subtracted from the district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the district, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(A) section 126C.13, if the district received general education aid according to that section for the second preceding year;

(B) ~~section 124.226, subdivisions 1 and 4, if the district received transportation aid according to section 123B.92 for the second preceding year;~~

~~(C) section 124.243, if the district received capital expenditure facilities aid according to that section for the second preceding year;~~

~~(D) section 124.244, if the district received capital expenditure equipment aid according to that section for the second preceding year;~~

~~(E)~~ section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

~~(F)~~ (C) sections 124D.20, 124D.21, and 124D.56, if the district received aid for community education programs according to any of those sections for the second preceding year;

~~(G)~~ (D) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; and

~~(H) section 125A.77, subdivision 3, if the district received special education levy equalization aid according to that section for the second preceding year;~~

~~(I)~~ (E) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year; ~~and~~

~~(J) section 124A.22, subdivision 4a, if the district received training and experience aid according to that section for the second preceding year;~~ to

(ii) the total amount of the district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment; and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a district for a calendar year that exceeds $25,000.

Sec. 53. Minnesota Statutes 1998, section 127A.51, is amended to read:

127A.51 [STATEWIDE AVERAGE REVENUE.]

By October 1 of each year the commissioner must estimate the statewide average adjusted general revenue per ~~resident~~ adjusted marginal cost pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the ninety-fifth percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts.

If the disparity in adjusted general revenue as measured by the ratio of the ninety-fifth percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by January 15.

For purposes of this section, adjusted general revenue means the sum of basic revenue under section 126C.10, subdivision 2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue under section 126C.10, subdivision 20; and referendum revenue under section 126C.17.

Sec. 54. Laws 1992, chapter 499, article 7, section 31, as amended by Laws 1998, chapter 398, article 1, section 39, is amended to read:

Sec. 31. [REPEALER.]

Minnesota Statutes 1990, sections 124A.02, subdivision 24; 124A.23, subdivisions 2 and 3; 124A.26, subdivisions 2 and 3; 124A.27; 124A.28; and 124A.29, subdivision 2; and Minnesota Statutes 1991 Supplement, sections 124A.02, subdivisions 16 and 23; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.04; 124A.22, subdivisions 2, 3, 4, 4a, 4b, 8, and 9; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; and 124A.29, subdivision 1, are repealed effective June 30, ~~2001~~ 2002; Laws 1991, chapter 265, article 7, section 35, is repealed.

Sec. 55. Laws 1996, chapter 412, article 1, section 35, is amended to read:

Sec. 35. [REPEALER.]

Laws 1993, chapter 224, article 1, section 34, subdivision 1, is repealed. ~~Section 8 is repealed July 1, 1999.~~

Sec. 56. Laws 1997, First Special Session chapter 4, article 1, section 61, subdivision 1, is amended to read:

Subdivision 1. [REVENUE CONVERSION.] For taxes payable in 1998 and 1999, the commissioner of children, families, and learning shall adjust each school district's revenue authority that is established as a rate times net tax capacity or adjusted net tax capacity under Minnesota Statutes, chapters ~~124 and 124A~~ 120B, 122A, 123A, 123B, 124D, 125A, 126C, and 127A, by multiplying each revenue amount by the ratio of the statewide tax capacity as calculated using the class rates in effect for assessment year 1996 to the statewide tax capacity using the class rates for that assessment year. Tax rates for referendum revenues according to Minnesota Statutes, section 126C.17, and operating debt levies according to Minnesota Statutes, section 126C.42, established for an individual district under this subdivision for taxes payable in 1999 shall remain in effect for later years for which the revenue is authorized to be computed as a rate times net tax capacity or adjusted net tax capacity.

Sec. 57. Laws 1997, First Special Session chapter 4, article 1, section 61, subdivision 2, is amended to read:

Subd. 2. [TAX RATE ADJUSTMENT.] For taxes payable in 1998 and 1999, the commissioner shall adjust each tax rate established under Minnesota Statutes, chapters ~~124 and 124A~~ 120B, 122A, 123A, 123B, 124D, 125A, 126C, and 127A, by multiplying the rate by the ratio of the statewide tax capacity as calculated using the class rates in effect for assessment year 1996 to the statewide tax capacity using the class rates for that assessment year.

Sec. 58. Laws 1997, First Special Session chapter 4, article 1, section 61, subdivision 3, as amended by Laws 1998, chapter 398, article 1, section 41, is amended to read:

Subd. 3. [EQUALIZING FACTORS.] For taxes payable in 1998 and 1999, the commissioner shall adjust each equalizing factor established using adjusted net tax capacity per actual pupil unit under Minnesota Statutes, chapters ~~124 and 124A~~ 120B, 122A, 123A, 123B, 124D, 125A, 126C, and 127A, by dividing the equalizing factor by the ratio of the statewide tax capacity as calculated using the class rates in effect for assessment year 1996 to the statewide tax capacity using the class rates for that assessment year.

Sec. 59. Laws 1997, First Special Session chapter 4, article 1, section 61, subdivision 4, is amended to read:

Subd. 4. [QUALIFYING RATE.] For taxes payable in 1998 and 1999, the commissioner shall adjust the qualifying rate under Minnesota Statutes, section 124.95, subdivision 3, by multiplying the qualifying rate times the ratio of the statewide tax capacity, as calculated using the class rates in effect for assessment year 1996, to the statewide tax capacity using the class rates for that assessment year.

Sec. 60. [FUND TRANSFERS.]

Subdivision 1. [MONTICELLO.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 1999, independent school district No. 882, Monticello, may permanently transfer up to $650,000 from its debt redemption fund to its general fund.

Subd. 2. [WHITE BEAR LAKE.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 1999, independent school district No. 624, White Bear Lake, a district recently out of statutory operating debt, may permanently transfer up to $650,000 from its debt redemption fund to its general fund without making a levy reduction.

Subd. 3. [OKLEE.] Notwithstanding Minnesota Statutes, section 123B.53, on June 30, 1999, independent school district No. 627, Oklee, may permanently transfer $44,300 from its debt service fund to its general fund.

Subd. 4. [DEER RIVER.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 1999, independent school district No. 317, Deer River, may permanently transfer up to $315,000 from the debt redemption fund to its building construction fund without making a levy reduction.

Subd. 5. [FARIBAULT.] Notwithstanding Minnesota Statutes, section 123B.79, or other law, on or before June 30, 2000, independent school district No. 656, Faribault, may transfer an amount equal to the sale of the school district's excess property from its capital operating account to the undesignated general fund, not to exceed $1,000,000. This transfer shall be used for the purposes of defraying the district's operating debt and shall not be subject to salary negotiations.

Subd. 6. [WESTONKA.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 1999, independent school district No. 277, Westonka, may permanently transfer up to $235,000 from its debt redemption fund to its general fund without making a levy reduction to help the school district out of statutory operating debt.

Sec. 61. [LEASE LEVY FOR ADMINISTRATIVE SPACE; EDEN PRAIRIE.]

Each year, independent school district No. 272, Eden Prairie, may levy the amount necessary to rent or lease administrative space so that space previously used for administrative purposes may be used for instructional purposes.

Sec. 62. [OPERATING DEBT LEVY FOR TRACY SCHOOL DISTRICT.]

Subdivision 1. [OPERATING DEBT ACCOUNT.] On July 1, 1999, independent school district No. 417, Tracy, shall establish a reserve account in the general fund. The balance in this fund shall equal the unreserved undesignated fund balance in the operating funds of the district as of June 30, 1999.

Subd. 2. [LEVY.] For taxes payable in each of the years 2000 to 2004, the district may levy an amount up to 20 percent of the balance in the account on July 1, 1999. The balance in the account shall be adjusted each year by the amount of the proceeds of the levy. The proceeds of the levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

Subd. 3. [NO LOCAL APPROVAL.] Pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), this section is effective without local approval.

Sec. 63. [DIRECTION TO THE DEPARTMENT.]

For fiscal year 2000 only, the department of children, families, and learning shall make appropriate weighting adjustments to fiscal year 1999 pupil units to reflect the impact of Minnesota Statutes, section 126C.05, subdivision 5, paragraph (b), and subdivision 6, paragraph (b).

Sec. 64. [CONTINGENT FORMULA INCREASE.]

(a) If on the basis of the November 1999 forecast there is an available unrestricted general fund balance projected for June 30, 2001, the commissioner of finance shall implement the provisions in paragraphs (b) to (f) before giving effect to Minnesota Statutes, section 16A.152, subdivision 2.

(b) The general education formula allowance, as defined in Minnesota Statutes, section 126C.10, subdivision 2, shall be increased in fiscal year 2001 and later years by an amount not to exceed $50, rounded to the nearest dollar, if the planning estimates in the November 1999 forecast for fiscal year 2002 and fiscal year 2003 show that projected revenues, excluding prior year balances and excluding settlement payments received pursuant to section IIB of the settlement document filed May 18, 1998, in State v. Philip Morris, Inc., No. C1-94-8565 (Minnesota District Court, Second Judicial District), will be greater than projected expenditures for each year.

(c) The amount available to fund the increase in paragraph (b) is the lesser of:

(1) the available unrestricted general fund balance projected for June 30, 2001; or

(2) the lowest amount to which projected revenues, excluding prior year balances and excluding settlement payments received pursuant to section IIB of the settlement document filed May 18, 1998, in State v. Philip Morris, Inc., No. C1-94-8565 (Minnesota District Court, Second Judicial District), exceed projected expenditures for any year.

(d) The amount necessary to implement this section is appropriated from the general fund.

(e) The amount available to increase the formula allowance shall be certified to the commissioner of children, families, and learning the day after release of the November 1999 forecast.

(f) The commissioner of the department of children, families, and learning shall notify school districts of the resulting increase in the formula within two weeks of the certification.

Sec. 65. [SUPPLEMENTAL REVENUE.]

Supplemental revenue for fiscal years 2000 and later under Minnesota Statutes, section 126C.10, subdivision 9, is increased by the following amounts:

(1) for independent school district No. 11, Anoka, $2,000,000; and

(2) for independent school district No. 279, Osseo, $500,000.

Supplemental revenue increased under this section is not subject to reduction under Minnesota Statutes, section 126C.10, subdivision 12.

Sec. 66. [EQUITY REVENUE ADJUSTMENT.]

For fiscal years 2000 and 2001, a school district that does not have an operating referendum is eligible for additional equity revenue under section 30 equal to $12 times the district's adjusted marginal cost pupil units for that year.

Sec. 67. [CLASS SIZE, ALL-DAY KINDERGARTEN, AND SPECIAL EDUCATION STUDENT-TO-INSTRUCTOR RATIO RESERVE.]

A district is required to reserve $3 in fiscal year 2000 and $11 in fiscal year 2001 and later per adjusted marginal cost pupil unit for class size reduction, all-day kindergarten, or for reducing special education student-to-instructor ratios. The school board of each district must pass a resolution stating which one of these three programs will be funded with this reserve. The reserve amount under this section must be allocated to the education site as defined in Minnesota Statutes, section 123B.04, subdivision 1.

Sec. 68. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:

$3,062,321,000	. . . . .	2000
$3,160,518,000	. . . . .	2001

The 2000 appropriation includes $272,186,000 for 1999 and $2,790,135,000 for 2000.

The 2001 appropriation includes $310,015,000 for 2000 and $2,850,503,000 for 2001.

Subd. 3. [TRANSPORTATION SAFETY.] For student transportation safety aid according to Minnesota Statutes, section 123B.92, subdivision 4:

$144,000	. . . . .	2000

The 2000 appropriation includes $144,000 for 1999.

Subd. 4. [TRANSPORTATION AID FOR ENROLLMENT OPTIONS.] For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts according to Minnesota Statutes, section 124D.03:

$102,000	. . . . .	2000
$102,000	. . . . .	2001

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. [DISTRICT COOPERATION REVENUE.] For district cooperation revenue aid:

$5,940,000	. . . . .	2000
$563,000	. . . . .	2001

The 2000 appropriation includes $869,000 for 1999 and $5,071,000 for 2000.

The 2001 appropriation includes $563,000 for 2000 and $0 for 2001.

Sec. 69. [REPEALER.]

(a) Minnesota Statutes 1998, sections 123B.89; and 123B.92, subdivisions 2, 4, 6, 7, 8, and 10, are repealed.

(b) Minnesota Statutes 1998, section 120B.05, is repealed effective for revenue for fiscal year 2000.

(c) Minnesota Statutes 1998, section 124D.65, subdivisions 1, 2, and 3, are repealed effective for revenue for fiscal year 2001.

(d) Minnesota Statutes 1998, sections 124D.67; 126C.05, subdivision 4; and 126C.06, are repealed effective the day following final enactment.

This appropriation is available until June 30, 2001.

Sec. 70. [EFFECTIVE DATES.]

Sections 13, 14, 26, 30, 37, and 39 are effective for revenue for fiscal year 2000 and later. Sections 46, 47, and 55 to 60 are effective the day following final enactment. Section 61 is effective for taxes payable in 2000 and later.

ARTICLE 2

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1998, section 121A.23, is amended to read:

121A.23 [HEALTH-RELATED PROGRAMS.]

Subdivision 1. [~~AIDS~~ SEXUALLY TRANSMITTED DISEASES PROGRAM.] The commissioner of children, families, and learning, in consultation with the commissioner of health, shall assist districts in developing and implementing a program to prevent and reduce the risk of ~~acquired immune deficiency syndrome~~ sexually transmitted infections and diseases, including but not exclusive to human immune deficiency virus and human papilloma virus. Each district must have a program that includes at least:

(1) planning materials, guidelines, and other technically accurate and updated information;

(2) a comprehensive, technically accurate, and updated curriculum that includes helping students to abstain from sexual activity until marriage;

(3) cooperation and coordination among districts and SCs;

(4) a targeting of adolescents, especially those who may be at high risk of contracting ~~AIDS~~ sexually transmitted infections and diseases, for prevention efforts;

(5) involvement of parents and other community members;

(6) in-service training for appropriate district staff and school board members;

(7) collaboration with state agencies and organizations having ~~an AIDS~~ a sexually transmitted infection and disease prevention or ~~AIDS~~ sexually transmitted infection and disease risk reduction program;

(8) collaboration with local community health services, agencies and organizations having ~~an AIDS~~ a sexually transmitted infection and disease prevention or ~~AIDS~~ sexually transmitted infection and disease risk reduction program; and

(9) participation by state and local student organizations.

The department may provide assistance at a neutral site to a nonpublic school participating in a district's program. District programs must not conflict with the health and wellness curriculum developed under Laws 1987, chapter 398, article 5, section 2, subdivision 7.

If a district fails to develop and implement a program to prevent and reduce the risk of ~~AIDS~~ sexually transmitted infection and disease, the department must assist the service cooperative in the region serving that district to develop or implement the program.

Subd. 2. [FUNDING SOURCES.] Districts may accept funds for ~~AIDS~~ sexually transmitted infection and disease prevention programs developed and implemented under this section from public and private sources including public health funds and foundations, department professional development funds, federal block grants or other federal or state grants.

Sec. 2. Minnesota Statutes 1998, section 121A.43, as amended by Laws 1999, chapter 123, section 2, is amended to read:

121A.43 [EXCLUSION AND EXPULSION OF PUPILS WITH A DISABILITY.]

When a pupil who has an individual education plan is excluded or expelled under sections 121A.40 to 121A.56 for misbehavior that is not a manifestation of the pupil's disability, the district shall continue to provide special education and related services after a period of suspension, if suspension is imposed. The district shall initiate a

review of the ~~student's~~ pupil's individual education plan and conduct a review of the relationship between the ~~student's~~ pupil's disability and the behavior subject to disciplinary action and determine the appropriateness of the ~~student's~~ pupil's education plan before commencing an expulsion or exclusion.

Sec. 3. Minnesota Statutes 1998, section 122A.28, is amended to read:

122A.28 [TEACHERS OF DEAF AND HARD-OF-HEARING STUDENTS; LICENSURE REQUIREMENTS.]

Subdivision 1. [K-12 LICENSE TO TEACH DEAF AND HARD-OF-HEARING STUDENTS.] The board of teaching must review and determine appropriate licensure requirements for a candidate for a license or an applicant for a continuing license to teach deaf and hard-of-hearing students in prekindergarten through grade 12. In addition to other requirements, a candidate must demonstrate the minimum level of proficiency in American sign language as determined by the board.

Subd. 2. [LICENSURE FOR TEACHING ORAL/AURAL DEAF EDUCATION PROGRAMS.] (a) The board of teaching shall adopt a separate licensure rule for a candidate for a license or an applicant for a continuing license to teach in oral/aural deaf education programs or to provide services, including itinerant oral/aural deaf education services, to deaf and hard-of-hearing students in prekindergarten through grade 12.

(b) The board shall design rule requirements for teaching oral/aural deaf education in collaboration with representatives of parents and educators of deaf and hard-of-hearing students, post-secondary programs preparing teachers of deaf and hard-of-hearing students, and the department of children, families, and learning.

(c) Rule requirements for teaching oral/aural deaf education shall reflect best practice research in oral/aural deaf education. Advanced competencies in teaching deaf and hard-of-hearing students through oral/aural modes shall be included.

(d) Licensure requirements for teachers of oral/aural deaf education must include minimum competency in American sign language, but are not subject to the guidelines established in Laws 1993, chapter 224, article 3, section 32, as amended by Laws 1998, chapter 398, article 2, section 47. The signed communication proficiency interview shall not be required for teachers licensed to teach deaf and hard-of-hearing students through oral/aural deaf education methods.

(e) Requirements for teachers or oral/aural deaf education shall include appropriate continuing education requirements for renewing this licensure.

Sec. 4. Minnesota Statutes 1998, section 123A.05, subdivision 2, is amended to read:

Subd. 2. [RESERVE REVENUE.] Each district that is a member of an area learning center must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue ~~less compensatory~~ per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue ~~unit~~, transportation sparsity revenue, and the transportation portion of the transition revenue adjustment, times the number of pupil units attending an area learning center program under this section. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

Sec. 5. Minnesota Statutes 1998, section 123A.05, subdivision 3, is amended to read:

Subd. 3. [ACCESS TO SERVICES.] A center shall have access to the district's regular education programs, special education programs, technology facilities, and staff. It may contract with individuals or post-secondary institutions. It shall seek the involvement of community education programs, post-secondary institutions, interagency collaboratives, culturally based organizations, mutual assistance associations, and other community resources, businesses, and other federal, state, and local public agencies.

Sec. 6. Minnesota Statutes 1998, section 123A.06, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM FOCUS.] (a) The programs and services of a center must focus on academic and learning skills, applied learning opportunities, trade and vocational skills, work-based learning opportunities, work experience, youth service to the community, ~~and~~ transition services, and English language and literacy programs for children whose primary language is a language other than English. Applied learning, work-based learning, and service learning may best be developed in collaboration with a local education and transitions partnership, culturally based organizations, mutual assistance associations, or other community resources. In addition to offering programs, the center shall coordinate the use of other available educational services, special education services, social services, health services, and post-secondary institutions in the community and services area.

(b) Consistent with the requirements of sections 121A.40 to 121A.56, a school district may provide an alternative education program for a student who is within the compulsory attendance age under section 120A.20, and who is involved in severe or repeated disciplinary action.

Sec. 7. Minnesota Statutes 1998, section 123A.06, subdivision 2, is amended to read:

Subd. 2. [PEOPLE TO BE SERVED.] A center shall provide programs for secondary pupils and adults. A center may also provide programs and services for elementary and secondary pupils who are not attending the center to assist them in being successful in school. A center shall use research-based best practices for serving limited English proficient students and their parents. An individual education plan team may identify a center as an appropriate placement to the extent a center can provide the student with the appropriate special education services described in the student's plan. Pupils eligible to be served are those age five to adults 22 and older who qualify under the graduation incentives program in section 124D.68, subdivision 2, or those pupils who are eligible to receive special education services under sections 125A.03 to 125A.24, and 125A.65.

Sec. 8. Minnesota Statutes 1998, section 123B.75, is amended by adding a subdivision to read:

Subd. 6a. [INTEGRATION AID.] Integration aid received under section 127A.45, subdivision 12a, must be recognized in the same fiscal year as the integration levy.

Sec. 9. Minnesota Statutes 1998, section 124D.081, subdivision 3, is amended to read:

Subd. 3. [QUALIFYING SCHOOL SITE.] (a) The commissioner shall rank all school sites with kindergarten programs that do not exclusively serve students under sections 125A.03 to 125A.24, and 125A.65. The ranking must be from highest to lowest based on the site's free and reduced lunch count as a percent of the fall enrollment using the preceding October 1 enrollment data. Once a school site is calculated to be eligible, it remains eligible for the duration of the pilot program, unless the site's ranking falls below the state average for elementary schools. For each school site, the percentage used to calculate the ranking must be the greater of (1) the percent of the fall kindergarten enrollment receiving free and reduced lunch, or (2) the percent of the total fall enrollment receiving free and reduced lunch. The list of ranked sites must be separated into the following geographic areas: Minneapolis district, St. Paul district, suburban Twin Cities districts in the seven-county metropolitan area, and school districts in greater Minnesota.

(b) The commissioner shall establish a process and timelines to qualify school sites for the next school year. School sites must be qualified in each geographic area from the list of ranked sites until the estimated revenue available for this program has been allocated. The total estimated revenue must be distributed to qualified school sites in each geographic area as follows: 25 percent for Minneapolis sites, 25 percent for St. Paul sites, 25 percent for suburban Twin Cities sites, and 25 percent for greater Minnesota.

Sec. 10. Minnesota Statutes 1998, section 124D.454, subdivision 5, is amended to read:

Subd. 5. [STATE TOTAL SCHOOL-TO-WORK PROGRAM-DISABLED REVENUE.] The state total school-to-work program-disabled revenue for fiscal year ~~1998~~ 2000 equals ~~$8,924,000~~ $8,982,000. The state total

school-to-work program-disabled revenue for fiscal year ~~1999~~ 2001 equals ~~$8,976,000~~ $8,966,000. The state total school-to-work program-disabled revenue for later fiscal years equals:

(1) the state total school-to-work program-disabled revenue for the preceding fiscal year; times

(2) the program growth factor; times

(3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 11. Minnesota Statutes 1998, section 124D.65, subdivision 4, is amended to read:

Subd. 4. [STATE TOTAL LEP REVENUE.] (a) The state total limited English proficiency programs revenue for fiscal year ~~1998~~ 2000 equals ~~$14,629,000~~ $27,454,000. The state total limited English proficiency programs revenue for fiscal year ~~1999~~ 2001 equals ~~$16,092,000~~ $31,752,000.

(b) The state total limited English proficiency programs revenue for later fiscal years equals:

(1) the state total limited English proficiency programs revenue for the preceding fiscal year; times

(2) the program growth factor under section 125A.76 subdivision 1; times

(3) the ratio of the state total number of pupils with limited English proficiency for the current fiscal year to the state total number of pupils with limited English proficiency for the preceding fiscal year.

Sec. 12. Minnesota Statutes 1998, section 124D.87, is amended to read:

124D.87 [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION ~~GRANTS~~ AID.]

(a) A district that provides transportation of pupils to and from an interdistrict program for desegregation or integration purposes ~~may apply to the commissioner~~ is eligible for ~~a grant~~ state aid to cover the additional costs of transportation.

(b) A district in the metropolitan area may apply to the commissioner for ~~a grant~~ state aid to cover the costs of transporting pupils who are enrolled under section 124D.03 if the enrollment of the student in the nonresident district contributes to desegregation or integration purposes. The commissioner shall develop the form and manner of applications for state aid, the criteria to be used to determine when transportation is for desegregation or integration purposes, and the accounting procedure to be used to determine excess costs. In determining ~~the grant amount~~ aid amounts, the commissioner shall consider other revenue received by the district for transportation for desegregation or integration purposes.

(c) ~~Grants may be awarded~~ Aid must be paid under paragraph (b) only if ~~grants awarded~~ aid amounts under paragraph (a) have been fully funded.

Sec. 13. Minnesota Statutes 1998, section 125A.09, subdivision 4, is amended to read:

Subd. 4. [DISPUTE RESOLUTION.] Parents and guardians must have an opportunity to meet with appropriate district staff in at least one conciliation conference, mediation, or other method of alternative dispute resolution that the parties agree to, if they object to any proposal of which they are notified under subdivision 1. The state intends to encourage parties to resolve disputes through mediation or other form of alternative dispute resolution. A school district and a parent or guardian must participate in mediation using mediation services acceptable to both parties, unless a party objects to the mediation. Mediation shall remain available to the parties until a party objects to the mediation, or the mediator determines that further efforts to mediate a dispute are not warranted. All mediation is subject to the confidentiality requirements under rule 114.08 of the general rules of practice for the district courts.

Alternative dispute resolution must not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the district, the requirement of an opportunity for conciliation or other alternative dispute resolution must be deemed to be satisfied. Notwithstanding other law, in any proceeding following a conciliation conference, the district must not offer a conciliation conference memorandum into evidence, except for any portions that describe the district's final proposed offer of service. Otherwise, with respect to forms of dispute resolution, mediation, or conciliation, Minnesota Rule of Evidence 408 applies. ~~The department may reimburse the districts or directly pay the costs of lay advocates, not to exceed $150 per dispute, used in conjunction with alternative dispute resolution.~~

Sec. 14. Minnesota Statutes 1998, section 125A.15, is amended to read:

125A.15 [PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.]

The responsibility for special instruction and services for a child with a disability temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The district of residence of a child shall be the district in which the child's parent resides, if living, or the child's guardian, or the district designated by the commissioner if neither parent nor guardian is living within the state.

(b) When a child is temporarily placed for care and treatment in a day program located in another district and the child continues to live within the district of residence during the care and treatment, the district of residence is responsible for providing transportation to and from the care and treatment facility and an appropriate educational program for the child. Transportation shall only be provided by the district during regular operating hours of the district. The district may provide the educational program at a school within the district of residence, at the child's residence, or in the district in which the day treatment center is located by paying tuition to that district.

(c) When a child is temporarily placed in a residential program for care and treatment, the nonresident district in which the child is placed is responsible for providing an appropriate educational program for the child and necessary transportation while the child is attending the educational program; and must bill the district of the child's residence for the actual cost of providing the program, as outlined in section 125A.11. However, the board, lodging, and treatment costs incurred in behalf of a child with a disability placed outside of the school district of residence by the commissioner of human services or the commissioner of corrections or their agents, for reasons other than providing for the child's special educational needs must not become the responsibility of either the district providing the instruction or the district of the child's residence. For the purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(d) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of residence may claim general education aid for the child as provided by law. Transportation costs must be paid by the district responsible for providing the transportation and the state must pay transportation aid to that district.

Sec. 15. [125A.155] [SPECIAL EDUCATION RECIPROCITY; COMMISSIONER DUTIES.]

The commissioner of children, families, and learning must develop a special education reciprocity agreement form. The reciprocity form must specify the procedures used to calculate special education tuition charges for both Minnesota students that are served in other states and for out-of-state students who are served in Minnesota. The commissioner shall attempt to enter into reciprocity agreements with any state that sends students to Minnesota and any state that provides services to Minnesota students.

Sec. 16. Minnesota Statutes 1998, section 125A.50, subdivision 2, is amended to read:

Subd. 2. [APPLICATION CONTENTS.] The application must set forth:

(1) instructional services available to eligible pupils under section ~~124D.67~~ 124D.66, subdivision ~~3~~ 2, and pupils with a disability under section 125A.02;

(2) criteria to select pupils for the program and the assessment procedures to determine eligibility;

(3) involvement in the program of parents of pupils in the program, parent advocates, and community special education advocates;

(4) accounting procedures to document that federal special education money is used to supplement or increase the level of special education instruction and related services provided with state and local revenue, but in no case to supplant the state and local revenue, and that districts are expending at least the amount for special education instruction and related services required by federal law;

(5) the role of regular and special education teachers in planning and implementing the program; and

(6) other information requested by the commissioner.

Sec. 17. Minnesota Statutes 1998, section 125A.50, subdivision 5, is amended to read:

Subd. 5. [ANNUAL REPORT.] Each year the district must submit to the commissioner a report containing the information described in subdivision 3 ~~and section 124D.67, subdivision 7~~.

Sec. 18. Minnesota Statutes 1998, section 125A.51, is amended to read:

125A.51 [PLACEMENT OF CHILDREN WITHOUT DISABILITIES; EDUCATION AND TRANSPORTATION.]

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the state board, and who is temporarily placed for care and treatment for that illness or disability, must be determined as provided in this section.

(a) The school district of residence of the pupil is the district in which the pupil's parent or guardian resides ~~or the district designated by the commissioner if neither parent nor guardian is living within the state and tuition has been denied~~.

(b) When parental rights have been terminated by court order, the legal residence of a child placed in a residential or foster facility for care and treatment is the district in which the child resides when parental rights have been terminated.

~~(b)~~ (c) Before the placement of a pupil for care and treatment, the district of residence must be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, must notify the district of residence of the emergency placement within 15 days of the placement.

~~(c)~~ (d) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence must provide instruction and necessary transportation to and from the treatment facility for the pupil. Transportation shall only be provided by the district during regular operating hours of the district. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state board of teaching.

~~(d)~~ (e) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed must provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district must bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil must send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state board of teaching. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

~~(e)~~ (f) The district of residence must include the pupil in its residence count of pupil units and pay tuition as provided in section 123A.488 to the district providing the instruction. Transportation costs must be paid by the district providing the transportation and the state must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision must be included in the disabled transportation category.

Sec. 19. [125A.515] [PLACEMENT OF CHILDREN WITHOUT DISABILITIES; APPROVAL OF EDUCATION PROGRAM.]

The commissioner shall approve education programs in care and treatment facilities for placement of children without disabilities, including detention centers, before being licensed by the department of human services or the department of corrections.

Sec. 20. Minnesota Statutes 1998, section 125A.62, is amended to read:

125A.62 [DUTIES OF ~~STATE~~ THE BOARD OF ~~EDUCATION~~ THE MINNESOTA STATE ACADEMIES.]

Subdivision 1. [GOVERNANCE.] The board of the ~~Faribault academy~~ Minnesota state academies shall govern the state academies for the deaf and the state academy for the blind. The board must promote academic standards based on high expectation and an assessment system to measure academic performance toward the achievement of those standards. The board must focus on the academies' needs as a whole and not prefer one school over the other. The board of the ~~Faribault~~ Minnesota state academies shall consist of ~~seven~~ nine persons. The members of the board shall be appointed by the governor with the advice and consent of the senate. ~~Three members~~ One member must be from the seven-county metropolitan area, ~~three members~~ one member must be from greater Minnesota, and one member may be appointed at-large. The board must be composed of:

(1) one present or former superintendent of an independent school district;

(2) one present or former special education director;

(3) the commissioner of children, families, and learning or the commissioner's designee;

(4) one member of the blind community;

(5) one member of the deaf community; ~~and~~

(6) two members of the general public with business, administrative, or financial expertise;

(7) one nonvoting, unpaid ex officio member appointed by the site council for the state academy for the deaf; and

(8) one nonvoting, unpaid ex officio member appointed by the site council for the state academy for the blind.

Subd. 2. [TERMS; COMPENSATION; AND OTHER.] The membership terms, compensation, removal of members, and filling of vacancies shall be as provided for in section 15.0575. Notwithstanding section 15.0575, a member may serve not more than two consecutive four-year terms.

Subd. 3. [MEETINGS.] All meetings of the board shall be as provided in section 471.705 and must be held in Faribault.

Subd. 4. [MOST BENEFICIAL, LEAST RESTRICTIVE.] The board must do what is necessary to provide the most beneficial and least restrictive program of education for each pupil at the academies who is handicapped by visual disability or deafness.

Subd. 5. [PLANNING, EVALUATION, AND REPORTING.] To the extent required in school districts, the board must establish a process for the academies to include parent and community input in the planning, evaluation, and reporting of curriculum and pupil achievement.

Subd. 6. [SITE COUNCILS.] The board ~~may~~ must establish, and appoint members to, a site council at each academy. The site councils shall exercise power and authority granted by the board. The board must appoint to each site council the exclusive representative's employee designee from each exclusive representative at the academies. The site councils may make a recommendation to the governor regarding board appointments no more than 30 days after receiving the list of applicants from the governor.

Subd. 7. [TRUSTEE OF ACADEMIES' PROPERTY.] The board is the trustee of the academies' property. Securities and money, including income from the property, must be deposited in the state treasury according to section 16A.275. The deposits are subject to the order of the board.

Subd. 8. [GRANTS.] The board, through the chief administrators of the academies, may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources. Application may not be made for grants over which the board has discretion.

Sec. 21. Minnesota Statutes 1998, section 125A.64, is amended to read:

125A.64 [POWERS OF BOARD OF THE ~~FARIBAULT~~ MINNESOTA STATE ACADEMIES.]

Subdivision 1. [PERSONNEL.] The board of the ~~Faribault~~ Minnesota state academies may employ central administrative staff members and other personnel necessary to provide and support programs and services at each academy.

Subd. 2. [GET HELP FROM DEPARTMENT.] The board of the ~~Faribault~~ Minnesota state academies may require the department of children, families, and learning to provide program leadership, program monitoring, and technical assistance at the academies.

Subd. 3. [UNCLASSIFIED POSITIONS.] The board of the ~~Faribault~~ Minnesota state academies may place any position other than residential academies administrator in the unclassified service. The position must meet the criteria in section 43A.08, subdivision 1a.

Subd. 4. [RESIDENTIAL AND BUILDING MAINTENANCE SERVICES.] The board of the ~~Faribault~~ Minnesota state academies may enter into agreements with public or private agencies or institutions to provide residential and building maintenance services. The board of the ~~Faribault~~ Minnesota state academies must first decide that contracting for the services is more efficient and less expensive than not contracting for them.

Subd. 5. [STUDENT TEACHERS AND PROFESSIONAL TRAINEES.] (a) The board of the ~~Faribault~~ Minnesota state academies may enter into agreements with teacher preparation institutions for student teachers to get practical experience at the academies. A licensed teacher must provide appropriate supervision of each student teacher.

(b) The board of the ~~Faribault~~ Minnesota state academies may enter into agreements with accredited higher education institutions for certain student trainees to get practical experience at the academies. The students must be preparing themselves in a professional field that provides special services to children with a disability in school programs. To be a student trainee in a field, a person must have completed at least two years of an approved program in the field. A person who is licensed or registered in the field must provide appropriate supervision of each student trainee.

Sec. 22. Minnesota Statutes 1998, section 125A.65, subdivision 3, is amended to read:

Subd. 3. [EDUCATIONAL PROGRAM; TUITION.] When it is determined pursuant to section 125A.69, subdivision 1 or 2, that the child is entitled to attend either school, the board of the ~~Faribault~~ Minnesota state academies must provide the appropriate educational program for the child. The board of the ~~Faribault~~ Minnesota state academies must make a tuition charge to the child's district of residence for the cost of providing the program. The amount of tuition charged must not exceed the basic revenue of the district for that child, for the amount of time the child is in the program. For purposes of this subdivision, "basic revenue" has the meaning given it in section 126C.10, subdivision 2. The district of the child's residence must pay the tuition and may claim general education aid for the child. Tuition received by the board of the ~~Faribault~~ Minnesota state academies, except for tuition received under subdivision 4, must be deposited in the state treasury as provided in subdivision 8.

Sec. 23. Minnesota Statutes 1998, section 125A.65, subdivision 5, is amended to read:

Subd. 5. [PROVIDING APPROPRIATE EDUCATIONAL PROGRAMS.] When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the district where the institution is located must provide an appropriate educational program for the child and must make a tuition charge to the board of the ~~Faribault~~ Minnesota state academies for the actual cost of providing the program, less any amount of aid received pursuant to section 125A.75. The board of the ~~Faribault~~ Minnesota state academies must pay the tuition and other program costs including the unreimbursed transportation costs. Aids for children with a disability must be paid to the district providing the special instruction and services. Special transportation must be provided by the district providing the educational program and the state must reimburse that district within the limits provided by law.

Sec. 24. Minnesota Statutes 1998, section 125A.65, subdivision 6, is amended to read:

Subd. 6. [TUITION REDUCTION.] Notwithstanding the provisions of subdivisions 3 and 5, the board of the ~~Faribault~~ Minnesota state academies may agree to make a tuition charge for less than the amount specified in subdivision 3 for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the board of the ~~Faribault~~ Minnesota state academies for less than the amount specified in subdivision 5 for providing appropriate educational programs to pupils attending the applicable school.

Sec. 25. Minnesota Statutes 1998, section 125A.65, subdivision 7, is amended to read:

Subd. 7. [STAFF ALLOCATION.] Notwithstanding the provisions of subdivisions 3 and 5, the board of the ~~Faribault~~ Minnesota state academies may agree to supply staff from the Minnesota state academy for the deaf and the Minnesota state academy for the blind to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

Sec. 26. Minnesota Statutes 1998, section 125A.65, subdivision 8, is amended to read:

Subd. 8. [STUDENT COUNT; TUITION.] On May 1 of each year, the board of the ~~Faribault~~ Minnesota state academies shall count the actual number of Minnesota resident kindergarten and elementary students and the actual number of Minnesota resident secondary students enrolled and receiving education services at the Minnesota state academy for the deaf and the Minnesota state academy for the blind. The board of the ~~Faribault~~ Minnesota state academies shall deposit in the state treasury an amount equal to all tuition received less:

(1) the total number of students on May 1 less 175, times the ratio of the number of kindergarten and elementary students to the total number of students on May 1, times the general education formula allowance; plus

(2) the total number of students on May 1 less 175, times the ratio of the number of secondary students on May 1 to the total number of students on May 1, times 1.3, times the general education formula allowance.

Sec. 27. Minnesota Statutes 1998, section 125A.65, subdivision 10, is amended to read:

Subd. 10. [ANNUAL APPROPRIATION.] There is annually appropriated to the department for the ~~Faribault~~ Minnesota state academies the tuition amounts received and credited to the general operation account of the academies under this section. A balance in an appropriation under this paragraph does not cancel but is available in successive fiscal years.

Sec. 28. Minnesota Statutes 1998, section 125A.68, subdivision 1, is amended to read:

Subdivision 1. [SUBJECTS.] The board of the ~~Faribault~~ Minnesota state academies must establish procedures for:

(1) admission, including short-term admission, to the academies;

(2) discharge from the academies;

(3) decisions on a pupil's program at the academies; and

(4) evaluation of a pupil's progress at the academies.

Sec. 29. Minnesota Statutes 1998, section 125A.69, subdivision 1, is amended to read:

Subdivision 1. [TWO KINDS.] There are two kinds of admission to the Minnesota state academies.

(a) A pupil who is deaf, hard of hearing, or blind-deaf, may be admitted to the academy for the deaf. A pupil who is blind or visually impaired, blind-deaf, or multiply handicapped may be admitted to the academy for the blind. For a pupil to be admitted, two decisions must be made under sections 125A.03 to 125A.24 and 125A.65.

(1) It must be decided by the individual education planning team that education in regular or special education classes in the pupil's district of residence cannot be achieved satisfactorily because of the nature and severity of the deafness or blindness or visual impairment respectively.

(2) It must be decided by the individual education planning team that the academy provides the most appropriate placement within the least restrictive alternative for the pupil.

(b) A deaf or hard of hearing child or a visually impaired pupil may be admitted to get socialization skills or on a short-term basis for skills development.

Sec. 30. Minnesota Statutes 1998, section 125A.69, subdivision 3, is amended to read:

Subd. 3. [OUT-OF-STATE ADMISSIONS.] An applicant from another state who can benefit from attending either academy may be admitted to the academy if the admission does not prevent an eligible Minnesota resident from being admitted. The ~~state board of education~~ board of the Minnesota state academies must obtain reimbursement from the other state for the costs of the out-of-state admission. The state board may enter into an agreement with the appropriate authority in the other state for the reimbursement. Money received from another state must be deposited in the general fund and credited to the general operating account of the academies. The money is appropriated to the academies.

Sec. 31. Minnesota Statutes 1998, section 125A.70, subdivision 2, is amended to read:

Subd. 2. [LOCAL SOCIAL SERVICES AGENCY.] If the person liable for support of a pupil cannot support the pupil, the local social services agency of the county of the pupil's residence must do so. The commissioner of children, families, and learning must decide how much the local social services agency must pay. The board of the ~~Faribault~~ Minnesota state academies must adopt rules that tell how the commissioner is to fix the amount. The local social services agency must make the payment to the superintendent of the school district of residence.

Sec. 32. Minnesota Statutes 1998, section 125A.71, subdivision 3, is amended to read:

Subd. 3. [CONTRACTS; FEES; APPROPRIATION.] The ~~state~~ board of the Minnesota state academies may enter into agreements for the academies to provide respite care and supplemental educational instruction and services including assessments and counseling. The agreements may be made with public or private agencies or institutions, school districts, service cooperatives, or counties. The board may authorize the academies to provide conferences, seminars, nondistrict and district requested technical assistance, and production of instructionally related materials.

Sec. 33. Minnesota Statutes 1998, section 125A.72, is amended to read:

125A.72 [STUDENT ACTIVITIES ACCOUNT.]

Subdivision 1. [STUDENT ACTIVITIES; RECEIPTS; APPROPRIATION.] All receipts of any kind generated to operate student activities, including student fees, donations and contributions, and gate receipts must be deposited in the state treasury. The receipts are appropriated annually to the ~~residential~~ Minnesota state academies for student activities purposes. They are not subject to budgetary control by the commissioner of finance.

Subd. 2. [TO STUDENT ACTIVITIES ACCOUNT.] The money appropriated in subdivision 1 to the ~~residential~~ Minnesota state academies for student activities must be credited to a ~~Faribault~~ Minnesota state academies' student activities account and may be spent only for ~~Faribault~~ Minnesota state academies' student activities purposes.

Subd. 3. [CARRYOVER.] An unexpended balance in the ~~Faribault~~ Minnesota state academies' student activities account may be carried over from the first fiscal year of the biennium into the second fiscal year of the biennium and from one biennium to the next. The amount carried over must not be taken into account in determining state appropriations and must not be deducted from a later appropriation.

Subd. 4. [MONEY FROM CERTAIN STUDENT ACTIVITIES SPECIFICALLY INCLUDED AMONG RECEIPTS.] Any money generated by a ~~Faribault~~ Minnesota state academies' student activity that involves:

(1) state employees who are receiving compensation for their involvement with the activity;

(2) the use of state facilities; or

(3) money raised for student activities in the name of the ~~residential~~ Minnesota state academies

is specifically included among the kinds of receipts that are described in subdivision 1.

Sec. 34. Minnesota Statutes 1998, section 125A.73, is amended to read:

125A.73 [DUTIES OF STATE DEPARTMENTS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The department of children, families, and learning must assist the board of the ~~Faribault~~ Minnesota state academies in preparing reports on the academies.

Subd. 2. [DEPARTMENT OF EMPLOYEE RELATIONS.] The department of employee relations, in cooperation with the board of the ~~Faribault~~ Minnesota state academies, must develop a statement of necessary qualifications and skills for all staff members of the academies.

Sec. 35. Minnesota Statutes 1998, section 125A.75, subdivision 3, is amended to read:

Subd. 3. [FULL STATE PAYMENT.] The state must pay each district the actual cost incurred in providing instruction and services for a child ~~with a disability~~ whose district of residence has been determined by section 125A.17 or 125A.51, paragraph (b), and who is temporarily placed in a state institution ~~or~~, a licensed residential facility, or foster facility for care and treatment. ~~This section does not apply to a child placed in a foster home or a foster group home.~~ The regular education program at the facility must be an approved program according to section 125A.515.

Upon following the procedure specified by the commissioner, the district may bill the state the actual cost incurred in providing the services including transportation costs and a proportionate amount of capital expenditures and debt service, minus the amount of the basic revenue, as defined in section 126C.10, subdivision 2, of the district for the child and the special education aid, transportation aid, and any other aid earned on behalf of the child. The limit in subdivision 2 applies to aid paid pursuant to this subdivision.

To the extent possible, the commissioner shall obtain reimbursement from another state for the cost of serving any child whose parent or guardian resides in that state. The commissioner may contract with the appropriate authorities of other states to effect reimbursement. All money received from other states must be paid to the state treasury and placed in the general fund.

Sec. 36. Minnesota Statutes 1998, section 125A.75, subdivision 8, is amended to read:

Subd. 8. [LITIGATION AND HEARING COSTS.] (a) For fiscal year 1999 and thereafter, the commissioner of children, families, and learning, or the commissioner's designee, shall use state funds to pay school districts for the administrative costs of a due process hearing incurred under section 125A.09, subdivisions 6, 10, and 11, including hearing officer fees, court reporter fees, mileage costs, transcript costs, interpreter and transliterator fees, independent evaluations ordered by the hearing officer, and rental of hearing rooms, but not including district attorney fees. To receive state aid under this paragraph, a school district shall submit to the commissioner ~~at the end of the school year~~ by August 1 an itemized list of unreimbursed actual costs for fees and other expenses under this paragraph incurred after June 30, 1998, for hearings completed during the previous fiscal year. State funds used for aid to school districts under this paragraph shall be based on the unreimbursed actual costs and fees submitted by a district ~~from previous school years~~.

(b) ~~For fiscal year 1999 and thereafter, a school district, to the extent to which it prevails under United States Code, title 20, section 1415(i)(3)(B)(D) and Rule 68 of the Federal Rules of Civil Procedure, shall receive state aid equal to 50 percent of the total actual cost of attorney fees incurred after a request for a due process hearing under section 125A.09, subdivisions 6, 9, and 11, is served upon the parties. A district is eligible for reimbursement for attorney fees under this paragraph only if:~~

~~(1) a court of competent jurisdiction determines that the parent is not the prevailing party under United States Code, title 20, section 1415(i)(3)(B)(D), or the parties stipulate that the parent is not the prevailing party;~~

~~(2) the district has made a good faith effort to resolve the dispute through mediation, but the obligation to mediate does not compel the district to agree to a proposal or make a concession; and~~

~~(3) the district made an offer of settlement under Rule 68 of the Federal Rules of Civil Procedure.~~

~~To receive aid, a school district that meets the criteria of this paragraph shall submit to the commissioner at the end of the school year an itemized list of unreimbursed actual attorney fees associated with a due process hearing under section 125A.09, subdivisions 6, 9, and 11. Aid under this paragraph for each school district is based on unreimbursed actual attorney fees submitted by the district from previous school years.~~

~~(c) For fiscal year 1999 and thereafter, a school district is eligible to receive state aid for 50 percent of the total actual cost of attorney fees it incurs in appealing to a court of competent jurisdiction the findings, conclusions, and order of a due process hearing under section 125A.09, subdivisions 6, 9, and 11. The district is eligible for reimbursement under this paragraph only if the commissioner authorizes the reimbursement after evaluating the merits of the case. In a case where the commissioner is a named party in the litigation, the commissioner of the bureau of mediation services shall make the determination regarding reimbursement. The commissioner's decision is final.~~

~~(d)~~ The commissioner shall provide districts with a form on which to annually report litigation costs under this section and shall base aid estimates on ~~those~~ preliminary reports submitted by the district during the current fiscal year.

Sec. 37. Minnesota Statutes 1998, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section ~~and section 125A.77~~, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1998 and later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Essential personnel" means teachers, related services, and support services staff providing direct services to students.

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

(e) "Program growth factor" means ~~1.00~~ 1.012 for fiscal year ~~2000~~ 2002 and later.

~~(f) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997, 80 percent for fiscal year 1998, 90 percent for fiscal year 1999, and 100 percent for fiscal years 2000 and later.~~

~~(g) "Levy percentage factor" means 100 minus the aid percentage factor for that year.~~

Sec. 38. Minnesota Statutes 1998, section 125A.76, subdivision 2, is amended to read:

Subd. 2. [SPECIAL EDUCATION BASE REVENUE.] (a) The special education base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the fiscal year, not including the share of salaries for personnel providing health-related services counted in clause (8), whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability, not including the portion of the expenses for supplies and equipment used to provide health-related services counted in clause (8), an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of $47 in any one school year for each child with a disability receiving instruction;

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year; ~~and~~

(7) for fiscal years 1999 and later, the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); and

(8) for fiscal years 2001 and later the cost of salaries, supplies and equipment, and other related costs actually expended by the district for the nonfederal share of medical assistance services according to section 256B.0625, subdivision 26.

(b) If requested by a school district operating a special education program during the base year for less than the full fiscal year, or a school district in which is located a Minnesota correctional facility operating on a fee-for-service basis for less than the full fiscal year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full fiscal year.

(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base revenue attributable to a Minnesota correctional facility operating on a fee-for-service basis during the facility's first year of operating on a fee-for-service basis shall be computed using current year data.

Sec. 39. Minnesota Statutes 1998, section 125A.76, subdivision 4, is amended to read:

Subd. 4. [STATE TOTAL SPECIAL EDUCATION ~~REVENUE~~ AID.] The state total special education ~~revenue~~ aid for fiscal year ~~1998~~ 2000 equals ~~$358,542,000~~ $463,000,000. The state total special education ~~revenue~~ aid for fiscal year ~~1999~~ 2001 equals ~~$435,322,000~~ $474,000,000. The state total special education ~~revenue~~ aid for later fiscal years equals:

(1) the state total special education ~~revenue~~ aid for the preceding fiscal year; times

(2) the program growth factor; times

(3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 40. Minnesota Statutes 1998, section 125A.76, subdivision 5, is amended to read:

Subd. 5. [SCHOOL DISTRICT SPECIAL EDUCATION ~~REVENUE~~ AID.] (a) A school district's special education ~~revenue~~ aid for fiscal year ~~1996~~ 2000 and later equals the state total special education ~~revenue~~ aid, minus the amount determined under ~~paragraph~~ paragraphs (b) and (c), times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue. If the state board of education modifies its rules for special education in a manner that increases a district's special education obligations or service requirements, the commissioner shall annually increase each district's special education ~~revenue~~ aid by the amount necessary to compensate for the increased service requirements. The additional ~~revenue~~ aid equals the cost in the current year attributable to rule changes not reflected in the computation of special education base revenue, multiplied by the appropriate percentages from subdivision 2.

(b) Notwithstanding paragraph (a), if the special education base revenue for a district equals zero, the special education ~~revenue~~ aid equals the amount computed according to subdivision 2 using current year data.

(c) Notwithstanding paragraphs (a) and (b), if the special education base revenue for a district is greater than zero, and the base year amount for the district under subdivision 2, paragraph (a), clause (7), equals zero, the special education ~~revenue~~ aid equals the sum of the amount computed according to paragraph (a), plus the amount computed according to subdivision 2, paragraph (a), clause (7), using current year data.

Sec. 41. Minnesota Statutes 1998, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed special education cost" means the sum of the following:

(1) expenditures for teachers' salaries, contracted services, supplies, equipment, and transportation services eligible for revenue under section 125A.76; plus

(2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under sections 125A.76, subdivision 2, and 124.3202, subdivision 1; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under sections 124.3202 and 124A.76; minus

(4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under sections 124.3202, subdivision 1, and 124A.76, subdivision 2.

(b) "General revenue" means for fiscal year 1996, the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivision 7, plus the total referendum revenue according to section 126C.17, subdivision 4. For fiscal years 1997 and later, "general revenue" means the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, ~~subdivision~~ subdivisions 7 and 8, plus the total referendum revenue minus transportation sparsity revenue minus total operating capital revenue.

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

(d) "Program growth factor" means 1.044 for fiscal year 2002 and 1.02 for fiscal year 2003 and later.

Sec. 42. Minnesota Statutes 1998, section 125A.79, subdivision 2, is amended to read:

Subd. 2. [EXCESS COST ~~REVENUE~~ AID, FISCAL YEARS 2000 AND 2001.] For ~~1997 and later~~ fiscal years 2000 and 2001, a district's special education excess cost ~~revenue~~ aid equals the greatest of:

(a) ~~70~~ 75 percent of the difference between (1) the district's unreimbursed special education cost and (2) ~~5.7~~ 4.4 percent ~~for fiscal year 1997 and later years~~ of the district's general revenue;

(b) 70 percent of the difference between (1) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (2) 1.6 percent of the district's general revenue; or

(c) zero.

Sec. 43. Minnesota Statutes 1998, section 125A.79, is amended by adding a subdivision to read:

Subd. 5. [INITIAL EXCESS COST AID.] For fiscal years 2002 and later, a district's initial excess cost aid equals the greatest of:

(1) 75 percent of the difference between (i) the district's unreimbursed special education cost and (ii) 4.4 percent of the district's general revenue;

(2) 70 percent of the difference between (i) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (ii) 1.6 percent of the district's general revenue; or

(3) zero.

Sec. 44. Minnesota Statutes 1998, section 125A.79, is amended by adding a subdivision to read:

Subd. 6. [STATE TOTAL SPECIAL EDUCATION EXCESS COST AID.] The state total special education excess cost aid for fiscal year 2002 and later fiscal years equals:

(1) the state total special education excess cost aid for the preceding fiscal year; times

(2) the program growth factor; times

(3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 45. Minnesota Statutes 1998, section 125A.79, is amended by adding a subdivision to read:

Subd. 7. [DISTRICT SPECIAL EDUCATION EXCESS COST AID.] A district's special education excess cost aid for fiscal year 2002 and later equals the state total special education excess cost aid times the ratio of the district's initial excess cost aid to the state total initial excess cost aid.

Sec. 46. Minnesota Statutes 1998, section 125A.79, is amended by adding a subdivision to read:

Subd. 8. [OUT-OF-STATE TUITION.] For children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.115, the resident school district shall submit the balance of the tuition bills, minus the amount of the basic revenue, as defined by section 126C.10, subdivision 2, of the district for the child and the special education aid, and any other aid earned on behalf of the child.

Sec. 47. [125A.80] [UNIFORM BILLING SYSTEM FOR THE EDUCATION COSTS OF OUT-OF-HOME PLACED STUDENTS.]

The commissioner, in cooperation with the commissioners of human services and corrections and with input from appropriate billing system users, shall develop and implement a uniform billing system for school districts and other agencies, including private providers, who provide the educational services for students who are placed out of the home. The uniform billing system must:

(1) allow for the proper and timely billing to districts by service providers with a minimum amount of district administration;

(2) allow districts to bill the state for certain types of special education and regular education services as provided by law;

(3) provide flexibility for the types of services that are provided for children placed out of the home, including day treatment services;

(4) allow the commissioner to track the type, cost, and quality of services provided for children placed out of the home;

(5) conform existing special education and proposed regular education billing procedures;

(6) provide a uniform reporting standard of per diem rates;

(7) determine allowable expenses and maximum reimbursement rates for the state reimbursement of care and treatment services according to section 124D.701; and

(8) provide a process for the district to appeal to the commissioner tuition bills submitted to districts and to the state.

Sec. 48. Minnesota Statutes 1998, section 126C.44, is amended to read:

126C.44 [CRIME-RELATED COSTS LEVY.]

~~For taxes levied in 1991 and subsequent years, payable in 1992 and subsequent years,~~ Each district may make a levy on all taxable property located within the district for the purposes specified in this subdivision. The maximum amount which may be levied for all costs under this subdivision shall be equal to $1.50 multiplied by the population of the school district. For purposes of this subdivision, "population" of the school district means the same as contained in section 275.14. The proceeds of the levy must be used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison services in the district's middle and secondary schools; (2) to pay the costs for a drug abuse prevention program as defined in Minnesota Statutes 1991 Supplement, section 609.101, subdivision 3, paragraph (f), in the elementary schools; ~~or~~ (3) to pay the costs for a gang resistance education training curriculum in the middle schools; or (4) to pay the costs for other crime prevention and drug abuse and violence prevention measures taken by the school district. The district must initially attempt to contract for ~~these~~ services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this subdivision is not included in determining the school district's levy limitations.

Sec. 49. Minnesota Statutes 1998, section 127A.45, is amended by adding a subdivision to read:

Subd. 12a. [FORWARD SHIFTED AID PAYMENTS.] Nineteen percent of the state aid in fiscal year 1999, and 31 percent of the state aid in fiscal years 2000 and later received under section 124D.86 must be paid by the state to the recipient school district on July 15 of that year. The recipient school district must recognize this aid in the same fiscal year as the levy is recognized.

Sec. 50. Minnesota Statutes 1998, section 127A.45, subdivision 13, is amended to read:

Subd. 13. [AID PAYMENT PERCENTAGE.] Except as provided in subdivisions 11, 12, 12a, and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A, 120B, 121A, 122A, 123A, 123B, 124B, 124D, 125A, 125B, 126C, 134, and section 273.1392, shall be paid at 90 percent of the estimated entitlement during the fiscal year of the entitlement. The final adjustment payment, according to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

Sec. 51. Minnesota Statutes 1998, section 127A.47, subdivision 2, is amended to read:

Subd. 2. [REPORTING; REVENUE FOR HOMELESS.] For all school purposes, unless otherwise specifically provided by law, a homeless pupil is a resident of the school district ~~in which the homeless shelter or other program, center, or facility assisting the homeless pupil or the pupil's family is located~~ that enrolls the pupil.

Sec. 52. Minnesota Statutes 1998, section 241.021, subdivision 1, is amended to read:

Subdivision 1. [SUPERVISION OVER CORRECTIONAL INSTITUTIONS.] (1) The commissioner of corrections shall inspect and license all correctional facilities throughout the state, whether public or private, established and operated for the detention and confinement of persons detained or confined therein according to law except to the extent that they are inspected or licensed by other state regulating agencies. The commissioner shall promulgate pursuant to chapter 14, rules establishing minimum standards for these facilities with respect to their management, operation, physical condition, and the security, safety, health, treatment, and discipline of persons detained or confined therein. Commencing September 1, 1980, no individual, corporation, partnership, voluntary association, or other private organization legally responsible for the operation of a correctional facility may operate the facility unless licensed by the commissioner of corrections. The commissioner shall review the correctional facilities described in this subdivision at least once every biennium, except as otherwise provided herein, to determine compliance with the minimum standards established pursuant to this subdivision. The commissioner shall grant a license to any facility found to conform to minimum standards or to any facility which, in the commissioner's judgment, is making satisfactory progress toward substantial conformity and the interests and well-being of the persons detained or confined therein are protected. The commissioner may grant licensure up to two years. The commissioner shall have access to the buildings, grounds, books, records, staff, and to persons detained or confined in these facilities. The commissioner may require the officers in charge of these facilities to furnish all information and statistics the commissioner deems necessary, at a time and place designated by the commissioner. The commissioner may require that any or all such information be provided through the department of corrections detention information system. The education program offered in a correctional facility for the detention or confinement of juvenile offenders must be approved by the commissioner of children, families, and learning before the commissioner of corrections may grant a license to the facility.

(2) Any state agency which regulates, inspects, or licenses certain aspects of correctional facilities shall, insofar as is possible, ensure that the minimum standards it requires are substantially the same as those required by other state agencies which regulate, inspect, or license the same aspects of similar types of correctional facilities, although at different correctional facilities.

(3) Nothing in this section shall be construed to limit the commissioner of corrections' authority to promulgate rules establishing standards of eligibility for counties to receive funds under sections 401.01 to 401.16, or to require counties to comply with operating standards the commissioner establishes as a condition precedent for counties to receive that funding.

(4) When the commissioner finds that any facility described in clause (1), except foster care facilities for delinquent children and youth as provided in subdivision 2, does not substantially conform to the minimum standards established by the commissioner and is not making satisfactory progress toward substantial conformance, the commissioner shall promptly notify the chief executive officer and the governing board of the facility of the deficiencies and order that they be remedied within a reasonable period of time. The commissioner may by written order restrict the use of any facility which does not substantially conform to minimum standards to prohibit the detention of any person therein for more than 72 hours at one time. When, after due notice and hearing, the commissioner finds that any facility described in this subdivision, except county jails and lockups as provided in sections 641.26, 642.10, and 642.11, does not conform to minimum standards, or is not making satisfactory progress toward substantial compliance therewith, the commissioner may issue an order revoking the license of that facility. After revocation of its license, that facility shall not be used until its license is renewed. When the commissioner is satisfied that satisfactory progress towards substantial compliance with minimum standard is being made, the commissioner may, at the request of the appropriate officials of the affected facility supported by a written schedule for compliance, grant an extension of time for a period not to exceed one year.

(5) As used in this subdivision, "correctional facility" means any facility, including a group home, having a residential component, the primary purpose of which is to serve persons placed therein by a court, court services department, parole authority, or other correctional agency having dispositional power over persons charged with, convicted, or adjudicated to be guilty or delinquent.

Sec. 53. Minnesota Statutes 1998, section 245A.04, is amended by adding a subdivision to read:

Subd. 11. [EDUCATION PROGRAM; ADDITIONAL REQUIREMENT.] The education program offered in a residential or nonresidential program, except for child care, foster care, or services for adults, must be approved by the commissioner of children, families, and learning before the commissioner of human services may grant a license to the program.

Sec. 54. Minnesota Statutes 1998, section 626.556, is amended by adding a subdivision to read:

Subd. 3b. [AGENCY RESPONSIBLE FOR ASSESSING OR INVESTIGATING REPORTS OF MALTREATMENT.] The department of children, families, and learning is the agency responsible for assessing or investigating allegations of child maltreatment in schools as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10.

Sec. 55. Laws 1993, chapter 224, article 3, section 32, as amended by Laws 1998, chapter 398, article 2, section 47, is amended to read:

Sec. 32. [ASL GUIDELINES.]

(a) In determining appropriate licensure requirements for teachers of deaf and ~~hard of hearing~~ hard-of-hearing students under Minnesota Statutes, section ~~125.189~~ 122A.28, subdivision 1, the board of teaching shall develop the requirements according to the guidelines described in this section.

(b) Each teacher must complete the American sign language sign communication proficiency interview or a comparable American sign language evaluation that the board of teaching, the Minnesota association of deaf citizens, and the Minnesota council for the hearing impaired accept as a means for establishing the teacher's baseline level of American sign language skills. A teacher shall not be charged for this evaluation.

(c) Each teacher must complete 60 continuing education credits in American sign language, American sign language linguistics, or deaf culture for every 120 continuing education credits the teacher is required to complete to renew a teaching license.

(d) In order to obtain an initial license to teach deaf and ~~hard of hearing~~ hard-of-hearing students, or to apply for a Minnesota teaching license, after being licensed to teach in another state, a person must demonstrate in the sign communication proficiency interview an intermediate plus level of proficiency in American sign language.

(e) Each teacher applying to renew a teaching license must take the American sign language sign communication proficiency interview or a comparable American sign language evaluation every five years until the teacher demonstrates a minimum, or survival plus, level of proficiency in American sign language.

(f) A teacher working directly with students whose primary language is American sign language should demonstrate at least an advanced level of proficiency in American sign language. The board should not consider a minimum, or survival plus, level of proficiency adequate for providing direct instruction to students whose primary language is American sign language.

(g) To renew a teaching license, a teacher must comply with paragraphs (c) and (e) in addition to other applicable board requirements. A teacher's ability to demonstrate a minimum, or survival plus, level of proficiency in American sign language is not a condition for renewing the teacher's license.

(h) A teacher who demonstrates an increased proficiency in American sign language skill in the American sign language sign communication proficiency interview or a comparable American sign language evaluation shall receive credit toward completing the requirements of paragraph (c). The number of continuing education credits the teacher receives is based on the teacher's increased level of proficiency from the teacher's baseline level:

(1) 35 continuing education credits for demonstrating an intermediate level of proficiency;

(2) 40 continuing education credits for demonstrating an intermediate plus level of proficiency;

(3) 45 continuing education credits for demonstrating an advanced level of proficiency;

(4) 50 continuing education credits for demonstrating an advanced plus level of proficiency;

(5) 55 continuing education credits for demonstrating a superior level of proficiency; and

(6) 60 continuing education credits for demonstrating a superior plus level of proficiency.

(i) This section shall not apply to teachers of oral/aural deaf education.

Sec. 56. Laws 1997, First Special Session chapter 4, article 2, section 51, subdivision 29, as amended by Laws 1998, chapter 398, article 2, section 52, is amended to read:

Subd. 29. [FIRST GRADE PREPAREDNESS.] (a) For grants for the first grade preparedness program under Minnesota Statutes, section 124.2613, and for school sites that have provided a full-day kindergarten option for kindergarten students enrolled in fiscal years 1996 and 1997:

$5,000,000	. . . . .	1998
$6,500,000	. . . . .	1999

(b) $4,200,000 in fiscal year 1998 must be distributed according to Minnesota Statutes, section 124.2613, subdivision 3, and $4,200,000 in fiscal year 1999 must be distributed according to Minnesota Statutes, section 124D.081, subdivision 3.

(c) $800,000 in fiscal year 1998 must be divided equally among the four geographic regions defined in Minnesota Statutes, section 124.2613, subdivision 3, and $800,000 in fiscal year 1999 must be divided equally among the four geographic regions defined in Minnesota Statutes, section 124D.081, subdivision 3, and must first be used to provide funding for school sites that offered an optional full-day kindergarten program during the 1996-1997 school year, but did not receive funding for fiscal year 1997 under Minnesota Statutes, section 124.2613. To be a qualified site, licensed teachers must have taught the optional full-day kindergarten classes. A district that charged a fee for students participating in an optional full-day program is eligible to receive the grant to provide full-day kindergarten for all students as required by Minnesota Statutes, section ~~124.2613~~ 124D.08, subdivision 4. Districts with eligible sites must apply to the commissioner of children, families, and learning for a grant.

~~(c) This appropriation must first be used to fund programs operating during the 1996-1997 school year under paragraph (b) and Minnesota Statutes, section 124.2613.~~ Any remaining funds may be used to expand the number of sites providing first grade preparedness programs according to Minnesota Statutes, section 124D.081, subdivision 3.

(d) $1,500,000 in fiscal year 1999 shall be divided equally among the four geographic regions defined in Minnesota Statutes, section 124D.081, subdivision 3, and must first be used to eliminate aid proration for sites qualifying under paragraphs (b) and (c). Any remaining funds may be used to expand the number of sites providing first grade preparedness programs according to Minnesota Statutes, section 124.2613, subdivision 3.

Sec. 57. Laws 1999, chapter 123, section 22, is amended to read:

Sec. 22. [EFFECTIVE DATE.]

Sections 1, 2, 5 to 18, 20, and 21 are effective July 1, 1999, except that the requirement under section ~~3~~ 5 to provide special instruction and services until the child with a disability becomes 21 years old, instead of 22 years old, is effective July 1, 2002. Sections 3 and 4 are effective July 1, 2002. Section 19 is effective the day following final enactment.

Sec. 58. [DESIGN AND IMPLEMENTATION OF UNIFORM BILLING SYSTEM.]

The commissioner of children, families, and learning shall design a uniform billing system according to Minnesota Statutes, section 125A.80. In designing a system, the commissioner shall seek the input from the appropriate users of the billing system.

The commissioner shall implement a uniform billing system for education services for children placed out of the home, according to Minnesota Statutes, section 125A.80, by July 1, 2000. The commissioner shall provide training to school districts on the uniform billing system.

Sec. 59. [RECOMMENDATIONS FOR A SYSTEM TO APPROVE EDUCATION PROGRAMS SERVING CHILDREN AT CARE AND TREATMENT FACILITIES.]

The commissioner of children, families, and learning shall convene a task force to make recommendations on a system to approve education programs serving children at care and treatment facilities, including detention facilities. The task force shall be chaired by a representative of the department of children, families, and learning and, at a minimum, must include representatives from each of the following organizations: the department of human services, the department of corrections, the Minnesota school boards association, the Minnesota association of school administrators, Education Minnesota, association of Minnesota counties, Minnesota county attorney association, conference of chief judges, and the Minnesota council of child caring agencies.

By February 1, 2000, the commissioner shall submit the task force's recommendations to the education committees of the legislature. The task force sunsets on February 1, 2000.

Sec. 60. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS.] For grants to American Indian language and culture education programs according to Minnesota Statutes, section 124D.81, subdivision 1:

$730,000	. . . . .	2000
$730,000	. . . . .	2001

The 2000 appropriation includes $73,000 for 1999 and $657,000 for 2000.

The 2001 appropriation includes $73,000 for 2000 and $657,000 for 2001.

Any balance in the first year does not cancel but is available in the second year.

Subd. 3. [AMERICAN INDIAN EDUCATION.] (a) For certain American Indian education programs in school districts:

$175,000	. . . . .	2000
$175,000	. . . . .	2001

The 2000 appropriation includes $17,000 for 1999 and $158,000 for 2000.

The 2001 appropriation includes $17,000 for 2000 and $158,000 for 2001.

(b) These appropriations are available for expenditure with the approval of the commissioner of the department of children, families, and learning.

(c) The commissioner must not approve the payment of any amount to a school district or school under this subdivision unless that school district or school is in compliance with all applicable laws of this state.

(d) Up to the following amounts may be distributed to the following schools and school districts for each fiscal year: $54,800 Pine Point School; $9,800 to independent school district No. 166, Cook county; $14,900 to independent school district No. 432, Mahnomen; $14,200 to independent school district No. 435, Waubun; $42,200 to independent school district No. 707, Nett Lake; and $39,100 to independent school district No. 38, Red Lake. These amounts must be spent only for the benefit of American Indian pupils and to meet established state educational standards or statewide requirements.

(e) Before a district or school can receive money under this subdivision, the district or school must submit, to the commissioner, evidence that it has complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 123B.75 to 123B.83.

Subd. 4. [AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.] For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124D.85:

$982,000	. . . . .	2000
$982,000	. . . . .	2001

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. [AMERICAN INDIAN SCHOLARSHIPS.] For American Indian scholarships according to Minnesota Statutes, section 124D.84:

$1,875,000	. . . . .	2000
$1,875,000	. . . . .	2001

Any balance in the first year does not cancel but is available in the second year.

Subd. 6. [INDIAN TEACHER PREPARATION GRANTS.] (a) For joint grants to assist Indian people to become teachers:

$190,000	. . . . .	2000
$190,000	. . . . .	2001

(b) Up to $70,000 each year is for a joint grant to the University of Minnesota at Duluth and independent school district No. 709, Duluth.

(c) Up to $40,000 each year is for a joint grant to each of the following:

(1) Bemidji state university and independent school district No. 38, Red Lake;

(2) Moorhead state university and a school district located within the White Earth reservation; and

(3) Augsburg college, independent school district No. 625, St. Paul, and special school district No. 1, Minneapolis.

(d) Money not used for students at one location may be transferred for use at another location.

(e) Any balance in the first year does not cancel but is available in the second year.

Subd. 7. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid according to Minnesota Statutes, section 124D.83:

$2,706,000	. . . . .	2000
$2,790,000	. . . . .	2001

The 2000 appropriation includes $283,000 for 1999 and $2,423,000 for 2000.

The 2001 appropriation includes $269,000 for 2000 and $2,521,000 for 2001.

Subd. 8. [EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS.] For early childhood family education programs at tribal contract schools:

$68,000	. . . . .	2000
$68,000	. . . . .	2001

Subd. 9. [MAGNET SCHOOL GRANTS.] For magnet school and program grants:

$1,750,000	. . . . .	2000
$1,750,000	. . . . .	2001

These amounts may be used for magnet school programs according to Minnesota Statutes, section 124D.88.

Subd. 10. [INTEGRATION PROGRAMS.] For minority fellowship grants according to Laws 1994, chapter 647, article 8, section 29; minority teacher incentives according to Minnesota Statutes, section 122A.65; teachers of color grants according to Minnesota Statutes, section 122A.64; and cultural exchange grants according to Minnesota Statutes, section 124D.89:

$1,000,000	. . . . .	2000
$1,000,000	. . . . .	2001

Any balance in the first year does not cancel but is available in the second year.

In awarding teacher of color grants, priority must be given to districts that have students who are currently in the process of completing their academic program.

Subd. 11. [SPECIAL EDUCATION AID.] For special education aid according to Minnesota Statutes, section 125A.75:

$456,015,000	. . . . .	2000
$472,900,000	. . . . .	2001

The 2000 appropriation includes $39,300,000 for 1999 and $416,715,000 for 2000.

The 2001 appropriation includes $46,300,000 for 2000 and $426,600,000 for 2001.

Subd. 12. [AID FOR CHILDREN WITH A DISABILITY.] For aid according to Minnesota Statutes, section 125A.75, subdivision 3, for children with a disability placed in residential facilities within the district boundaries for whom no district of residence can be determined:

$443,000	. . . . .	2000
$1,064,000	. . . . .	2001

If the appropriation for either year is insufficient, the appropriation for the other year is available. Any balance in the first year does not cancel but is available in the second year.

Subd. 13. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services according to Minnesota Statutes, section 125A.75, subdivision 1:

$133,000	. . . . .	2000
$139,000	. . . . .	2001

The 2000 appropriation includes $11,000 for 1999 and $122,000 for 2000.

The 2001 appropriation includes $13,000 for 2000 and $126,000 for 2001.

Subd. 14. [SPECIAL EDUCATION EXCESS COST AID.] For excess cost aid:

$60,498,000	. . . . .	2000
$79,405,000	. . . . .	2001

The 2000 appropriation includes $4,693,000 for 1999 and $55,805,000 for 2000.

The 2001 appropriation includes $6,200,000 for 2000 and $73,205,000 for 2001.

Subd. 15. [CAREER AND TECHNICAL PROGRAMS; CHILDREN WITH DISABILITIES.] For aid for career and technical programs for children with disabilities according to Minnesota Statutes, section 124D.454:

$8,892,000	. . . . .	2000
$8,968,000	. . . . .	2001

The 2000 appropriation includes $808,000 for 1999 and $8,084,000 for 2000.

The 2001 appropriation includes $898,000 for 2000 and $8,070,000 for 2001.

Subd. 16. [SPECIAL PROGRAMS EQUALIZATION AID.] For special education levy equalization aid according to Minnesota Statutes, section 125A.77:

$526,000 2000

The 2000 appropriation includes $526,000 for 1999 and $0 for 2000.

Subd. 17. [INTEGRATION AID.] For integration aid:

$37,182,000 2000

$43,787,000 2001

The 2000 appropriation includes $2,902,000 for 1999 and $34,280,000 for 2000.

The 2001 appropriation includes $3,809,000 for 2000 and $39,978,000 for 2001.

Subd. 18. [ADDITIONAL REVENUE FOR HOMELESS STUDENTS.] For additional revenue for homeless students according to Minnesota Statutes, section 124D.70:

$20,000 2000

The 2000 appropriation includes $20,000 for 1999 and $0 for 2000.

Subd. 19. [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION AID.] For interdistrict desegregation or integration transportation aid under Minnesota Statutes, section 124D.87:

$970,000 2000

$970,000 2001

Any balance in the first year does not cancel but is available in the second year.

Subd. 20. [ADOLESCENT PARENTING GRANTS.] For adolescent parenting grants under Laws 1997, chapter 162, article 2, section 28:

$300,000 2000

This appropriation is available until June 30, 2001.

Subd. 21. [CENTER FOR VICTIMS OF TORTURE.] For the center for victims of torture to provide training, consultation, and support services in public schools with significant populations of traumatized refugee and immigrant students:

$75,000 2000

$75,000 2001

Any balance in the first year does not cancel but is available in the second year.

Subd. 22. [OUT-OF-STATE TUITION.] For out-of-state tuition under Minnesota Statutes, section 125A.79, subdivision 8:

$250,000 2001

If the appropriation under this section is insufficient to cover the expenses submitted by districts, the commissioner shall prorate the aid to districts based on the expenses submitted by districts.

Subd. 23. [UNIFORM BILLING SYSTEM; TECHNICAL ASSISTANCE.] For implementing an effective and efficient uniform billing system for the educational costs of students placed out of the home:

$50,000 2000

Subd. 24. [STATE APPROVAL OF EDUCATION PROGRAMS AT CARE AND TREATMENT FACILITIES.] For developing and implementing a system to approve education costs of students placed out of the home:

$50,000 2000

This appropriation is available until June 30, 2001.

Subd. 25. [FIRST-GRADE PREPAREDNESS GRANTS.] For grants for the first-grade preparedness program under Minnesota Statutes, section 124D.081:

$7,000,000 2000

$7,000,000 2001

For each year, the appropriation must first be used to fund programs operating during the 1998-1999 school year, unless the site's ranking, as determined by Minnesota Statutes, section 124D.081, subdivision 3, falls below the state average for elementary schools. Any remaining funds may be used to expand the number of sites according to Minnesota Statutes, section 124D.081, subdivision 3.

Subd. 26. [LITIGATION COSTS.] For paying the costs a district incurs under Minnesota Statutes, section 125A.75, subdivision 8:

$375,000 2000

$375,000 2001

Subd. 27. [COURT-PLACED SPECIAL EDUCATION REVENUE.] For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

$350,000 2000

$350,000 2001

This appropriation is available until June 30, 2001.

Subd. 28. [ROCHESTER SCHOOL DISTRICT.] For a special education revenue adjustment for independent school district No. 535, Rochester:

$150,000 2000

$15,000 2001

Any balance in the first year does not cancel but is available in the second year.

Sec. 61. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall change all references to the "Faribault academies" to the "Minnesota state academies."

Sec. 62. [REPEALER.]

(a) Minnesota Statutes 1998, sections 124D.081, subdivisions 7 and 8; 124D.65, subdivision 3; 125A.76, subdivision 6; 125A.77; and 125A.79, subdivision 3, are repealed.

(b) Minnesota Statutes 1998, section 124D.70, is repealed effective July 1, 2000.

Sec. 63. [EFFECTIVE DATES.]

Sections 8, 49, and 50 are effective the day following final enactment for revenue for fiscal year 1999 and later. Sections 19, 21, 22, 35, 38, 46, 52, and 53 are effective July 1, 2000. Sections 20 and 23 to 34 are effective December 31, 1999. Sections 36 and 56 are effective the day following final enactment.

ARTICLE 3

LIFEWORK DEVELOPMENT

Section 1. Minnesota Statutes 1998, section 124D.453, subdivision 3, is amended to read:

Subd. 3. [SECONDARY VOCATIONAL AID.] A district's secondary vocational education aid for ~~a~~ fiscal year 2000 equals the lesser of:

(a) ~~$80~~ $73 times the district's average daily membership in grades 10 to 12; or

(b) 25 percent of approved expenditures for the following:

(1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved secondary vocational education programs;

(2) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

(3) necessary travel between instructional sites by licensed secondary vocational education personnel;

(4) necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;

(5) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(6) necessary travel by licensed secondary vocational education personnel for noncollegiate credit bearing professional development; and

(7) specialized vocational instructional supplies.

(c) Up to ten percent of a district's secondary vocational aid may be spent on equipment purchases. Districts using secondary vocational aid for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

Sec. 2. Laws 1997, First Special Session chapter 4, article 3, section 25, subdivision 6, is amended to read:

Subd. 6. [SOUTHWEST STAR CONCEPT SCHOOL.] For a grant to independent school district No. 330, Heron Lake-Okabena, to establish the Southwest Star Concept School:

$193,000 1998

This appropriation may be used for equipment, activities beyond the classroom walls, professional planning assistance, monitoring, evaluating, and reporting activities related to the case study prepared in section 22.

This appropriation is available until June 30, 1999.

Sec. 3. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid according to Minnesota Statutes, section 124D.453:

$11,335,000 2000

$1,130,000 2001

The 2000 appropriation includes $1,159,000 for 1999 and $10,176,000 for 2000. The 2001 appropriation includes $1,130,000 for 2000.

Subd. 3. [YOUTHWORKS PROGRAMS.] For funding youthworks programs according to Minnesota Statutes, sections 124D.37 to 124D.45:

$1,788,000 2000

$1,788,000 2001

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time youthworks program to the extent such coverage is not otherwise available.

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS.] For education and employment transitions programming under Minnesota Statutes, section 124D.46:

$3,225,000 2000

$3,225,000 2001

$200,000 each year is for the development and implementation of the ISEEK Internet-based education and employment information system.

$1,000,000 each year is for an employer rebate program for qualifying employers who offer youth internships to educators.

$500,000 each year is for youth entrepreneurship grants.

$750,000 each year is for youth apprenticeship grants.

$300,000 each year is for grants to programs in cities of the first class to expand the number of at-risk students participating in school-to-work projects.

$350,000 each year is for agricultural school-to-work grants.

$125,000 each year is to conduct a high school follow-up survey to include first, third, and sixth year graduates of Minnesota schools.

Subd. 5. [LEARN AND EARN GRADUATION ACHIEVEMENT PROGRAM.] For the learn and earn graduation achievement program under Minnesota Statutes, section 124D.32:

$725,000	. . . . .	2000
$725,000	. . . . .	2001

This appropriation is available until June 30, 2001.

Subd. 6. [MINNESOTA SCHOOL-TO-WORK STUDENT ORGANIZATION FOUNDATION.] For the Minnesota school-to-work student organization foundation under Minnesota Statutes, section 124D.34:

$625,000	. . . . .	2000
$625,000	. . . . .	2001

Any balance in the first year does not cancel but is available in the second year.

Sec. 4. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes the revisor shall:

(1) in Minnesota Statutes, section 124D.34, subdivisions 2 and 3, change all references to "Minnesota school-to-work student organization foundation" to "Minnesota Foundation for Student Organizations";

(2) in Minnesota Statutes, sections 124D.34 and 124D.453, change all references to "secondary vocational" to "career and technical";

(3) in Minnesota Statutes, section 124D.454, change all references to "school-to-work" to "transition."

Sec. 5. [REPEALER.]

Minnesota Statutes 1998, section 124D.453, is repealed effective for revenue for fiscal year 2001.

Sec. 6. [EFFECTIVE DATE.]

Section 2 is effective retroactive to July 1, 1997.

ARTICLE 4

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 1998, section 123B.53, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] (a) The following portions of a district's debt service levy qualify for debt service equalization:

(1) debt service for repayment of principal and interest on bonds issued before July 2, 1992;

(2) debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and

(3) debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment according to section 123B.71, if the commissioner has determined that the district has met the criteria under section 126C.69, subdivision 3, except section 126C.69, subdivision 3, paragraph (a), clause (2), and if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

(b) ~~The criterion in section 126C.69, subdivision 3, paragraph (a), clause (2), shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:~~

~~(i) if grades 9 through 12 are to be served by the facility, and an average of at least 66 pupils per grade in these grades are served; or~~

~~(ii) is eligible for elementary or secondary sparsity revenue.~~

~~(c) The criterion in section 126C.69, subdivision 3, paragraph (a), clause (2), shall also be considered to have been met if the construction project under review serves students in kindergarten to grade 8. Only the debt service levy for that portion of the facility serving students in prekindergarten to grade 8, as determined by the commissioner, shall be eligible for debt service equalization under this paragraph.~~

~~(d)~~ The criterion described in section 126C.69, subdivision 3, paragraph (a), clause (9), does not apply to bonds authorized by elections held before July 1, 1992.

~~(e)~~ (c) For the purpose of this subdivision the department shall determine the eligibility for sparsity at the location of the new facility, or the site of the new facility closest to the nearest operating school if there is more than one new facility.

~~(f)~~ (d) Notwithstanding paragraphs (a) to ~~(e)~~ (c), debt service for repayment of principal and interest on bonds issued after July 1, 1997, does not qualify for debt service equalization aid unless the primary purpose of the facility is to serve students in kindergarten through grade 12.

Sec. 2. Minnesota Statutes 1998, section 123B.53, subdivision 4, is amended to read:

Subd. 4. [DEBT SERVICE EQUALIZATION REVENUE.] ~~(a) For fiscal years 1995 and later,~~ The debt service equalization revenue of a district equals the eligible debt service revenue minus the amount raised by a levy of ~~ten~~ 12 percent times the adjusted net tax capacity of the district.

~~(b) For fiscal year 1993, debt service equalization revenue equals one-third of the amount calculated in paragraph (a).~~

~~(c) For fiscal year 1994, debt service equalization revenue equals two-thirds of the amount calculated in paragraph (a).~~

Sec. 3. Minnesota Statutes 1998, section 123B.53, subdivision 5, is amended to read:

Subd. 5. [EQUALIZED DEBT SERVICE LEVY.] To obtain debt service equalization revenue, a district must levy an amount not to exceed the district's debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the ~~resident~~ adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) ~~$4,707.50~~ $4,000.

Sec. 4. Minnesota Statutes 1998, section 123B.53, subdivision 6, is amended to read:

Subd. 6. [DEBT SERVICE EQUALIZATION AID.] A district's debt service equalization aid is the difference between the debt service equalization revenue and the equalized debt service levy. ~~If the amount of debt service equalization aid actually appropriated for the fiscal year in which this calculation is made is insufficient to fully fund debt service equalization aid, the commissioner shall prorate the amount of aid across all eligible districts.~~

Sec. 5. Minnesota Statutes 1998, section 123B.53, subdivision 7, is amended to read:

Subd. 7. [DEBT SERVICE EQUALIZATION AID PAYMENT SCHEDULE.] Debt service equalization aid must be paid ~~as follows: 30 percent before September 15, 30 percent before December 15, 30 percent before March 15, and a final payment of ten percent by July 15 of the subsequent fiscal year~~ according to section 127A.45, subdivision 10.

Sec. 6. Minnesota Statutes 1998, section 123B.54, is amended to read:

123B.54 [DEBT SERVICE APPROPRIATION.]

(a) ~~$35,480,000~~ $33,165,000 in fiscal year ~~1998~~ 2000, ~~$38,159,000~~ $32,057,000 in fiscal year ~~1999~~ 2001, and ~~$38,390,000~~ $31,280,000 in fiscal year ~~2000~~ 2002 and each year thereafter is appropriated from the general fund to the commissioner of children, families, and learning for payment of debt service equalization aid under section 123B.53. The ~~2000~~ 2002 appropriation includes ~~$3,842,000~~ $3,201,000 for ~~1999~~ 2001 and ~~$34,548,000~~ $29,079,000 for ~~2000~~ 2002.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 7. Minnesota Statutes 1998, section 123B.57, subdivision 4, is amended to read:

Subd. 4. [HEALTH AND SAFETY LEVY.] To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the ~~resident~~ adjusted marginal cost pupil units in the district for the school year to which the levy is attributable, to ~~$4,707.50~~ $3,956.

Sec. 8. Minnesota Statutes 1998, section 123B.59, subdivision 1, is amended to read:

Subdivision 1. [TO QUALIFY.] An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has:

(1) more than 66 students per grade;

(2) over 1,850,000 square feet of space;

(3) average age of building space is ~~20~~ 15 years or older;

(4) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and

(5) a ten-year facility plan approved by the commissioner according to subdivision 2.

Sec. 9. Minnesota Statutes 1998, section 123B.61, is amended to read:

123B.61 [PURCHASE OF CERTAIN EQUIPMENT.]

The board of a district may issue general obligation certificates of indebtedness or capital notes subject to the district debt limits to ~~purchase~~: (a) purchase vehicles, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes; ~~and~~ (b) purchase computer hardware and software, without regard to its expected useful life, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer; and (c) prepay special assessments. The certificates or notes must be payable in not more than five years and must be issued on the terms and in the manner determined by the board, except that certificates or notes issued to prepay special assessments must be payable in not more than 20 years. The certificates or notes may be issued by resolution and without the requirement for an election. The certificates or notes are general obligation bonds for purposes of section 126C.55. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. The sum of the tax levies under this section and section 123B.62 for each year must not exceed the amount of the district's total operating capital revenue for the year the initial debt service levies are certified. The district's general education levy for each year must be reduced by the sum of (1) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes as required by section 475.61, and (2) any excess amount in the debt redemption fund used to retire certificates or notes issued after April 1, 1997, other than amounts used to pay capitalized interest. A district using an excess amount in the debt redemption fund to retire the certificates or notes shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an excess amount in the debt redemption fund to retire the certificates or notes.

Sec. 10. Minnesota Statutes 1998, section 124D.88, subdivision 3, is amended to read:

Subd. 3. [GRANT APPLICATION PROCESS.] (a) Any group of school districts that meets the criteria required under paragraph (b)~~(i)~~(1) may apply for a magnet school grant in an amount not to exceed ~~$15,000,000~~ $20,800,000 for the approved costs or expansion of a magnet school facility.

(b)~~(i)~~(1) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 123B.71, and the commissioner shall prepare a review and comment on the proposed magnet school facility, regardless of the amount of the capital expenditure required to design, acquire, construct, remodel, improve, furnish, or equip the facility. The commissioner must not approve an application for a magnet school grant for any facility unless the facility receives a favorable review and comment under section 123B.71 and the participating districts:

~~(1)~~ (i) establish a joint powers board under section 471.59 to represent all participating districts and govern the magnet school facility;

~~(2)~~ (ii) design the planned magnet school facility to meet the applicable requirements contained in Minnesota Rules, chapter 3535;

~~(3)~~ (iii) submit a statement of need, including reasons why the magnet school will facilitate integration and improve learning;

~~(4)~~ (iv) prepare an educational plan that includes input from both community and professional staff; and

~~(5)~~ (v) develop an education program that will improve learning opportunities for students attending the magnet school.

~~(ii)~~ (2) The districts may develop a plan that permits social service, health, and other programs serving students and community residents to be located within the magnet school facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(c) When two or more districts enter into an agreement establishing a joint powers board to govern the magnet school facility, all member districts shall have the same powers.

(d) A joint powers board of participating school districts established under paragraphs (b) and (c) that intends to apply for a grant must adopt a resolution stating the costs of the proposed project, the purpose for which the debt is to be incurred, and an estimate of the dates when the contracts for the proposed project will be completed. A copy of the resolution must accompany any application for a state grant under this section.

(e)~~(i)~~(1) The commissioner shall examine and consider all grant applications. If the commissioner finds that any joint powers district is not a qualified grant applicant, the commissioner shall promptly notify that joint powers board. The commissioner shall make awards to no more than two qualified applicants whose applications have been on file with the commissioner more than 30 days.

~~(ii)~~ (2) A grant award is subject to verification by the joint powers board under paragraph (f). A grant award must not be made until the participating districts determine the site of the magnet school facility. If the total amount of the approved applications exceeds the amount of grant funding that is or can be made available, the commissioner shall allot the available amount equally between the approved applicant districts. The commissioner shall promptly certify to each qualified joint powers board the amount, if any, of the grant awarded to it.

(f) Each grant must be evidenced by a contract between the joint powers board and the state acting through the commissioner. The contract obligates the state to pay to the joint powers board an amount computed according to paragraph (e)~~(ii)~~(2) and a schedule, and terms and conditions acceptable to the commissioner of finance.

(g) Notwithstanding the provisions of section 123B.02, subdivision 3, the joint powers and its individual members may enter into long-term lease agreements as part of the magnet school program.

Sec. 11. Minnesota Statutes 1998, section 125B.20, is amended to read:

125B.20 [TELECOMMUNICATION ACCESS GRANT AND STATEWIDE COORDINATION.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] The purpose of developing a statewide school district telecommunications network is to expand the availability of a broad range of courses and degrees to students throughout the state, to share information resources to improve access, quality, and efficiency, to improve learning, and distance cooperative learning opportunities, and to promote the exchange of ideas among students, parents, teachers, media generalists, librarians, and the public. In addition, through the development of this statewide telecommunications network emphasizing cost-effective, competitive connections, all Minnesotans will benefit by enhancing access to telecommunications technology throughout the state. Network connections for school districts and public libraries ~~will be~~ are coordinated and fully integrated into the existing state telecommunications and interactive television networks to achieve comprehensive and efficient interconnectivity of school districts and libraries to higher education institutions, state agencies, other governmental units, agencies, and institutions throughout Minnesota. A school district may apply to the commissioner for a grant under subdivision 2, and a regional public library may apply under subdivision 3. The Minnesota education telecommunication council established in Laws 1995, First Special Session chapter 3, article 12, section 7, shall establish priorities for awarding grants, making grant awards, and being responsible for the coordination of networks.

Subd. 2. [SCHOOL DISTRICT TELECOMMUNICATIONS GRANT.] (a) Priority will be given to a school district that has not received access to interactive video, data connection, or both under the telecommunications access grant program. Districts may apply for a grant under this subdivision to: (1) establish connections among school districts, and between school districts and the state information infrastructure administered by the department of administration under section 16B.465; or (2) if such a connection meeting minimum electronic connectivity

standards is already established, enhance telecommunications capacity for a school district. ~~The minimum standards of capacity are a 56 kilobyte data line and 768 kilobyte ITV connection, subject to change based on the recommendations by the Minnesota education telecommunications council.~~ A district may submit a grant application for interactive television with higher capacity connections in order to maintain multiple simultaneous connections. To ensure coordination among school districts, a school district must submit its grant application to the council through ~~an organization that coordinates the applications and connections of at least ten school districts or through an existing technology cooperative~~ the telecommunications access grant cluster of which the district is a member.

(b) The application must, at a minimum, contain information to document for each applicant school district the following:

(1) that the proposed connection meets the minimum standards and employs an open network architecture that will ensure interconnectivity and interoperability with other education institutions and libraries;

(2) that the proposed connection and system will be connected to the state information infrastructure through the department of administration under section 16B.465 ~~and that a network service and management agreement is in place~~;

(3) that the proposed connection and system will be connected to the higher education telecommunication network and that a governance agreement has been adopted which includes agreements between the school district system, a higher education regional council, libraries, and coordinating entities;

(4) the telecommunication vendor selected to provide service from the district to a state information infrastructure hub or to a more cost-effective connection point to the state information infrastructure; and

(5) other information, as determined by the commissioner in consultation with the education telecommunications council, to ensure that connections are coordinated, meet state standards and are cost-effective, and that service is provided in an efficient and cost-effective manner.

(c) A school district may include, in its grant application, telecommunications access for collaboration with nonprofit arts organizations for the purpose of educational programs, or access for a secondary media center that: (1) is a member of a multitype library system; (2) is open during periods of the year when classroom instruction is occurring; and (3) has licensed school media staff on site.

(d) The Minnesota education telecommunications council shall award grants and the funds shall be dispersed by the commissioner. ~~The highest priority for these grants shall be to bring school districts up to the minimum connectivity standards. A grant to enhance telecommunications capacity beyond the minimum connectivity standards shall be no more than 75 percent of the maximum grant under this subdivision. Grant applications for minimum connection and enhanced telecommunications capacity grants must be submitted to the commissioner by a coordinating organization including, but not limited to, service cooperatives and education districts.~~ Grant applications must be submitted to the commissioner by a telecommunications access grant cluster organization. For the purposes of the grant, a school district may include a charter school under section 124D.10, or the Faribault academies. Based on the award made by the council, all grants under this subdivision shall be paid by the commissioner directly to a school district (unless this application requests that the funds be paid to the coordinating agency). Nonpublic schools as defined in section 237.065, subdivision 2, located within the district may access the network. The nonpublic school is responsible for actual costs for connection from the school to the access site.

(e) Money awarded under this section may be used only for the purposes explicitly stated in the grant application.

Subd. 3. [REGIONAL LIBRARY TELECOMMUNICATION GRANT.] (a) A regional public library system may apply for a telecommunication access grant. Priority will be given to public libraries that have not received access to data connection under the telecommunications access grant program. The grant must be used to create or expand the capacity of electronic data access and connect the library system with the state information infrastructure administered by the department of administration under section 16B.465. ~~Connections must meet minimum system~~

~~standards of a 56 kilobyte data line and 768 kilobyte ITV connection.~~ To be eligible for a telecommunications access grant, a regional public library system must~~: (1)~~ meet the level of local support required under section 134.34~~; and (2) be open at least 20 hours per week~~.

(b) Any grant award under this subdivision may not be used to substitute for any existing local funds allocated to provide electronic access, or equipment for library staff or the public, or local funds previously dedicated to other library operations.

(c) An application for a regional public library telecommunications access grant must, at a minimum, contain information to document the following:

(1) that the connection meets the minimum standards and employs an open network architecture that will ensure interconnectivity and interoperability with other libraries and the educational system;

(2) that the connection is being established through the most cost-effective means and that the public library has explored and coordinated connections through school districts or other governmental agencies;

(3) that the proposed connection and system will be connected to the state information infrastructure through the department of administration under section 16B.465 ~~and that a network service and management agreement is in place~~;

(4) that the proposed connection and system will be connected to the higher education and to the school district telecommunication networks subject to a governance agreement with one or more school districts and a higher education regional council specifying how the system will be coordinated;

(5) the telecommunication vendor selected to provide service from the library to a state information infrastructure hub or through a more cost-effective connection point to the state information infrastructure; and

(6) other information, as determined by the commissioner, to ensure that connections are coordinated, meet state standards, are cost-effective, and that service is provided in an efficient and cost-effective manner so that libraries throughout the state are connected in as seamless a manner as technically possible.

Subd. 4. [AWARD OF GRANTS.] The council shall develop application forms and procedures for ~~school district minimum connectivity grants, enhanced telecommunications grants, and regional library~~ telecommunication access grants. The council shall select the grant recipient and shall promptly notify any applicant that is found not to be qualified. The commissioner shall make the grant payments directly to the school district or regional library system. At the request of the district or regional library system, the commissioner may make the grant payment directly to the coordinating organization. ~~If appropriations are insufficient to fund all applications, the commissioner shall first fully fund the minimum connectivity grants. Unsuccessful applicants may reapply for a grant.~~

Subd. 5. [E-RATES.] The telecommunication access grant clusters are required to file e-rate applications for telecommunication access grant-related expenditures on behalf of grant participants in their clusters. Discounts received on telecommunication access grant expenditures shall be used to offset or reduce operations funding provided by the state.

Sec. 12. Minnesota Statutes 1998, section 126C.40, subdivision 4, is amended to read:

Subd. 4. [INTERACTIVE TELEVISION.] (a) A district with its central administrative office located within economic development region one, two, three, four, five, six, seven, eight, nine, and ten may apply to the commissioner for ITV revenue up to the greater of ~~.5~~ .6 percent of the adjusted net tax capacity of the district or $25,000. Eligible interactive television expenditures include the construction, maintenance, and lease costs of an interactive television system for instructional purposes. An eligible school district that has completed the construction of its interactive television system may also purchase computer hardware and software used primarily for instructional purposes and access to the Internet provided that its total expenditures for interactive television

maintenance and lease costs and for computer hardware and software under this subdivision do not exceed its interactive television revenue for fiscal year 1998. The approval by the commissioner and the application procedures set forth in subdivision 1 shall apply to the revenue in this subdivision. In granting the approval, the commissioner shall consider whether the district is maximizing efficiency through peak use and off-peak use pricing structures.

(b) To obtain ITV revenue, a district may levy an amount not to exceed the district's ITV revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the ~~resident~~ adjusted marginal cost pupil units in the district for the year to which the levy is attributable; to

(2) ~~$10,000~~ $8,404.

(c) A district's ITV aid is the difference between its ITV revenue and the ITV levy.

(d) The revenue in the first year after reorganization for a district that has reorganized under sections 123A.35 to 123A.41, 123A.46, or 123A.48 shall be the greater of:

(1) the revenue computed for the reorganized district under paragraph (a), or

(2)(i) for two districts that reorganized, 75 percent of the revenue computed as if the districts involved in the reorganization were separate, or

(ii) for three or more districts that reorganized, 50 percent of the revenue computed as if the districts involved in the reorganization were separate.

(e) The revenue in paragraph (d) is increased by the difference between the initial revenue and ITV lease costs for leases that had been entered into by the preexisting districts on the effective date of the consolidation or combination and with a term not exceeding ten years. This increased revenue is only available for the remaining term of the lease. However, in no case shall the revenue exceed the amount available had the preexisting districts received revenue separately.

(f) Effective for fiscal year 2000, the revenue under this section shall be 75 percent of the amount determined in paragraph (a); for fiscal year 2001, 50 percent of the amount in paragraph (a); and for fiscal year 2002, 25 percent of the amount in paragraph (a).

(g) This ~~section~~ subdivision expires effective for revenue for fiscal year 2003~~, or when leases in existence on the effective date of Laws 1997, First Special Session chapter 4, expire~~.

Sec. 13. Minnesota Statutes 1998, section 126C.55, is amended by adding a subdivision to read:

Subd. 10. [CONTINUING DISCLOSURE AGREEMENTS.] The commissioner of finance may enter into written agreements or contracts relating to the continuing disclosure of information needed to facilitate the ability of school districts to issue debt obligations according to federal securities laws, rules, and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. Such agreements or contracts may be in any form the commissioner of finance deems reasonable and in the state's best interests.

Sec. 14. Minnesota Statutes 1998, section 126C.63, subdivision 5, is amended to read:

Subd. 5. [LEVY.] "Levy" means a district's net debt service levy after the reduction of debt service equalization aid under section 123B.53, subdivision 6. For taxes payable in 1994 and later, each district's maximum effort debt service levy for purposes of subdivision 8, must be reduced by an equal number of percentage points if the commissioner determines that the levy reduction will not result in a statewide property tax as would be required under Minnesota Statutes 1992, section 124.46, subdivision 3. A district's levy that is adjusted under this section must not be reduced below ~~18.74~~ 22.3 percent of the district's adjusted net tax capacity.

Sec. 15. Minnesota Statutes 1998, section 126C.63, subdivision 8, is amended to read:

Subd. 8. [MAXIMUM EFFORT DEBT SERVICE LEVY.] "Maximum effort debt service levy" means the lesser of:

(1) a levy in whichever of the following amounts is applicable:

(a) in any district receiving a debt service loan for a debt service levy payable in 1991 and thereafter, or granted a capital loan after January 1, 1990, a levy in a total dollar amount computed at a rate of ~~20~~ 24 percent of adjusted net tax capacity for taxes payable in 1991 and thereafter;

(b) in any district granted a debt service loan after July 31, 1981, or granted a capital loan which is approved after July 31, 1981, a levy in a total dollar amount computed as a ~~tax rate of 13.08 percent on the adjusted gross tax capacity for taxes payable in 1990 or a~~ tax rate of ~~18.42~~ 21.92 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter;

~~(c) in any district granted a debt service loan before August 1, 1981, or granted a capital loan which was approved before August 1, 1981, a levy in a total dollar amount computed as a tax rate of 12.26 percent on the adjusted gross tax capacity for taxes payable in 1990 or a tax rate of 17.17 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter, until and unless the district receives an additional loan;~~ or

(2) a levy ~~in whichever of the following amounts is applicable:~~

~~(a) in any district which received a debt service or capital loan from the state before January 1, 1965, a levy in a total dollar amount computed as 4.10 mills on the market value in each year, unless the district applies or has applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967;~~

~~(b) in any district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, a levy in a total dollar amount computed as 5-1/2 mills on the market value in each year, until and unless the district receives an additional loan;~~

~~(c) in any district granted a debt service or capital loan between July 1, 1969, and July 1, 1975, a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan;~~

~~(d)~~ in any district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted.

The board in any district affected by the provisions of clause (2)~~(d)~~ may elect instead to determine the amount of its levy according to the provisions of clause (1). If a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2)~~(d)~~, the liability of the district for the amount of the difference between the amount it levied under clause (2)~~(d)~~ and the amount it would have levied under clause (1), and for interest on the amount of that difference, must not be satisfied and discharged pursuant to Minnesota Statutes 1988, or an earlier edition of Minnesota Statutes if applicable, section 124.43, subdivision 4.

Sec. 16. Minnesota Statutes 1998, section 126C.69, subdivision 2, is amended to read:

Subd. 2. [CAPITAL LOANS ELIGIBILITY.] Beginning July 1, ~~1992~~ 1999, a district is not eligible for a capital loan unless the district's estimated net debt tax rate as computed by the commissioner after debt service equalization aid would be more than ~~20~~ 24 percent of adjusted net tax capacity. The estimate must assume a 20-year maturity schedule for new debt.

Sec. 17. Minnesota Statutes 1998, section 126C.69, subdivision 9, is amended to read:

Subd. 9. [LOAN AMOUNT LIMITS.] (a) A loan must not be recommended for approval for a district exceeding an amount computed as follows:

(1) the amount requested by the district under subdivision 6;

(2) plus the aggregate principal amount of general obligation bonds of the district outstanding on June 30 of the year following the year the application was received, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or ~~305~~ 363 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(3) less the maximum net debt permissible for the district on December 1 of the year the application is received, under the limitation in section 475.53, subdivision 4, or ~~305~~ 363 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(4) less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted.

(b) The loan may be approved in an amount computed as provided in paragraph (a), clauses (1) to (3), subject to later reduction according to paragraph (a), clause (4).

Sec. 18. Laws 1995, First Special Session chapter 3, article 12, section 7, as amended by Laws 1997, First Special Session chapter 4, article 9, section 2, Laws 1998, chapter 270, section 4, and Laws 1998, chapter 359, section 20, is amended to read:

Sec. 7. [MINNESOTA EDUCATION TELECOMMUNICATIONS COUNCIL.]

Subdivision 1. [STATE COUNCIL MEMBERSHIP.] The membership of the Minnesota education telecommunications council established in Laws 1993, First Special Session chapter 2, is expanded to include representatives of elementary and secondary education. The membership shall consist of three representatives from the University of Minnesota; three representatives of the board of trustees for Minnesota state colleges and universities; one representative of the higher education services offices; one representative appointed by the private college council; one representative selected by the commissioner of administration; eight representatives selected by the commissioner of children, families, and learning, at least one of which must come from each of the six higher education telecommunication regions; a representative from the office of technology; two members each from the senate and the house of representatives selected by the subcommittee on committees of the committee on rules and administration of the senate and the speaker of the house, one member from each body must be a member of the minority party; and three representatives of libraries, one representing regional public libraries, one representing multitype libraries, and one representing community libraries, selected by the governor. The council shall:

(1) develop a statewide vision and plans for the use of distance learning technologies and provide leadership in implementing the use of such technologies;

(2) ~~recommend to the commissioner and the legislature by December 15, 1996, a plan for long-term governance and a proposed structure for statewide and regional telecommunications;~~

~~(3)~~ recommend educational policy relating to telecommunications;

~~(4)~~ (3) determine priorities for use;

~~(5)~~ (4) oversee coordination of networks for post-secondary campuses, ~~K-12~~ kindergarten through grade 12 education, and regional and community libraries;

~~(6)~~ (5) review application for telecommunications access grants under Minnesota Statutes, section ~~124C.74~~ 125B.20, and recommend to the department grants for funding;

~~(7)~~ (6) determine priorities for grant funding proposals; and

~~(8)~~ (7) work with the information policy office to ensure consistency of the operation of the learning network with standards of an open system architecture.

The council shall consult with representatives of the telecommunication industry in implementing this section.

Subd. 2. [DISTRICT COUNCIL MEMBERSHIP.] District organizations that coordinate applications for telecommunication access grants are encouraged to become members of the regional higher education telecommunication council in their area.

Subd. 3. [CRITERIA.] In addition to responsibilities of the council under Laws 1993, First Special Session chapter 2, as amended, the telecommunications council shall evaluate grant applications under Minnesota Statutes, section 124C.74 and applications from district organizations using the following criteria:

(1) evidence of cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in the geographic region;

(2) plans for shared classes and programs;

(3) avoidance of network duplication;

(4) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;

(5) a plan for development of a list of all courses available in the region for delivery at a distance;

(6) a plan for coordinating and scheduling courses; and

(7) a plan for evaluation of costs, access, and outcomes.

Sec. 19. Laws 1997, First Special Session chapter 4, article 9, section 13, is amended to read:

Sec. 13. [REPEALER.]

(a) Minnesota Statutes 1996, section 124C.74, is repealed effective July 1, ~~1999~~ 2001.

(b) Minnesota Statutes 1996, section 134.46, is repealed.

Sec. 20. Laws 1998, chapter 404, section 5, subdivision 5, is amended to read:

Subd. 5. Metropolitan Magnet Schools 22,200,000

For awarding metropolitan magnet school grants to groups of qualified metropolitan school districts under Minnesota Statutes, section 124C.498.

$1,900,000 is for the completion of the Downtown Integration magnet school in Minneapolis.

$3,800,000 is for planning, design, acquisition of land, architectural fees, and engineering fees for the East Metropolitan Integration magnet school in the East Metropolitan area. Of that amount, $2,800,000 is for land acquisition and site development.

$14,500,000 is for the construction of the Metropolitan Integration magnet school in Robbinsdale.

$2,000,000 is for the Southwest Metropolitan Integration magnet school in Edina.

Sec. 21. [REORGANIZATION DEBT; HOWARD LAKE-WAVERLY-WINSTED.]

Notwithstanding Laws 1994, chapter 647, article 6, section 38, or any other law to the contrary, the unreserved operating fund balance used to compute the reorganization operating debt levy authority for independent school district No. 2687, Howard Lake-Waverly-Winsted, is June 30, 1995.

Sec. 22. [FISCAL YEARS 2000 TO 2003 DECLINING PUPIL UNIT AID; ST. PETER.]

Subdivision 1. [FISCAL YEAR 2000.] For fiscal year 2000 only, independent school district No. 508, St. Peter, is eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2000 times the difference between the district's adjusted marginal cost pupil units for the 1996-1997 school year and the district's adjusted marginal cost pupil units for the 1999-2000 school year.

Subd. 2. [FISCAL YEAR 2001.] For fiscal year 2001 only, independent school district No. 508, St. Peter, is eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2001 times 75 percent of the difference between the district's adjusted marginal cost pupil units for the 1996-1997 school year and the district's adjusted marginal cost pupil units for the 2000-2001 school year.

Subd. 3. [FISCAL YEAR 2002.] For fiscal year 2002 only, independent school district No. 508, St. Peter, is eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2002 times 50 percent of the difference between the district's adjusted marginal cost pupil units for the 1996-1997 school year and the district's adjusted marginal cost pupil units for the 2001-2002 school year.

Subd. 4. [FISCAL YEAR 2003.] For fiscal year 2003 only, independent school district No. 508, St. Peter, is eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2003 times 25 percent of the difference between the district's adjusted marginal cost pupil units for the 1996-1997 school year and the district's adjusted marginal cost pupil units for the 2002-2003 school year.

Sec. 23. [FISCAL YEARS 2000 to 2002 DECLINING PUPIL UNIT AID; CLIMAX, KITTSON CENTRAL, ADA-BORUP, WARREN-ALVARADO-OSLO, BRECKENRIDGE, EAST GRAND FORKS, AND STEPHEN-ARGYLE CENTRAL.]

Subdivision 1. [FISCAL YEAR 2000.] For fiscal year 2000 only, independent school district Nos. 592, Climax; 2171, Kittson Central; 2854, Ada-Borup; 2176, Warren-Alvarado-Oslo; 846, Breckenridge; 595, East Grand Forks; and 2856, Stephen-Argyle Central are eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2000 times 75 percent of the difference between the districts' adjusted marginal cost pupil units for the 1996-1997 school year and the districts' adjusted marginal cost pupil units for the 1999-2000 school year.

Subd. 2. [FISCAL YEAR 2001.] For fiscal year 2001 only, independent school district Nos. 592, Climax; 2171, Kittson Central; 2854, Ada-Borup; 2176, Warren-Alvarado-Oslo; 846, Breckenridge; 595, East Grand Forks; and 2856, Stephen-Argyle Central are eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2001 times 50 percent of the difference between the districts' adjusted marginal cost pupil units for the 1996-1997 school year and the districts' adjusted marginal cost pupil units for the 2000-2001 school year.

Subd. 3. [FISCAL YEAR 2002.] For fiscal year 2002 only, independent school district Nos. 592, Climax; 2171, Kittson Central; 2854, Ada-Borup; 2176, Warren-Alvarado-Oslo; 846, Breckenridge; 595, East Grand Forks; and 2856, Stephen-Argyle Central are eligible for declining pupil unit aid equal to the product of the general education formula allowance for fiscal year 2002 times 25 percent of the difference between the districts' adjusted marginal cost pupil units for the 1996-1997 school year and the districts' adjusted marginal cost pupil units for the 2001-2002 school year.

Sec. 24. [HEALTH AND SAFETY; PROCTOR.]

Notwithstanding any law to the contrary, independent school district No. 704, Proctor, may include in its health and safety program the amounts necessary to make health and safety improvements to an ice arena located within the district boundaries in order for the district to use the facility to meet the district's curriculum needs under the state graduation rule. The district must attempt to renegotiate its lease agreement with the county that operates the arena before it is eligible for health and safety revenue under this section. The total amount of revenue approved for this purpose shall not exceed $150,000.

Sec. 25. [ALTERNATIVE FACILITIES REVENUE PROGRAM.]

Subdivision 1. [INDEPENDENT SCHOOL DISTRICT NO. 622, NORTH ST. PAUL-MAPLEWOOD-OAKDALE.] Independent school district No. 622, North St. Paul-Maplewood-Oakdale, is eligible for the alternative facilities revenue program under Minnesota Statutes, section 123B.59, for the purposes of financing school facilities in the district.

Subd. 2. [STILLWATER.] Independent school district No. 834, Stillwater, is eligible for the alternative facilities revenue program under Minnesota Statutes, section 123B.59, for the purposes of financing school facilities in the district.

Sec. 26. [RESIDENTIAL ACADEMIES.]

(a) If a recipient has been awarded a grant under Laws 1998, chapter 398, article 5, section 46, and fails to meet the requirements under the application process for implementing the program after June 30, 1999, any grant money awarded but not paid shall not cancel but is appropriated to the commissioner for additional capital grants to new or existing grantees. The commissioner may reopen the application process with any funds made available.

(b) All projects awarded grants must submit updated capital and operating budget plans to the department of children, families, and learning by June 11, 1999. The commissioner shall approve all educationally and economically advisable plans by June 15, 1999. Only projects with approved updated plans shall be eligible to receive funds. If any project is found ineligible to receive funds, the commissioner may reallocate the funds formerly allocated to that project to the remaining eligible projects.

Sec. 27. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [HEALTH AND SAFETY AID.] For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

$14,528,000	. . . . .	2000
$14,957,000	. . . . .	2001

The 2000 appropriation includes $1,415,000 for 1999 and $13,113,000 for 2000.

The 2001 appropriation includes $1,456,000 for 2000 and $13,501,000 for 2001.

Subd. 3. [DEBT SERVICE AID.] For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

$33,165,000	. . . . .	2000
$32,084,000	. . . . .	2001

The 2000 appropriation includes $3,842,000 for 1999 and $29,323,000 for 2000.

The 2001 appropriation includes $3,256,000 for 2000 and $28,828,000 for 2001.

Subd. 4. [INTERACTIVE TELEVISION (ITV) AID.] For interactive television (ITV) aid under Minnesota Statutes, section 126C.40, subdivision 4:

$4,197,000	. . . . .	2000
$2,851,000	. . . . .	2001

The 2000 appropriation includes $405,000 for 1999 and $3,792,000 for 2000.

The 2001 appropriation includes $421,000 for 2000 and $2,430,000 for 2001.

Subd. 5. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59:

$19,058,000	. . . . .	2000
$19,286,000	. . . . .	2001

The 2000 appropriation includes $1,700,000 for 2000 and $17,358,000 for 2001.

The 2001 appropriation includes $1,928,000 for 2000 and $17,358,000 for 2001.

Subd. 6. [URBAN LEAGUE STREET ACADEMY.] For a grant to special school district No. 1, Minneapolis, for the urban league street academy for the costs of acquiring and moving to a larger building to expand the academy's program:

$750,000	. . . . .	2000

This appropriation is available until June 30, 2001.

Subd. 7. [TELECOMMUNICATION ACCESS GRANTS.] (a) For telecommunication access grants according to Minnesota Statutes, section 125B.20:

$5,000,000	. . . . .	2000

(b) Any balance in the first year does not cancel but is available in the second year. This amount shall not be included as part of the base for fiscal year 2002-2003.

Subd. 8. [DISASTER RELIEF FACILITIES GRANT; ST. PETER.] For a disaster relief facilities grant to independent school district No. 508, St. Peter:

$250,000	. . . . .	2000

This grant is for facilities replacement costs not covered by the district's insurance settlement or through federal emergency management agency payments.

This appropriation is available until June 30, 2001.

Subd. 9. [DISASTER RELIEF FACILITIES GRANT; COMFREY.] For a disaster relief facilities grant to independent school district No. 81, Comfrey:

$450,000	. . . . .	2000

This appropriation is available until June 30, 2001.

This grant is for facilities replacement costs not covered by the district's insurance settlement or through federal emergency management agency payments.

Subd. 10. [DECLINING PUPIL AID; ST. PETER.] For a grant to independent school district No. 508, St. Peter, to ameliorate general fund operating losses associated with the March, 1998 tornado:

$105,000	. . . . .	2000
$278,000	. . . . .	2001

Subd. 11. [FLOODS; DECLINING PUPIL AID.] For declining pupil aid under section 23:

$2,132,000	. . . . .	2000
$1,758,000	. . . . .	2001

Sec. 28. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor shall codify section 18 as Minnesota Statutes, section 125B.21.

Sec. 29. [REPEALER.]

(a) Minnesota Statutes 1998, sections 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.57, subdivisions 4, 5, and 7; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; 123B.66; 123B.67; 123B.68; and 123B.69, are repealed effective the day following final enactment.

(b) Minnesota Statutes 1998, section 123B.58, is repealed effective July 1, 2004.

(c) Minnesota Statutes 1998, section 123B.64, subdivision 4, is repealed effective for revenue for fiscal year 2000.

(d) Minnesota Statutes 1998, section 123B.64, subdivisions 1, 2, and 3, are repealed effective for revenue for fiscal year 2001.

(e) Minnesota Rules, parts 3500.3900; 3500.4000; 3500.4100; 3500.4200; and 3500.4300, are repealed.

Sec. 30. [EFFECTIVE DATES.]

Sections 2, 7, 12, 14, 15, 16, and 17 are effective for revenue for fiscal year 2000 and later. Sections 9, 10, 13, 18, 19, 20, and 26 are effective the day following final enactment. Section 21 is effective retroactive to July 1, 1996.

ARTICLE 5

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 1998, section 41D.02, subdivision 2, is amended to read:

Subd. 2. [ELEMENTARY AND SECONDARY AGRICULTURAL EDUCATION.] The council may provide grants for:

(1) planning and establishment costs for elementary and secondary agriculture education programs;

(2) new instructional and communication technologies; and

(3) curriculum updates.

Sec. 2. Minnesota Statutes 1998, section 122A.18, is amended by adding a subdivision to read:

Subd. 7a. [PERMISSION TO SUBSTITUTE TEACH.] The board of teaching may allow a person who is enrolled in and making satisfactory progress in a board-approved teacher program and who has successfully completed student teaching to be employed as a short-call substitute teacher.

Sec. 3. Minnesota Statutes 1998, section 122A.60, subdivision 3, is amended to read:

Subd. 3. [STAFF DEVELOPMENT OUTCOMES.] The advisory staff development committee must adopt a staff development plan for improving student achievement ~~of education outcomes~~. The plan must be consistent with education outcomes that the school board determines. The plan must include ongoing staff development activities that contribute toward continuous improvement in achievement of the following goals:

(1) improve student achievement of state and local education standards in all areas of the curriculum by using best practices methods;

(2) effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, and gifted children, within the regular classroom and other settings;

(3) provide an inclusive curriculum for a racially, ethnically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan;

(4) improve staff ~~ability to collaborate and consult with one another and to resolve conflicts~~ collaboration and develop mentoring and peer coaching programs for teachers new to the school or district;

(5) effectively teach and model violence prevention policy and curriculum that address early intervention alternatives, issues of harassment, and teach nonviolent alternatives for conflict resolution; and

(6) provide teachers and other members of site-based management teams with appropriate management and financial management skills.

Sec. 4. Minnesota Statutes 1998, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT REVENUE.] A district is required to reserve an amount equal to at least one percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic

revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of ~~basic~~ unreserved revenue for staff development based on their needs. With the exception of amounts reserved for staff development from revenues allocated directly to school sites, the board must initially allocate 50 percent of the reserved revenue to each school site in the district on a per teacher basis, which must be retained by the school site until used. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue must be used to make grants to school sites ~~that demonstrate exemplary use of allocated staff development revenue~~ for best practices methods. A grant may be used for any purpose authorized under section 120B.22, subdivision 2, 122A.60, or for the costs of curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and determined by the site ~~decision-making~~ professional development team. The site ~~decision-making~~ professional development team must demonstrate to the school board the extent to which staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

Sec. 5. Minnesota Statutes 1998, section 123B.36, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL BOARDS MAY REQUIRE FEES.] (a) For purposes of this subdivision, "home school" means a home school as defined in sections 120A.22 and 120A.24 with five or fewer students receiving instruction.

(b) A school board is authorized to require payment of fees in the following areas:

(1) in any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;

(2) admission fees or charges for extra curricular activities, where attendance is optional and where the admission fees or charges a student must pay to attend or participate in an extracurricular activity is the same for all students, regardless of whether the student is enrolled in a public or a home school;

(3) a security deposit for the return of materials, supplies, or equipment;

(4) personal physical education and athletic equipment and apparel, although any pupil may personally provide it if it meets reasonable requirements and standards relating to health and safety established by the board;

(5) items of personal use or products that a student has an option to purchase such as student publications, class rings, annuals, and graduation announcements;

(6) fees specifically permitted by any other statute, including but not limited to section 171.05, subdivision 2; provided (i) driver education fees do not exceed the actual cost to the school and school district of providing driver education, and (ii) the driver education courses are open to enrollment to persons between the ages of 15 and 18 who reside or attend school in the school district;

(7) field trips considered supplementary to a district educational program;

(8) any authorized voluntary student health and accident benefit plan;

(9) for the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;

(10) transportation of pupils to and from extra curricular activities conducted at locations other than school, where attendance is optional;

(11) transportation of pupils to and from school for which aid for fiscal year 1996 is not authorized under Minnesota Statutes 1994, section 124.223, subdivision 1, and for which levy for fiscal year 1996 is not authorized under Minnesota Statutes 1994, section 124.226, subdivision 5, if a district charging fees for transportation of pupils establishes guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;

(12) motorcycle classroom education courses conducted outside of regular school hours; provided the charge must not exceed the actual cost of these courses to the school district;

(13) transportation to and from post-secondary institutions for pupils enrolled under the post-secondary enrollment options program under section 123B.88, subdivision 22. Fees collected for this service must be reasonable and must be used to reduce the cost of operating the route. Families who qualify for mileage reimbursement under section 124D.09, subdivision 22, may use their state mileage reimbursement to pay this fee. If no fee is charged, districts must allocate costs based on the number of pupils riding the route.

Sec. 6. Minnesota Statutes 1998, section 123B.49, subdivision 4, is amended to read:

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

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

(1) they are not offered for school credit nor required for graduation;

(2) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;

(3) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

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

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

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

Sec. 7. Minnesota Statutes 1998, section 124D.10, subdivision 3, is amended to read:

Subd. 3. [SPONSOR.] A school board, intermediate school district school board, education districts organized under sections 123A.15 to 123A.19, private college, community college, state university, technical college, or the University of Minnesota may sponsor one or more charter schools.

Sec. 8. Minnesota Statutes 1998, section 124D.10, subdivision 4, is amended to read:

Subd. 4. [FORMATION OF SCHOOL.] (a) A sponsor may authorize one or more licensed teachers under section 122A.18, subdivision 1, to operate a charter school subject to approval by the state board. A board must vote on charter school application for sponsorship no later than 90 days after receiving the application. After 90 days, the applicant may apply to the state board. If a board elects not to sponsor a charter school, the applicant may appeal the board's decision to the state board ~~if two members of the board voted to sponsor the school~~. If the state board authorizes the school, the state board must sponsor the school according to this section. The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the state board stating its intent to authorize a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize a charter school. The state board must approve or disapprove the sponsor's proposed authorization within 60 days of receipt of the affidavit. Failure to obtain state board approval precludes a sponsor from authorizing the charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school must hold an election for members of the school's board of directors in a timely manner after the school is operating. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors, unless the state board waives the requirement for the school. A provisional board may operate before the election of the school's board of directors. Board of director meetings must comply with section 471.705.

(d) The granting or renewal of a charter by a sponsoring entity must not be conditioned upon the bargaining unit status of the employees of the school.

Sec. 9. Minnesota Statutes 1998, section 124D.10, subdivision 5, is amended to read:

Subd. 5. [CONVERSION OF EXISTING SCHOOLS.] A board may convert one or more of its existing schools to charter schools under this section if ~~90~~ 60 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

Sec. 10. Minnesota Statutes 1998, section 124D.10, subdivision 6, is amended to read:

Subd. 6. [CONTRACT.] The sponsor's authorization for a charter school must be in the form of a written contract signed by the sponsor and the board of directors of the charter school. The contract must be completed within 90 days of the state board approval of the sponsor's proposed authorization. The contract for a charter school must be in writing and contain at least the following:

(1) a description of a program that carries out one or more of the purposes in subdivision 1;

(2) specific outcomes pupils are to achieve under subdivision 10;

(3) admission policies and procedures;

(4) management and administration of the school;

(5) requirements and procedures for program and financial audits;

(6) how the school will comply with subdivisions 8, 13, 16, and 23;

(7) assumption of liability by the charter school;

(8) types and amounts of insurance coverage to be obtained by the charter school;

(9) the term of the contract, which may be up to three years; and

(10) if the board of directors or the operators of the charter school provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability.

Sec. 11. Minnesota Statutes 1998, section 124D.10, subdivision 11, is amended to read:

Subd. 11. [EMPLOYMENT AND OTHER OPERATING MATTERS.] A charter school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties.

The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

Sec. 12. Minnesota Statutes 1998, section 124D.11, subdivision 4, is amended to read:

Subd. 4. [BUILDING LEASE AID.] When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. Criteria for aid approval and revenue uses shall be as defined for the building lease levy in section 126C.40, subdivision 1, paragraphs (a) and (b). The amount of building lease aid per pupil unit served for a charter school for any year shall not exceed the lesser of (a) ~~80~~ 90 percent of the approved cost or (b) the product of the pupil units served for the current school year times ~~the sum of the state average debt redemption fund revenue plus capital revenue, according to section 126C.40, per pupil unit served for the current fiscal year~~ $1,500.

Sec. 13. Minnesota Statutes 1998, section 124D.11, subdivision 6, is amended to read:

Subd. 6. [OTHER AID, GRANTS, REVENUE.] (a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120A to 129C, as though it were a district. ~~except that, notwithstanding section 127A.45, subdivision 3, the payments must be of an equal amount on each of the 23 payment dates unless a charter school is in its first year of operation in which case it shall receive on its first payment date ten percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 90 percent of the cumulative amount guaranteed. However, it~~

(b) Notwithstanding paragraph (a), a charter school may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section.

(c) Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

~~(b)~~ (d) A charter school may receive money from any source for capital facilities needs. In the year-end report to the state board of education, the charter school shall report the total amount of funds received from grants and other outside sources.

(e) Notwithstanding paragraph (a) or (b), a charter school is eligible to receive the aid portion of integration revenue under section 124D.86, subdivision 3, for enrolled students who are residents of a district that is eligible for integration revenue if the enrollment of the pupil in the charter school contributes to desegregation or integration

purposes. If the charter school has elected not to provide transportation under section 124D.10, subdivision 16, the aid shall be reduced by the amount per pupil unit specified for the district where the charter school is located under section 123B.92, subdivision 8.

Sec. 14. Minnesota Statutes 1998, section 124D.11, is amended by adding a subdivision to read:

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

(b) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 90 percent of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day of student attendance for that school year.

Sec. 15. Minnesota Statutes 1998, section 125B.05, subdivision 3, is amended to read:

Subd. 3. [SOFTWARE DEVELOPMENT.] ~~The commissioner may charge school districts or cooperative units for the actual cost of software development used by the district or cooperative unit. Any amount received is annually appropriated to the department of children, families, and learning for this purpose.~~ A school district, charter school, or cooperative unit may not implement a ~~payroll~~ financial, student, or staff software system ~~after June 30, 1994,~~ until the system has been reviewed by the department to ensure that it provides the required data elements and format.

Sec. 16. Laws 1997, First Special Session chapter 4, article 9, section 6, is amended to read:

Sec. 6. [LEARNING ACADEMY.]

Subdivision 1. [ESTABLISHMENT.] The commissioner shall develop standards and requirements and certify courses for a Minnesota learning academy to provide training opportunities for educators, administrators, school media and information technology professionals, and librarians in the use of technology and its integration into learning activities for meeting the educational needs of all students. Only certified classes may be used to fulfill the requirements of the learning academy.

Subd. 2. [DEVELOPMENT OF THE LEARNING ACADEMY.] To develop the learning academy, the commissioner shall consult with representatives of public schools, higher education, teacher organizations, students, private business, state agencies, libraries, and political subdivisions to do the following:

(1) set measures for teacher training opportunities on technical skills and technology integration skills;

(2) identify and establish outcomes for a series of training courses that provide for technical skills and technology classroom integration skills, including skills to enable school media and information specialists to train school staff;

(3) identify existing education organizations, public, or private institutions to develop and provide training courses;

(4) evaluate prerequisites for the classroom integration skills course;

(5) certify or decertify classes and courses for inclusion in or exclusion from the learning academy; and

(6) coordinate and make certified classes and courses available to eligible participants.

Subd. 3. [FUNDING.] The commissioner shall use available appropriations to provide start-up and initial operating subsidies for the learning academy sites. Appropriated funds may also be used to partially subsidize costs of attendees of the academy.

Sec. 17. [SALARY CREDIT FOR PRIOR EXPERIENCE AND TRAINING.]

For purposes of determining the placement on the salary schedule of a program graduate of the collaborative urban educator, southeast Asian teacher licensure, or circles of support in educational leadership program, a school district that employs a program graduate may give additional credit on the salary schedule for that person's teaching experience and academic preparation attained while participating in the program, and also may consider the person's employment experience and academic preparation attained before enrolling in any of these three programs.

Sec. 18. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [ST. PAUL COMMUNITY-BASED SCHOOL PROGRAM.] For a grant to independent school district No. 625, St. Paul, for the operation of a community-based school program. The school district must report to the legislature on the academic and social results of this program by January 15, 2000.

$3,000,000 2000

Any balance in the first year does not cancel but is available in the second year. This is a one-time appropriation.

Subd. 3. [ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.] For the state advanced placement and international baccalaureate programs:

$1,875,000 2000

$1,875,000 2001

Notwithstanding Minnesota Statutes, section 120B.13, subdivisions 1 and 2, $375,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

Notwithstanding Minnesota Statutes, section 120B.13, subdivision 3, in each year to the extent of available appropriations, the commissioner shall pay all examination fees for all students sitting for an advanced placement examination, international baccalaureate examination, or both. If this amount is not adequate, the commissioner may pay less than the full examination fee.

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [STATEWIDE TESTING.] For supporting implementation of the graduation standards:

$9,000,000 2000

$9,000,000 2001

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. [CHARTER SCHOOL BUILDING LEASE AID.] For building lease aid according to Minnesota Statutes, section 124D.11, subdivision 4:

$2,992,000 2000

$3,616,000 2001

The 2000 appropriation includes $194,000 for 1999 and $2,798,000 for 2000.

The 2001 appropriation includes $311,000 for 2000 and $3,305,000 for 2001.

Subd. 6. [CHARTER SCHOOL START-UP GRANTS.] For charter school start-up cost aid under Minnesota Statutes, section 124D.11:

$1,789,000	. . . . .	2000
$1,876,000	. . . . .	2001

The 2000 appropriation includes $100,000 for 1999 and $1,689,000 for 2000.

The 2001 appropriation includes $188,000 for 1999 and $1,688,000 for 2001.

Any balance in the first year does not cancel but is available in the second year. This appropriation may also be used for grants to convert existing schools into charter schools.

Subd. 7. [GRADUATION RULE RESOURCE GRANTS.] For graduation rule resource grants according to Laws 1998, chapter 398, article 5, section 40:

$600,000	. . . . .	2000

This appropriation is available until June 30, 2001.

Of this amount, $500,000 is for a current recipient of funding from the National Geographic Society Education Foundation; and $100,000 is for a program offering horse riding as an alternative educational program for children with a disability.

Subd. 8. [CHARTER SCHOOL INTEGRATION AID.] For new integration aid to go to charter schools according to Minnesota Statutes, section 124D.11, subdivision 6, paragraph (e):

$50,000	. . . . .	2000
$50,000	. . . . .	2001

Any balance in the first year does not cancel but is available in the second year.

Subd. 9. [HOMEWORK HOTLINE.] For grants for homework hotline providers:

$40,000	. . . . .	2000
$40,000	. . . . .	2001

This appropriation is available to assist students with homework by telephone or other interactive technology. The program providers must offer assistance to students at least four days per week. The state aid is contingent upon the program matching each $1 of state revenue with $2 of local or private funding or in-kind contributions.

Subd. 10. [MINNESOTA TALENTED YOUTH MATH PROJECT.] For a grant to the South Central Service Cooperative for the Minnesota talented youth math project program operated by the South Central Service Cooperative and as fiscal agent for the talented youth math project programs established and operated by the Northwest Service Cooperative, Northeast Service Cooperative, North Central Service Cooperative, and Southwest/West Central Service Cooperative.

$145,000	. . . . .	2000
$175,000	. . . . .	2001

Any balance in the first year does not cancel but is available in the second year. This is a one-time appropriation.

Subd. 11. [PROGRAMS TRAINING TEACHERS OF SPECIAL NEEDS STUDENTS.] For programs training teachers of special needs students under Laws 1998, chapter 398, article 5, section 42:

$1,500,000	. . . . .	2000

This appropriation is available until June 30, 2001.

Sec. 19. [EFFECTIVE DATES.]

Sections 5, 6, 11, and 17 are effective for the 1999-2000 school year and later.

ARTICLE 6

OTHER PROGRAMS

Section 1. Minnesota Statutes 1998, section 120A.24, subdivision 1, is amended to read:

Subdivision 1. [REPORTS TO SUPERINTENDENT.] The person in charge of providing instruction to a child must submit the following information to the superintendent of the district in which the child resides:

(1) by October 1 of each school year, the name, ~~age~~ birth date, and address of each child receiving instruction;

(2) the name of each instructor and evidence of compliance with one of the requirements specified in section 120A.22, subdivision 10;

(3) an annual instructional calendar; and

(4) for each child instructed by a parent who meets only the requirement of section 120A.22, subdivision 10, clause (6), a quarterly report card on the achievement of the child in each subject area required in section 120A.22, subdivision 9.

Sec. 2. Minnesota Statutes 1998, section 123A.48, subdivision 10, is amended to read:

Subd. 10. [DISTRICT BOARD ADOPTION OF PROPOSED PLAT.] The board of any independent district maintaining a secondary school, the board of any common district maintaining a secondary school, all or part of whose land is included in the proposed new district, must, within 45 days of the approval of the plat by the commissioner, either adopt or reject the plan as proposed in the approved plat. If the board of any such district entitled to act on the petition rejects the proposal, the proceedings are terminated and dismissed. If any board fails to act on the plat within the time allowed, the proceedings are terminated. If any school board is unable to obtain a majority of its members' votes to accept or reject the plat and plan, a petition of residents of the district unable to obtain a majority of votes equal to 20 percent of the votes cast in the last school district general election in that district may be submitted to the county auditor requesting a public vote to accept or reject the plat and plan. The vote shall be scheduled on the next available election date. The county auditor shall notify the commissioner of the scheduled vote, conduct the election in that district and certify the results of the election to the commissioner. Other affected school boards that approve the plat and plan may choose to hold an election. If elections are conducted in each affected school district, results shall be separate and a majority vote to approve the plat and plan must be reached in each of the affected districts. If the plat and plan are rejected by the voters, a new plat and plan cannot be submitted, except by school board resolution in a district where the plat and plan were rejected, until January 1 of the year following the next school district general election.

Sec. 3. Minnesota Statutes 1998, section 123B.195, is amended to read:

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

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

Sec. 4. Minnesota Statutes 1998, section 124D.94, subdivision 3, is amended to read:

Subd. 3. [BOARD OF DIRECTORS.] The board of directors of the foundation shall consist of the commissioner of children, families, and learning~~, a member of the state board of education selected by the state board who shall serve as chair~~ and 20 members to be appointed by the governor. Of the 20 members appointed by the governor, eight shall represent a variety of education groups and 12 shall represent a variety of business groups. The members of the board of directors shall select one member to serve as chair. The commissioner of children, families, and learning shall serve as secretary for the board of directors and provide administrative support to the foundation. An executive committee of the foundation board composed of the board officers and chairs of board committees, may only advise and make recommendations to the foundation board.

Sec. 5. Minnesota Statutes 1998, section 124D.94, subdivision 6, is amended to read:

Subd. 6. [CONTRACTS.] The foundation board shall review and approve each contract of the board. Each contract of the foundation board shall be subject to the same review and approval procedures as a contract of the ~~state board of education~~ department of children, families, and learning.

Sec. 6. Minnesota Statutes 1998, section 124D.94, subdivision 7, is amended to read:

Subd. 7. [FOUNDATION STAFF.] (a) The ~~state board~~ foundation board with review by the commissioner shall appoint the executive director and other staff who shall perform duties and have responsibilities solely related to the foundation.

(b) As part of the annual plan of work, the foundation, ~~under the direction of~~ with review by the ~~state board~~ commissioner, may appoint up to three employees. The employees appointed under this paragraph are not state employees under chapter 43A, but are covered under section 3.736. At the foundation board's discretion, the employees may participate in the state health and state insurance plans for employees in unclassified service. The employees shall be supervised by the executive director.

Sec. 7. Minnesota Statutes 1998, section 126C.42, subdivision 1, is amended to read:

Subdivision 1. [1977 STATUTORY OPERATING DEBT.] (a) In each year in which so required by this subdivision, a district must make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977, and certified and adjusted by the commissioner. This levy shall not be made in more than 30 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall be an amount which is equal to the amount raised by a levy of a net tax rate of ~~1.66~~ 1.98 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in ~~1991~~ 2000 and thereafter; provided that in the last year in which the district is required to make this levy, it must levy an amount not to exceed the amount raised by a levy of a net tax rate of ~~1.66~~ 1.98 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in ~~1991~~ 2000 and thereafter. When the sum of the cumulative levies made pursuant to this subdivision and transfers made according to section 123B.79, subdivision 6, equals an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(b) The district must establish a special account in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the levy authorized pursuant to this subdivision. The proceeds of this levy must be used only for cash flow requirements and must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(c) Any district which is required to levy pursuant to this subdivision must certify the maximum levy allowable under section 126C.13, subdivision 2, in that same year.

(d) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

Sec. 8. Minnesota Statutes 1998, section 126C.42, subdivision 2, is amended to read:

Subd. 2. [1983 OPERATING DEBT.] (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be an amount not to exceed the amount raised by a levy of a net tax rate of ~~1.85~~ 2.2 percent times the adjusted net tax capacity for taxes payable in ~~1991~~ 2000 and thereafter of the district for the preceding year as determined by the commissioner. However, the total amount of this levy for all years it is made must not exceed the lesser of (a) the amount of the deficit in the net unappropriated operating funds of the district as of June 30, 1983, or (b) the amount of the aid reduction, according to Laws 1981, Third Special Session chapter 2, article 2, section 2, but excluding clauses (l), (m), (n), (o), and (p), and Laws 1982, Third Special Session chapter 1, article 3, section 6, to the district in fiscal year 1983. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy must be discontinued.

(2) The proceeds of this levy must be used only for cash flow requirements and must not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) A district that levies pursuant to this subdivision must certify the maximum levy allowable under section 126C.13, subdivision 2, in that same year.

Sec. 9. Minnesota Statutes 1998, section 126C.46, is amended to read:

126C.46 [ABATEMENT LEVY.]

(a) Each year, a school district may levy an amount to replace the net revenue lost to abatements that have occurred under chapter 278, section 270.07, 375.192, or otherwise. The maximum abatement levy is the sum of:

(1) the amount of the net revenue loss determined under section 127A.49, subdivision 2, that is not paid in state aid including any aid amounts not paid due to proration;

(2) the difference of (i) the amount of any abatements that have been reported by the county auditor for the first six months of the calendar year during which the abatement levy is certified that the district chooses to levy, (ii) less any amount actually levied under this clause that was certified in the previous calendar year for the first six months of the previous calendar year; and

(3) an amount equal to any interest paid on abatement refunds.

(b) A district may spread this levy over a period not to exceed ~~three~~ two years. With the approval of the commissioner, a district may spread this levy over a period not to exceed three years.

By July 15, the county auditor shall separately report the abatements that have occurred during the first six calendar months of that year to the commissioner and each district located within the county.

Sec. 10. Minnesota Statutes 1998, section 127A.45, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) The term "other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 127A.33, apportionments by the county auditor pursuant to section 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) The term "cumulative amount guaranteed" means ~~the sum of the following:~~

~~(1) one-third of the final adjustment payment according to subdivision 9; plus~~

~~(2)~~ the product of

~~(i)~~ (1) the cumulative disbursement percentage shown in subdivision 3; times

~~(ii)~~ (2) the sum of

(i) 90 percent of the estimated aid and credit entitlements paid according to subdivision 13; plus

(ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

(iii) the other district receipts; plus

(iv) the final adjustment payment according to subdivision 9.

(c) The term "payment date" means the date on which state payments to districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately ~~following~~ preceding business day. The commissioner may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

Sec. 11. Minnesota Statutes 1998, section 127A.45, subdivision 3, is amended to read:

Subd. 3. [PAYMENT DATES AND PERCENTAGES.] The commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	Payment date	Percentage
Payment 1	July 15:	~~2.25~~ 4.6
Payment 2	July 30:	~~4.50~~ 6.9
Payment 3	August 15: the greater of (a) the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide ~~6.75~~ 15.2 percent	
Payment 4	August 30:	~~9.0~~ 17.4
Payment 5	September 15:	~~12.75~~ 19.6
Payment 6	September 30:	~~16.50~~ 21.8
Payment 7	October 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide ~~20.75~~ 24 percent	

Payment 8	October 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide ~~25.0~~ 27.3 percent	
Payment 9	November 15:	~~31.0~~ 33.3
Payment 10	November 30:	~~37.0~~ 39.3
Payment 11	December 15:	~~40.0~~ 42.3
Payment 12	December 30:	~~43.0~~ 45.3
Payment 13	January 15:	~~47.25~~ 49.5
Payment 14	January 30:	~~51.5~~ 53.8
Payment 15	February 15:	~~56.0~~ 58.3
Payment 16	February 28:	~~60.5~~ 62.8
Payment 17	March 15:	~~65.25~~ 67.6
Payment 18	March 30:	~~70.0~~ 72.3
Payment 19	April 15:	~~73.0~~ 75.3
Payment 20	April 30:	~~79.0~~ 81.3
Payment 21	May 15:	~~82.0~~ 84.3
Payment 22	May 30:	~~90.0~~ 92.3
Payment 23	June 20:	100.0

Sec. 12. Minnesota Statutes 1998, section 127A.45, subdivision 4, is amended to read:

Subd. 4. [APPEAL.] (a) The commissioner, in consultation with the commissioner of finance, may revise the payment dates and percentages in subdivision 3 for a district if it is determined that:

(1) there is an emergency; or

(2) there are serious cash flow problems in the district that cannot be resolved by issuing warrants or other forms of indebtedness; or

(3) the district is facing a serious cash flow problem because of an abatement that exceeds $100 times the resident pupil units of the district.

(b) The commissioner shall establish a process and criteria for districts to appeal the payment dates and percentages established in subdivision 3.

Sec. 13. [LEVY AUTHORITY; CONTINUATION.]

Subdivision 1. [EXTENSION OF AUTHORITY.] The levy authority granted under Laws 1992, chapter 499, article 6, section 35, to the Lac qui Parle joint powers district is extended to independent school district No. 2853, Lac qui Parle Valley.

Subd. 2. [LEVY AUTHORITY.] For taxes payable in 2000 to 2004, independent school district No. 2853, Lac qui Parle Valley, may levy an amount not to exceed $80,000 for costs associated with operating the cooperative secondary high school.

Sec. 14. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [ABATEMENT AID.] For abatement aid according to Minnesota Statutes, section 127A.49:

$9,110,000	. . . . .	2000
$8,947,000	. . . . .	2001

The 2000 appropriation includes $1,352,000 for 1999 and $7,758,000 for 2000.

The 2001 appropriation includes $861,000 for 2000 and $8,086,000 for 2001.

Subd. 3. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123B.40 to 123B.48 and 123B.87:

$10,996,000	. . . . .	2000
$11,878,000	. . . . .	2001

The 2000 appropriation includes $970,000 for 1999 and $10,026,000 for 2000.

The 2001 appropriation includes $1,114,000 for 2000 and $10,764,000 for 2001.

The department shall recompute the maximum allotments established on March 1, 1999, for fiscal year 2000 under Minnesota Statutes, sections 123B.42, subdivision 3, and 123B.44, subdivision 6, to reflect the amount appropriated in this subdivision for fiscal year 2000.

Subd. 4. [CONSOLIDATION TRANSITION AID.] For districts consolidating under Minnesota Statutes, section 123A.485:

$451,000	. . . . .	2000
$375,000	. . . . .	2001

The 2000 appropriation includes $113,000 for 1999 and $338,000 for 2000.

The 2001 appropriation includes $37,000 for 2000 and $338,000 for 2001.

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

$18,586,000	. . . . .	2000
$20,922,000	. . . . .	2001

The 2000 appropriation includes $1,848,000 for 2000 and $16,738,000 for 2001.

The 2001 appropriation includes $1,860,000 for 2000 and $19,062,000 for 2001.

Subd. 6. [MINNESOTA LEARNING RESOURCE CENTER.] For a grant to A Chance To Grow/New Visions for start-up costs related to implementing the Minnesota learning resource center's comprehensive training program for education professionals charged with helping children acquire basic reading and math skills:

$450,000	. . . . .	2000

This appropriation is available until June 30, 2001. This is a one-time appropriation.

Subd. 7. [HIV EDUCATION TRAINING SITES.] For regional training sites for HIV education in schools established according to Laws 1997, First Special Session chapter 4, article 6, section 18:

$458,000 2000

Of this amount, $150,000 must be used for continued development of the existing sites; $150,000 for adding two additional training sites; $75,000 for coordination, technical assistance, evaluation, and contract management services for the sites; and $50,000 for a report and recommendations on the effectiveness of HIV education in public schools according to Minnesota Statutes, section 121A.23.

This appropriation is available until June 30, 2001.

Subd. 8. [MAGNET SCHOOL GRANTS.] For a magnet school grant:

$50,000 2000

This appropriation is for a planning grant for an urban agricultural high school for curriculum, design, coordination with the state's graduation standards, demographic research, development of partnerships, site acquisition, market assessment of student interest, collaboration with the local municipality and school district on any proposed site prior to acquisition, and facility predesign purposes.

This appropriation is available until June 30, 2001.

Subd. 9. [ONE ROOM SCHOOLHOUSE.] For a grant to independent school district No. 690, Warroad, to operate the Angle Inlet School:

$25,000 2000

$25,000 2001

Sec. 15. [REPEALER.]

Minnesota Statutes 1998, section 127A.45, subdivision 5, is repealed.

Sec. 16. [EFFECTIVE DATES.]

Section 4 is effective December 31, 1999. Sections 10, 11, and 12 are effective for the payment of state aids for fiscal year 2000 and later. Section 13 is effective for taxes payable in 2000.

ARTICLE 7

NUTRITION PROGRAMS

Section 1. [124D.1155] [FAST BREAK TO LEARNING GRANTS.]

Subdivision 1. [ESTABLISHMENT.] A grant program is established to ensure that all children have an opportunity to eat a nutritious breakfast each school day and that barriers such as the social stigma of poverty, or inadequate facilities or transportation do not deny student access to nutritious food.

Subd. 2. [ELIGIBILITY.] An applicant for a grant must be a public or nonpublic elementary school that participates in the federal school breakfast and lunch programs. The commissioner must give first priority to schools where at least 33 percent of the lunches the school served to children during the preceding school year were provided free or at a reduced price. The commissioner must give second priority to all other public or nonpublic elementary schools.

Subd. 3. [APPLICATION PROCESS.] To obtain a grant to receive reimbursement for providing breakfasts to all children, a public or nonpublic elementary school must submit an application to the commissioner in the form and manner the commissioner prescribes. The application must describe how the applicant will encourage all children in the school to participate in the breakfast program. The applicant also must demonstrate to the commissioner that the applicant will collect a $1 local funding match for every $3 of state funding the applicant receives. The applicant must raise the local match either by charging student households not eligible for federal free or reduced price meals or by soliciting funds from nonpublic sources. The applicant can determine the method for charging student households for school breakfast, but must consider the household's ability to pay. The applicant cannot charge student households for school breakfast so that the total charges exceed the difference between the revenue from federal and state aids and the actual cost of providing the breakfast. The commissioner may require additional information from the applicant.

Subd. 4. [GRANT AWARDS.] The commissioner shall award grants to the 41 grant recipients under Laws 1997, First Special Session chapter 4, article 6, section 19, and then according to need as determined by the percentage of students enrolled in the school who are eligible for federal free or reduced price meals and that meet the requirements of subdivisions 2 and 3 until funding under this section is expended. The commissioner shall determine the amount of the grant using average statewide statistics and individual school statistics adjusted for other state and federal reimbursements. Grant recipients must use the proceeds to provide breakfast to school children every day school is in session.

Subd. 5. [EXPIRATION.] This section expires June 30, 2001.

Sec. 2. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [SCHOOL LUNCH AID.] (a) For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17, and for school milk aid according to Minnesota Statutes, section 124D.118:

$8,200,000	. . . . .	2000
$8,200,000	. . . . .	2001

(b) Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of free, reduced, and fully paid federally reimbursable student lunches served during that school year.

(c) If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

(d) Not more than $800,000 of the amount appropriated each year may be used for school milk aid.

Subd. 3. [SUMMER FOOD SERVICE REPLACEMENT AID.] For summer food service replacement aid under Minnesota Statutes, section 124D.119:

$150,000	. . . . .	2000
$150,000	. . . . .	2001

Subd. 4. [FAST BREAK TO LEARNING GRANTS.] For fast break to learning grants under Minnesota Statutes, section 124D.1155:

$2,500,000	. . . . .	2000
$2,500,000	. . . . .	2001

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. [SCHOOL BREAKFAST.] To operate the school breakfast program according to Minnesota Statutes, sections 124D.115 and 124D.117:

$456,000	. . . . .	2000
$456,000	. . . . .	2001

If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student breakfast shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year. Any unexpended balance remaining shall be used to subsidize the payments made for school lunch aid per Minnesota Statutes, section 124D.111.

Up to one percent of the program funding can be used by the department of children, families, and learning for technical and administrative assistance.

Sec. 3. [REPEALER.]

Minnesota Statutes 1998, sections 124D.112; 124D.113; and 124D.116, are repealed.

ARTICLE 8

LIBRARIES

Section 1. Laws 1997, First Special Session chapter 4, article 8, section 4, is amended to read:

Sec. 4. [LIBRARY ~~PILOT~~ PROJECT.]

Subdivision 1. [ESTABLISHMENT.] Notwithstanding law to the contrary and subject to approvals in subdivision 2, a public library may operate as a ~~pilot~~ library project jointly with the school library at Nashwauk-Keewatin high school, located in the city of Nashwauk. The public library is established to serve persons within the boundaries of independent school district No. 319, except the city of Keewatin.

Subd. 2. [APPROVALS.] Operation of the public library is contingent upon ~~a resolution approved by~~ the governing bodies of cities, towns, and unorganized townships within the geographical boundaries of independent school district No. 319, except for the city of Keewatin, entering into a joint powers agreement under Minnesota Statutes 1998, section 471.59, to accomplish the purpose of this section. The joint powers agreement must provide for continuing the library project if one party to the agreement withdraws from the agreement. For the purposes of this subdivision, the Itasca county board is designated as the governing body for the unorganized townships.

Subd. 3. [BOARD; APPOINTMENTS.] The ~~resolution~~ joint powers agreement in subdivision 2 shall provide for a library board of ~~five~~ seven members as follows: two members appointed by the school board of independent school district No. 319, one member appointed by each town board located within independent school district No. 319 boundaries, one member appointed by the council of the city of Nashwauk, and one member appointed by the Itasca county board to represent the unorganized towns within the school district territory.

Subd. 4. [BOARD TERMS; COMPENSATION.] The library board members shall serve for the term of the ~~pilot program~~ library project. An appointing authority may remove for misconduct or neglect any member it has appointed to the board and may replace that member by appointment. Board members shall receive no compensation for their services but may be reimbursed for actual and necessary travel expenses incurred in the discharge of library board duties and activities.

Subd. 5. [FUNDING.] For taxes payable in 1998 ~~and,~~ 1999, 2000, 2001, 2002, and 2003 only, the library board may levy a tax in an amount up to $25,000 annually on property located within the boundaries of independent school district No. 319, except the city of Keewatin. The Itasca county auditor shall collect the tax and distribute it to the library board. The money may be used for library staff and for the purchase of library materials, including computer software. The levy must also fund the amount necessary to receive bookmobile services from the Arrowhead regional library system. For taxes payable in 1998 ~~and,~~ 1999, 2000, 2001, 2002, and 2003 only, the county may not levy under Minnesota Statutes, section 134.07, for the areas described in this section.

Subd. 6. [BUILDING.] The school district shall provide the physical space and costs associated with operating the library including, but not limited to, heat, light, telephone service, and maintenance.

Subd. 7. [ORGANIZATION.] Immediately after appointment, the library board shall organize by electing one of its number as president and one as secretary, and it may appoint other officers it finds necessary.

Subd. 8. [DUTIES.] The library board shall adopt bylaws and regulations for the library and for the conduct of its business as may be expedient and conformable to law. It shall have exclusive control of the expenditure of all money collected for it. The library board shall appoint a qualified library director and other staff, establish the compensation of employees, and remove any of them for cause. The library board may contract with the school board, the regional library board, or the city in which the library is located to provide personnel, fiscal, or administrative services. The contract shall state the personnel, fiscal, and administrative services and payments to be provided by each party.

Subd. 9. [CRITERIA.] The library shall meet all requirements in statutes and rules applicable to public libraries and school media centers. A media supervisor licensed by the board of teaching may be the director of the library. Public parking, restrooms, drinking water, and other necessities shall be easily accessible to library patrons.

~~Subd. 10. [REPORT.] The library board shall report to the department of children, families, and learning by February 1, 1999, about the costs of providing the library service and the number of patrons served.~~

~~Subd. 11. [EXPIRATION.] This section expires January 31, 2000.~~

Sec. 2. Laws 1997, First Special Session chapter 4, article 9, section 7, subdivision 2, is amended to read:

Subd. 2. [APPLICATION; ELIGIBILITY.] The commissioner of children, families, and learning shall establish a process and application forms for library sites to apply for grant funds. Libraries must describe how they will cooperate with schools. An applicant must submit a technology plan with the application. Eligible applicants must, at a minimum, describe how the proposed project is consistent with the technology plan; describe how it ensures interoperability of hardware, software, and telecommunication and meets existing Minnesota technical standards appropriate to the project; identify the specific site needs that the project will address; define the project's expected outcomes; and provide the source, type, and amounts of all matching funds. To be eligible for a site-based technology learning grant, a library site must:

(1) be a school library, a public library, or a partnership of public and school libraries or be a publicly funded or nonprofit library in partnership with school libraries, public libraries, or public library systems;

(2) be a member of a regional multicounty, multitype library cooperation system;

(3) have each dollar of grant money matched by at least $1 of library site money, including in-kind contributions;

~~(3)~~ (4) agree to disseminate and share information about its project;

~~(4)~~ (5) provide a benefit to the greater community; and

~~(5)~~ (6) maintain any ongoing costs of support for the technology project after the initial funding under the grant program.

Sec. 3. Laws 1998, chapter 398, article 9, section 7, is amended to read:

Sec. 7. [DATABASE ACCESS PROGRAM FOR PUBLIC LIBRARIES AND SCHOOL MEDIA CENTERS.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of children, families, and learning and the director of the higher education services office shall establish a program to provide statewide licenses to commercial electronic databases of periodicals, encyclopedias, and associated reference materials for school media centers ~~and~~, public libraries, state government agency libraries, and public or private college or university libraries. The commissioner, in consultation with Minitex and in cooperation with the Library Planning Task Force, shall solicit proposals for access licenses to commercial vendors of the databases. Responses to those proposals shall be evaluated by staff of the office of library development and services in the department of children, families, and learning, Minitex staff, and a representative panel of librarians and school media specialists ~~and public librarians~~.

Subd. 2. [ELIGIBILITY.] Access to the selected databases shall be made available to a ~~school or school district that is a member of a multicounty, multitype library system as defined in Minnesota Statutes, section 134.001, subdivision 6, or a public library as defined in Minnesota Statutes, section 134.001, subdivision 2, that is a member of a multicounty, multitype library system~~ school media center or library that is eligible to participate in MnLink. With appropriate authentication any user of ~~an eligible library~~ a school media center or library that is eligible to participate in MnLink may have access to the databases from a remote site.

~~Subd. 3. [RESOURCE GRANTS.] Graduation rule resource grants are available for the purposes of this section.~~

Sec. 4. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [BASIC SUPPORT GRANTS.] For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

$8,495,000	.....	2000
$8,570,000	.....	2001

The 2000 appropriation includes $782,000 for 1999 and $7,713,000 for 2000.

The 2001 appropriation includes $857,000 for 2000 and $7,713,000 for 2001.

Subd. 3. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

$903,000	.....	2000
$903,000	.....	2001

The 2000 appropriation includes $90,000 for 1999 and $813,000 for 2000.

The 2001 appropriation includes $90,000 for 2000 and $813,000 for 2001.

Subd. 4. [REGIONAL LIBRARY TELECOMMUNICATIONS AID.] For grants to regional public library systems under Minnesota Statutes, section 125B.20, subdivision 3:

$1,200,000	.....	2000
$1,200,000	.....	2001

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. [LIBRARY FOR THE BLIND.] For compact shelving, technology, and staffing for the Minnesota library for the blind and physically handicapped:

$212,000	.....	2000

Subd. 6. [DATABASE ACCESS PROGRAM.] For the database access program for public libraries and school media centers under section 3:

$250,000	.....	2000
$250,000	.....	2001

Sec. 5. [REPEALER.]

Minnesota Statutes 1998, section 134.155, is repealed.

ARTICLE 9

EDUCATION POLICY

Section 1. Minnesota Statutes 1998, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names, social security numbers, income, addresses, and other data as required, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, early refund of refundable tax credits,

and the income tax. "Refundable tax credits" means the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and, if the required federal waiver or waivers are granted, the federal earned income tax credit under section 32 of the Internal Revenue Code;

(9) between the department of human services and the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for reemployment insurance, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the statewide Minnesota family investment program by exchanging data on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education services office to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a recipient of aid to families with dependent children or Minnesota family investment program-statewide may be disclosed to law enforcement officers who provide the name of the recipient and notify the agency that:

(i) the recipient:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, social security number, and, if available, photograph of any member of a household receiving food stamps shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) certain information regarding child support obligors who are in arrears may be made public according to section 518.575;

(20) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(21) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(22) to the department of children, families, and learning for the purpose of matching department of children, families, and learning student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; ~~to produce accurate numbers of students receiving aid to families with dependent children or Minnesota family investment program-statewide as required by section 126C.06;~~ to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(23) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(24) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(25) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs; or

(26) to monitor and evaluate the statewide Minnesota family investment program by exchanging data between the departments of human services and children, families, and learning, on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 2. Minnesota Statutes 1998, section 120A.40, is amended to read:

120A.40 [SCHOOL CALENDAR.]

(a) Except for learning programs during summer, flexible learning year programs authorized under sections 124D.12 to 124D.127, and learning year programs under section 124D.128, a district must not commence an elementary or secondary school year ~~prior to~~ before September 1, except as provided under paragraph (b). Days ~~which are~~ devoted to teachers' workshops may be held before September 1. Districts that enter into cooperative agreements are encouraged to adopt similar school calendars.

(b) A district may begin the school year on any day before September 1 to accommodate a construction or remodeling project of $400,000 or more affecting a district school facility.

Sec. 3. Minnesota Statutes 1998, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE TESTING.] (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, shall include in the comprehensive assessment system, for each grade level to be tested, a single statewide norm-referenced or criterion-referenced test, or a combination of a norm-referenced and a criterion-referenced test, which shall be highly correlated with the state's graduation standards and administered annually to all students in the third, fifth, and eighth grades. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. Only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' testing requirements for a passing state notation.

(b) In addition, at the secondary level, districts shall assess student performance in all required learning areas and selected required standards within each area of the profile of learning. The testing instruments and testing process shall be determined by the commissioner. The results shall be aggregated at the site and district level. The testing shall be administered beginning in the 1999-2000 school year and thereafter.

(c) The comprehensive assessment system shall include an evaluation of school site and school district performance levels during the 1997-1998 school year and thereafter using an established performance baseline developed from students' test scores under this section that records, at a minimum, students' unweighted mean test scores in each tested subject, a second performance baseline that reports, at a minimum, the same unweighted mean test scores of only those students enrolled in the school by January 1 of the previous school year, and a third performance baseline that reports the same unweighted test scores of all students except those students receiving limited English proficiency instruction. The evaluation also shall record separately, in proximity to the performance baselines, the percentages of students who are eligible to receive a free or reduced price school meal, demonstrate limited English proficiency, or are eligible to receive special education services.

(d) In addition to the testing and reporting requirements under paragraphs (a), (b), and (c), the commissioner~~, in consultation with the state board of education,~~ shall include the following components in the statewide educational accountability and public reporting system:

(1) uniform statewide testing of all third, fifth, eighth, and post-eighth grade students with exemptions, only with parent or guardian approval, from the testing requirement only for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06, determines that the student is incapable of taking a statewide test, or a limited English proficiency student under section 124D.59, subdivision 2, if the student has been in the United States for fewer than 12 months and for whom special language barriers exist, such as the student's native language does not have a written form or the district does not have access to appropriate interpreter services for the student's native language;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis;

(3) students' scores on the American College Test;

(4) participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement; and

(5) basic skills and advanced competencies connecting teaching and learning to high academic standards, assessment, and transitions to citizenship and employment.

(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.

Sec. 4. Minnesota Statutes 1998, section 120B.35, is amended to read:

120B.35 [STUDENT ACHIEVEMENT LEVELS.]

(a) Each school year, a school district must determine if the student achievement levels at each school site meet state expectations. If student achievement levels at a school site do not meet state expectations for two out of three consecutive school years, beginning with the ~~1999-2000~~ 2000-2001 school year, the district must work with the school site to adopt a plan to raise student achievement levels to state expectations. The legislature will determine state expectations after receiving a recommendation from the commissioner of children, families, and learning. The commissioner must submit ~~its~~ recommendations to the legislature by ~~December 15, 1998~~ January 15, 2000.

(b) The department must assist the district and the school site in developing a plan to improve student achievement. The plan must include parental involvement components.

Sec. 5. Minnesota Statutes 1998, section 121A.61, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED POLICY.] Each school board must adopt a written districtwide school discipline policy which includes written rules of conduct for students, minimum consequences for violations of the rules, and grounds and procedures for removal of a student from class. The policy must be developed in consultation with ~~the participation of~~ administrators, teachers, employees, pupils, parents, community members, law enforcement agencies, county attorney offices, social service agencies, and such other individuals or organizations as the board determines appropriate. A school site council may adopt additional provisions to the policy subject to the approval of the school board.

Sec. 6. [121A.68] [CRISIS MANAGEMENT POLICY.]

Subdivision 1. [MODEL POLICY.] By December 1, 1999, the commissioner shall maintain and make available to school boards a model crisis management policy.

Subd. 2. [SCHOOL DISTRICT POLICY.] By July 1, 2000, a school board must adopt a district crisis management policy to address potential violent crisis situations in the district. The policy must be developed in consultation with administrators, teachers, employees, students, parents, community members, law enforcement agencies, county attorney offices, social service agencies, and any other appropriate individuals or organizations.

Sec. 7. Minnesota Statutes 1998, section 122A.09, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules must require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a post-secondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program shall assist in resolving a dispute between the person and a post-secondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board must adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than ~~July 1, 1999~~ September 1, 2001.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule. The rules adopted under this paragraph apply to teachers who renew their licenses in year 2001 and later.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

Sec. 8. Minnesota Statutes 1998, section 122A.18, is amended by adding a subdivision to read:

Subd. 10. [READING STRATEGIES.] All colleges and universities approved by the board of teaching to prepare persons for classroom teacher licensure must include in their teacher preparation programs reading best practices that enable classroom teacher licensure candidates to know how to teach reading, such as phonics or other research-based best practices.

Sec. 9. Minnesota Statutes 1998, section 122A.19, subdivision 4, is amended to read:

Subd. 4. [TEACHER PREPARATION PROGRAMS.] For the purpose of licensing bilingual and English as a second language teachers, the board may approve programs at colleges or universities designed for their training ~~subject to the approval of the state board of education~~.

Sec. 10. Minnesota Statutes 1998, section 122A.20, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS FOR REVOCATION, SUSPENSION, OR DENIAL.] The board of teaching ~~or the state board of education,~~ or the commissioner, with the advice from an advisory task force of supervisory personnel established under section 15.014, whichever has jurisdiction over a teacher's licensure, may, on the written complaint of the school board employing a teacher, a teacher organization, or any other interested person, refuse to issue, refuse to renew, suspend, or revoke a teacher's license to teach for any of the following causes:

(1) Immoral character or conduct;

(2) Failure, without justifiable cause, to teach for the term of the teacher's contract;

(3) Gross inefficiency or willful neglect of duty; or

(4) Failure to meet licensure requirements; or

(5) Fraud or misrepresentation in obtaining a license.

The written complaint must specify the nature and character of the charges. For purposes of this subdivision, the board of teaching is delegated the authority to suspend or revoke coaching licenses ~~under the jurisdiction of the state board of education~~.

Sec. 11. Minnesota Statutes 1998, section 122A.20, subdivision 2, is amended to read:

Subd. 2. [MANDATORY REPORTING.] A school board must report to the board of teaching~~, the state board of education,~~ or the board of trustees of the Minnesota state colleges and universities, whichever has jurisdiction over the teacher's license, when its teacher is discharged or resigns from employment after a charge is filed with the school board under section 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7, or after charges are filed that are ground for discharge under section 122A.40, subdivision 13, clauses (a), (b), (c), (d), and (e), or when a teacher is suspended or resigns while an investigation is pending under section 122A.40, subdivision 13, clauses (a), (b), (c), (d), and (e); 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7; or 626.556. The report must be made to the appropriate licensing board within ten days after the discharge, suspension, or resignation has occurred. The licensing board to which the report is made must investigate the report for violation of subdivision 1 and the reporting board must cooperate in the investigation. Notwithstanding any provision in chapter 13 or any law to the contrary, upon written request from the licensing board having jurisdiction over the teacher's license, a board or school superintendent shall provide the licensing board with information about the teacher from the district's files, any termination or disciplinary proceeding, any settlement or compromise, or any investigative file. Upon written

request from the appropriate licensing board, a board or school superintendent may, at the discretion of the board or school superintendent, solicit the written consent of a student and the student's parent to provide the licensing board with information that may aid the licensing board in its investigation and license proceedings. The licensing board's request need not identify a student or parent by name. The consent of the student and the student's parent must meet the requirements of chapter 13 and Code of Federal Regulations, title 34, section 99.30. The licensing board may provide a consent form to the district. Any data transmitted to any board under this section is private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

The licensing board to which a report is made must transmit to the attorney general's office any record or data it receives under this subdivision for the sole purpose of having the attorney general's office assist that board in its investigation. When the attorney general's office has informed an employee of the appropriate licensing board in writing that grounds exist to suspend or revoke a teacher's license to teach, that licensing board must consider suspending or revoking or decline to suspend or revoke the teacher's license within 45 days of receiving a stipulation executed by the teacher under investigation or a recommendation from an administrative law judge that disciplinary action be taken.

Sec. 12. Minnesota Statutes 1998, section 122A.21, is amended to read:

122A.21 [TEACHERS' AND ADMINISTRATORS' LICENSES; FEES.]

Each application for the issuance, renewal, or extension of a license to teach and each application for the issuance, renewal, or extension of a license as supervisory personnel must be accompanied by a processing fee in an amount set by the board of teaching by rule. ~~Each application for the issuance, renewal, or extension of a license as supervisory personnel must be accompanied by a processing fee in an amount set by the state board of education by rule.~~ The processing fee for a teacher's license and for the licenses of supervisory personnel must be paid to the executive secretary of the board of teaching. ~~The processing fee for the licenses of supervisory personnel must be paid to the commissioner.~~ The executive secretary of the board of teaching ~~and the commissioner~~ shall deposit the fees with the state treasurer, as provided by law, and report each month to the commissioner of finance the amount of fees collected. The fees as set by the ~~boards~~ board are nonrefundable for applicants not qualifying for a license. However, a fee must be refunded by the state treasurer in any case in which the applicant already holds a valid unexpired license. The ~~boards~~ board may waive or reduce fees for applicants who apply at the same time for more than one license~~, even if the licenses are under the jurisdiction of different boards~~.

Sec. 13. Minnesota Statutes 1998, section 122A.40, subdivision 5, is amended to read:

Subd. 5. [PROBATIONARY PERIOD.] The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district is deemed to be a probationary period of employment, and after completion thereof, the probationary period in each district in which the teacher is thereafter employed shall be one year. The school board must adopt a plan for written evaluation of teachers during the probationary period. Evaluation must occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school must not be included in determining the number of school days on which a teacher performs services. During the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit. However, the board must give any such teacher whose contract it declines to renew for the following school year written notice to that effect before ~~June~~ July 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the board must give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 122A.44.

Sec. 14. Minnesota Statutes 1998, section 122A.40, subdivision 7, is amended to read:

Subd. 7. [TERMINATION OF CONTRACT AFTER PROBATIONARY PERIOD.] A teacher who has completed a probationary period in any district, and who has not been discharged or advised of a refusal to renew the teacher's contract pursuant to subdivision 5, shall have a continuing contract with such district. Thereafter, the teacher's contract must remain in full force and effect, except as modified by mutual consent of the board and the teacher, until terminated by a majority roll call vote of the full membership of the board prior to April 1 upon one of the grounds specified in subdivision 9 or ~~prior to June~~ July 1 upon one of the grounds specified in subdivision 10 or 11, or until the teacher is discharged pursuant to subdivision 13, or by the written resignation of the teacher submitted prior to April 1. If an agreement as to the terms and conditions of employment for the succeeding school year has not been adopted pursuant to the provisions of sections 179A.01 to 179A.25 prior to March 1, the teacher's right of resignation is extended to the 30th calendar day following the adoption of said contract in compliance with section 179A.20, subdivision 5. Such written resignation by the teacher is effective as of June 30 if submitted prior to that date and the teachers' right of resignation for the school year then beginning shall cease on July 15. Before a teacher's contract is terminated by the board, the board must notify the teacher in writing and state its ground for the proposed termination in reasonable detail together with a statement that the teacher may make a written request for a hearing before the board within 14 days after receipt of such notification. If the grounds are those specified in subdivision 9 or 13, the notice must also state a teacher may request arbitration under subdivision 15. Within 14 days after receipt of this notification the teacher may make a written request for a hearing before the board or an arbitrator and it shall be granted upon reasonable notice to the teacher of the date set for hearing, before final action is taken. If no hearing is requested within such period, it shall be deemed acquiescence by the teacher to the board's action. Such termination shall take effect at the close of the school year in which the contract is terminated in the manner aforesaid. Such contract may be terminated at any time by mutual consent of the board and the teacher and this section does not affect the powers of a board to suspend, discharge, or demote a teacher under and pursuant to other provisions of law.

Sec. 15. Minnesota Statutes 1998, section 122A.40, subdivision 16, is amended to read:

Subd. 16. [DECISION.] After the hearing, the board must issue a written decision and order. If the board orders termination of a continuing contract or discharge of a teacher, its decision must include findings of fact based upon competent evidence in the record and must be served on the teacher, accompanied by an order of termination or discharge, prior to April 1 in the case of a contract termination for grounds specified in subdivision 9, prior to ~~June~~ July 1 for grounds specified in subdivision 10 or 11, or within ten days after conclusion of the hearing in the case of a discharge. If the decision of the board or of a reviewing court is favorable to the teacher, the proceedings must be dismissed and the decision entered in the board minutes, and all references to such proceedings must be excluded from the teacher's record file.

Sec. 16. Minnesota Statutes 1998, section 122A.41, subdivision 4, is amended to read:

Subd. 4. [PERIOD OF SERVICE AFTER PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.] After the completion of such probationary period, without discharge, such teachers as are thereupon reemployed shall continue in service and hold their respective position during good behavior and efficient and competent service and must not be discharged or demoted except for cause after a hearing.

A probationary teacher is deemed to have been reemployed for the ensuing school year, unless the school board in charge of such school gave such teacher notice in writing before ~~June~~ July 1 of the termination of such employment. ~~In event of such notice the employment terminates at the close of the school sessions of the current school year.~~

Sec. 17. Minnesota Statutes 1998, section 122A.60, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT COMMITTEE.] A school board must use the revenue authorized in section 122A.61 for in-service education for programs under section 120B.22, subdivision 2, or for staff development plans under this section. The board must establish ~~a~~ an advisory staff development committee to develop the plan,

assist site ~~decision-making~~ professional development teams in developing a site plan consistent with the goals of the plan, and evaluate staff development efforts at the site level. A majority of the advisory committee and the site professional development team must be teachers representing various grade levels, subject areas, and special education. The advisory committee must also include nonteaching staff, parents, and administrators. Districts must report staff development results and expenditures to the commissioner in the form and manner determined by the commissioner. The expenditure report must include expenditures by the board for district level activities and expenditures made by the staff. The report must provide a breakdown of expenditures for (1) curriculum development and programs, (2) in-service education, workshops, and conferences, and (3) the cost of teachers or substitute teachers for staff development purposes. Within each of these categories, the report must also indicate whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by the grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures are to be reported using the UFARS system. The commissioner shall report the staff development expenditure data to the education committees of the legislature by February 15 each year.

Sec. 18. [123A.245] [COOPERATIVE UNITS; ELIGIBILITY FOR GRANTS.]

A cooperative unit, through its governing board, may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources.

Sec. 19. Minnesota Statutes 1998, section 123B.02, subdivision 3, is amended to read:

Subd. 3. [LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT.] (a) A district must not be required by any type of formal or informal agreement except an agreement to provide building space according to paragraph (f), including a joint powers agreement, or membership in any cooperative unit defined in section 123A.24, subdivision 2, to participate in or provide financial support for the purposes of the agreement for a time period in excess of four fiscal years, or the time period set forth in this subdivision. Any agreement, part of an agreement, or other type of requirement to the contrary is void. This paragraph applies only to agreements entered into between July 1, 1993, and June 30, 1999.

(b) This subdivision shall not affect the continued liability of a district for its share of bonded indebtedness or other debt incurred as a result of any agreement before July 1, 1993. The district is liable only until the obligation or debt is discharged and only according to the payment schedule in effect on July 1, 1993, except that the payment schedule may be altered for the purpose of restructuring debt or refunding bonds outstanding on July 1, 1993, if the annual payments of the district are not increased and if the total obligation of the school district for its share of outstanding bonds or other debt is not increased.

(c) To cease participating in or providing financial support for any of the services or activities relating to the agreement or to terminate participation in the agreement, the board must adopt a resolution and notify other parties to the agreement of its decision on or before February 1 of any year. The cessation or withdrawal shall be effective June 30 of the same year except that for a member of an education district organized under sections 123A.15 to 123A.19 or an intermediate district organized under chapter 136D, cessation or withdrawal shall be effective June 30 of the following fiscal year. At the option of the board, cessation or withdrawal may be effective June 30 of the following fiscal year for a district participating in any type of agreement.

(d) Before issuing bonds or incurring other debt, the governing body responsible for implementing the agreement must adopt a resolution proposing to issue bonds or incur other debt and the proposed financial effect of the bonds or other debt upon each participating district. The resolution must be adopted within a time sufficient to allow the board to adopt a resolution within the time permitted by this paragraph and to comply with the statutory deadlines set forth in sections 122A.40, 122A.41, and 123A.33. The governing body responsible for implementing the agreement shall notify each participating board of the contents of the resolution. Within 120 days of receiving the resolution of the governing body, the school board of the participating district shall adopt a resolution stating:

(1) its concurrence with issuing bonds or incurring other debt;

(2) its intention to cease participating in or providing financial support for the service or activity related to the bonds or other debt; or

(3) its intention to terminate participation in the agreement.

A board adopting a resolution according to clause (1) is liable for its share of bonded indebtedness or other debt as proposed by the governing body implementing the agreement. A school board adopting a resolution according to clause (2) is not liable for the bonded indebtedness or other debt, as proposed by the governing body, related to the services or activities in which the district ceases participating or providing financial support. A board adopting a resolution according to clause (3) is not liable for the bonded indebtedness or other debt proposed by the governing body implementing the agreement.

(e) After July 1, 1993, a district is liable according to paragraph (d) for its share of bonded indebtedness or other debt incurred by the governing body implementing the agreement to the extent that the bonds or other debt are directly related to the services or activities in which the district participates or for which the district provides financial support. The district has continued liability only until the obligation or debt is discharged and only according to the payment schedule in effect at the time the governing body implementing the agreement provides notice to the school board, except that the payment schedule may be altered for the purpose of refunding the outstanding bonds or restructuring other debt if the annual payments of the district are not increased and if the total obligation of the district for the outstanding bonds or other debt is not increased.

(f) A district that is a member of a cooperative unit as defined in section 123A.24, subdivision 2, may obligate itself to participate in and provide financial support for an agreement with a cooperative unit to provide school building space for a term not to exceed two years with an option on the part of the district to renew for an additional two years.

(g) Notwithstanding any limitations imposed under this subdivision, a school district may, according to section 123B.51, subdivision 4, enter into a lease of all or a portion of a schoolhouse that is not needed for school purposes, including, but not limited to, a lease with a term of more than one year.

Sec. 20. Minnesota Statutes 1998, section 123B.77, subdivision 4, is amended to read:

Subd. 4. [BUDGET APPROVAL.] Prior to July 1 of each year, the board of each district must approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted must be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures. Prior to the appropriation of revenue for the next school year in the initial budget, the board shall calculate the general education revenue, basic skills revenue, and referendum revenue for that year that it estimates will be generated by the pupils in attendance at each site, and shall inform each site of that estimate and report this information to the department of children, families, and learning.

Sec. 21. Minnesota Statutes 1998, section 123B.83, subdivision 4, is amended to read:

Subd. 4. [SPECIAL OPERATING PLAN.] (1) If the net negative unappropriated operating fund balance as defined in section 126C.01, subdivision 11, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts, as of June 30 each year, is more than 2-1/2 percent of the year's expenditure amount, the district must, prior to January 31 of the next fiscal year, submit a special operating plan to reduce the district's deficit expenditures to the commissioner for approval. The commissioner may also require the district to provide evidence that the district meets and will continue to meet all ~~of the curriculum~~ high school graduation requirements ~~of the state board~~.

Notwithstanding any other law to the contrary, a district submitting a special operating plan to the commissioner under this clause which is disapproved by the commissioner must not receive any aid pursuant to chapters 120B, 122A, 123A, 123B, 124D, 125A, 126C, and 127A until a special operating plan of the district is so approved.

(2) A district must receive aids pending the approval of its special operating plan under clause (1). A district which complies with its approved operating plan must receive aids as long as the district continues to comply with the approved operating plan.

Sec. 22. Minnesota Statutes 1998, section 123B.90, subdivision 2, is amended to read:

Subd. 2. [STUDENT TRAINING.] (a) Each district must provide public school pupils enrolled in grades kindergarten through 10 with age-appropriate school bus safety training. The training must be results-oriented and shall consist of both classroom instruction and practical training using a school bus. Upon completing the training, a student shall be able to demonstrate knowledge and understanding of at least the following competencies and concepts:

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

(2) district policies for student conduct and school bus safety;

(3) appropriate conduct while on the school bus;

(4) the danger zones surrounding a school bus;

(5) procedures for safely boarding and leaving a school bus;

(6) procedures for safe street or road crossing; ~~and~~

(7) school bus evacuation and other emergency procedures; and

(8) appropriate training on the use of lap belts or lap and shoulder belts, if the district uses buses equipped with lap belts or lap and shoulder belts.

(b) Each nonpublic school located within the district must provide all nonpublic school pupils enrolled in grades kindergarten through 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a). The school district shall make a bus available for the practical training if the district transports the nonpublic students. Each nonpublic school shall provide the instruction.

(c) All students enrolled in grades kindergarten through 3 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the school bus safety training competencies by the end of the third week of school. All students enrolled in grades 4 through 10 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the competencies by the end of the sixth week of school. Students enrolled in grades kindergarten through 10 who enroll in a school after the second week of school and are transported by school bus shall undergo school bus safety training and demonstrate achievement of the school bus safety competencies within four weeks of the first day of attendance. The pupil transportation safety director in each district must certify to the commissioner annually that all students transported by school bus within the district have satisfactorily demonstrated knowledge and understanding of the school bus safety competencies according to this section or provide an explanation for a student's failure to demonstrate the competencies. The principal or other chief administrator of each nonpublic school must certify annually to the public transportation safety director of the district in which the school is located that all of the school's students transported by school bus at public expense have received training. A district may deny transportation to a student who fails to demonstrate the competencies, unless the student is unable to achieve the competencies due to a disability, or to a student who attends a nonpublic school that fails to provide training as required by this subdivision.

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

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

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

Sec. 23. Minnesota Statutes 1998, section 123B.90, subdivision 3, is amended to read:

Subd. 3. [MODEL TRAINING PROGRAM.] The commissioner shall develop a comprehensive model school bus safety training program for pupils who ride the bus that includes bus safety curriculum for both classroom and practical instruction, methods for assessing attainment of school bus safety competencies, and age-appropriate instructional materials. The model training program for students riding buses with lap belts or lap and shoulder belts must include information on the appropriate use of lap belts or lap and shoulder belts. The program must be adaptable for use by students with disabilities.

Sec. 24. Minnesota Statutes 1998, section 123B.91, subdivision 1, is amended to read:

Subdivision 1. [COMPREHENSIVE POLICY.] Each district must develop and implement a comprehensive, written policy governing pupil transportation safety, including transportation of nonpublic school students, when applicable. The policy shall, at minimum, contain:

(1) provisions for appropriate student bus safety training under section 123B.90;

(2) rules governing student conduct on school buses and in school bus loading and unloading areas;

(3) a statement of parent or guardian responsibilities relating to school bus safety;

(4) provisions for notifying students and parents or guardians of their responsibilities and the rules, including the district's seat belt policy, if applicable;

(5) an intradistrict system for reporting school bus accidents or misconduct and a system for dealing with local law enforcement officials in cases of criminal conduct on a school bus;

(6) a discipline policy to address violations of school bus safety rules, including procedures for revoking a student's bus riding privileges in cases of serious or repeated misconduct;

(7) a system for integrating school bus misconduct records with other discipline records;

(8) a statement of bus driver duties;

(9) planned expenditures for safety activities under section 123B.89 and, where applicable, provisions governing bus monitor qualifications, training, and duties;

(10) rules governing the use and maintenance of type III vehicles, drivers of type III vehicles, qualifications to drive a type III vehicle, qualifications for a type III vehicle and the circumstances under which a student may be transported in a type III vehicle;

(11) operating rules and procedures;

(12) provisions for annual bus driver in-service training and evaluation;

(13) emergency procedures;

(14) a system for maintaining and inspecting equipment;

(15) requirements of the school district, if any, that exceed state law minimum requirements for school bus operations; and

(16) requirements for basic first aid training, which must include the Heimlich maneuver and procedures for dealing with obstructed airways, shock, bleeding, and seizures.

Districts are encouraged to use the model policy developed by the Minnesota school boards association, the department of public safety, and the department of children, families, and learning, as well as the current edition of the "National Standards for School Buses and Operations" published by the National Safety Council, in developing safety policies. Each district shall review its policy annually and make appropriate amendments, which must be submitted to the school bus safety advisory committee within one month of approval by the school board.

Sec. 25. Minnesota Statutes 1998, section 124D.03, is amended by adding a subdivision to read:

Subd. 12. [TERMINATION OF ENROLLMENT.] A district may terminate the enrollment of a nonresident student enrolled under this section or section 124D.07 or 124D.08 at the end of a school year if the student meets the definition of a habitual truant under section 260.015, subdivision 19, the student has been provided appropriate services under chapter 260A, and the student's case has been referred to juvenile court. A district may also terminate the enrollment of a nonresident student over the age of 16 enrolled under this section if the student is absent without lawful excuse for one or more periods on 15 school days and has not lawfully withdrawn from school under section 120A.22, subdivision 8.

Sec. 26. Minnesota Statutes 1998, section 124D.86, subdivision 1, is amended to read:

Subdivision 1. [USE OF THE REVENUE.] Integration revenue under this section must be used for programs established under a desegregation plan ~~mandated by the state board~~ or under court order, to increase learning opportunities and reduce the learning gap between learners living in high concentrations of poverty and their peers.

Sec. 27. Minnesota Statutes 1998, section 124D.86, subdivision 3, is amended to read:

Subd. 3. [INTEGRATION REVENUE.] For fiscal year 1999 and later fiscal years, integration revenue equals the following amounts:

(1) for independent school district No. 709, Duluth, $193 times the resident pupil units for the school year;

(2) for independent school district No. 625, St. Paul, $427 times the resident pupil units for the school year;

(3) for special school district No. 1, Minneapolis, $523 times the resident pupil units for the school year; and

(4) for a district not listed in clause (1), (2), or (3) that is required to implement a plan according to the requirements of Minnesota Rules, parts ~~3535.0200 to 3535.2200~~ 3535.0100 to 3535.0180, as proposed in 23 State Register 1344, December 7, 1998, the lesser of the actual cost of implementing the plan during the fiscal year or $93 times the resident pupil units for the school year.

Sec. 28. Minnesota Statutes 1998, section 124D.89, subdivision 1, is amended to read:

Subdivision 1. [CULTURAL EXCHANGE PROGRAM GOALS.] (a) A cultural exchange grant program is established to develop and create opportunities for children and staff of different ethnic, racial, and other cultural backgrounds to experience educational and social exchange. ~~Student and staff exchanges under this section may only take place between a district with a desegregation plan approved by the state board of education and a district without a desegregation plan.~~ Participating school districts shall offer ~~summer~~ programs for credit with the goals set forth in paragraphs (b) to (e).

(b) The program must develop curriculum reflective of particular ethnic, racial, and other cultural aspects of various demographic groups in the state.

(c) The program must develop immersion programs that are coordinated with the programs offered in paragraph (b).

(d) The program must create opportunities for students from across the state to enroll in ~~summer~~ programs in districts other than the one of residence, or in other schools within their district of residence.

(e) The program must create opportunities for staff exchanges on a cultural basis.

Sec. 29. Minnesota Statutes 1998, section 125A.09, subdivision 11, is amended to read:

Subd. 11. [HEARING REVIEW OFFICER'S QUALIFICATIONS.] The commissioner must select an individual who has the qualifications enumerated in this subdivision to serve as the hearing review officer:

(1) the individual must be knowledgeable and impartial;

(2) the individual must not have a personal interest in or specific involvement with the student who is a party to the hearing;

(3) the individual must not have been employed as an administrator by the district that is a party to the hearing;

(4) the individual must not have been involved in the selection of the administrators of the district that is a party to the hearing;

(5) the individual must not have a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(6) the individual must not have substantial involvement in the development of a state or local policy or procedures that are challenged in the appeal;

(7) the individual is not a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency~~,~~ or the department~~, and the state board of education~~; and

(8) the individual is not a current employee or board member of a disability advocacy organization or group.

Sec. 30. Minnesota Statutes 1998, section 127A.05, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT AND DUTIES.] The department shall be under the administrative control of the commissioner of children, families, and learning which office is established. ~~The commissioner shall be the secretary of the state board.~~ The governor shall appoint the commissioner under the provisions of section 15.06.

The commissioner shall be a person who possesses educational attainment and breadth of experience in the administration of public education and of the finances pertaining thereto commensurate with the spirit and intent of this code. Notwithstanding any other law to the contrary, the commissioner may appoint two deputy commissioners who shall serve in the unclassified service. The commissioner shall also appoint other employees as may be necessary for the organization of the department. The commissioner shall perform such duties as the law and ~~the~~ rules ~~of the state board~~ may provide and be held responsible for the efficient administration and discipline of the department. The commissioner ~~shall make recommendations to the board and be~~ is charged with the execution of powers and duties ~~which the state board may prescribe, from time to time,~~ to promote public education in the state~~,~~ and to safeguard the finances pertaining thereto~~, and to enable the state board to carry out its duties~~.

Sec. 31. [127A.25] [SURVEY OF DISTRICTS.]

The commissioner of children, families, and learning shall survey the state's school districts and report to the education committees of the legislature by January 15 of each odd-numbered year on the status of the teacher shortage and the substitute teacher shortage, including shortages in subject areas and regions of the state. The report must also include how districts are making progress in hiring teachers and substitutes in the areas of shortage.

Sec. 32. Minnesota Statutes 1998, section 127A.41, subdivision 5, is amended to read:

Subd. 5. [DISTRICT APPEAL OF AID REDUCTION; INSPECTION OF DISTRICT SCHOOLS AND ACCOUNTS AND RECORDS.] ~~A reduction of aid under this section may be appealed to the state board of education and its decision shall be final.~~ Public schools shall at all times be open to the inspection of the commissioner. The accounts and records of any district must be open to inspection by the state auditor, ~~the state board,~~ or the commissioner for the purpose of audits conducted under this section. Each district shall keep for a minimum of three years at least the following: (1) identification of the annual session days held, together with a record of the length of each session day, (2) a record of each pupil's daily attendance, with entrance and withdrawal dates, and (3) identification of the pupils transported who are reported for transportation aid.

Sec. 33. Minnesota Statutes 1998, section 127A.42, subdivision 5, is amended to read:

Subd. 5. [DISPUTE VIOLATIONS; HEARING.] The board to which such notice is given may, by a majority vote of the whole board, decide to dispute that the specified violation exists or that the time allowed is reasonable or the correction specified is correct, or that the commissioner may reduce aids. The board must give the commissioner written notice of the decision. If the commissioner, after further investigation as the commissioner deems necessary, adheres to the previous notice, ~~the board shall be entitled to a hearing by the state board~~ the commissioner shall notify the school board of its decision. ~~The state board must set a hearing time and place and the board of the district must be given notice by mail. The state board must adopt rules governing the proceedings for hearings. The hearings must be designed to give a full and fair hearing and permit interested parties an opportunity to produce evidence relating to the issues involved. The rules may provide that any question of fact to be determined at the hearing may be referred to one or more members of the board or to an employee of the state board acting as a referee to hear evidence and report the testimony taken to the state board. The state board, or a person designated to receive evidence at a hearing, shall have the same right to issue subpoenas and administer oaths and parties to the hearing shall have the same right to subpoenas issued as are allowed for proceedings before the industrial commission. A stenographic record must be made of all testimony given and other proceedings during the hearing. If practicable, rules governing admission of evidence in courts shall apply to the hearing. The decision of the state board must be in writing and the controlling facts upon which the decision is made must be stated in sufficient detail to apprise the parties and the reviewing court of the basis and reason for the decision. The decision must be confined to whether any of the specified violations existed at the date of the commissioner's first notice, whether the violations were corrected within the time permitted, and whether the violations require reduction of the state aids under this section.~~

Sec. 34. Minnesota Statutes 1998, section 127A.42, subdivision 6, is amended to read:

Subd. 6. [VIOLATION; AID REDUCTION.] The commissioner shall not reduce state aids payable to the district if the violation specified is corrected within the time permitted, or if the commissioner on being notified of the district board's decision to dispute decides the violation does not exist~~, or if the state board decides after hearing no violation specified in the commissioner's notice existed at the time of the notice, or that the violations were corrected within the time permitted~~. Otherwise state aids payable to the district for the year in which the violation occurred shall be reduced as follows: The total amount of state aids to which the district may be entitled shall be reduced in the proportion that the period during which a specified violation continued, computed from the last day of the time permitted for correction, bears to the total number of days school is held in the district during the year in which a violation exists, multiplied by 60 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district for that year.

Sec. 35. Minnesota Statutes 1998, section 127A.60, subdivision 1, is amended to read:

Subdivision 1. [DEPARTMENT.] A state department of children, families, and learning is hereby created ~~which shall be maintained under the direction of a state board of education composed of nine representative citizens of the state, at least one of whom shall reside in each congressional district in the state~~.

~~Of the nine representative citizens of the state who are appointed to the state board of education not less than three members thereof shall previously thereto have served as an elected member of a board of education of a school district however organized.~~

~~The members of the state board shall be appointed by the governor, with the advice and consent of the senate. One member shall be chosen annually as president, but no member shall serve as president more than three consecutive years. The state board shall hold its annual meeting in August. It shall hold meetings on dates and at places as it designates. No member shall hold any public office, or represent or be employed by any board of education or school district, public or private, and shall not voluntarily have any personal financial interest in any contract with a board of education or school district, or be engaged in any capacity where a conflict of interest may arise.~~

Sec. 36. Minnesota Statutes 1998, section 127A.66, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATIVE RULES.] The ~~state board~~ commissioner may adopt new rules and amend them or amend any ~~of its~~ existing rules only under specific authority and consistent with the requirements of chapter 14. The ~~state board~~ commissioner may repeal any of ~~its~~ the commissioner's existing rules. Notwithstanding the provisions of section 14.05, subdivision 4, the ~~state board~~ commissioner may grant a variance to ~~its~~ the commissioner's rules upon application by a school district for purposes of implementing experimental programs in learning or school management. This subdivision shall not prohibit the ~~state board~~ commissioner from making technical changes or corrections to ~~its~~ the commissioner's rules.

Sec. 37. Minnesota Statutes 1998, section 128C.01, subdivision 4, is amended to read:

Subd. 4. [BOARD.] (a) The league must have a 20-member governing board.

(1) The governor must appoint four members according to section 15.0597. Each of the four appointees must be a parent. At least one of them must be an American Indian, an Asian, a Black, or a Hispanic.

(2) The Minnesota association of secondary school principals must appoint two of its members.

(3) The remaining 14 members must be selected according to league bylaws.

(b) The terms, compensation, removal of members, and the filling of membership vacancies are governed by section 15.0575, except that the four-year terms begin on August 1 and end on July 31. As provided by section 15.0575, members who are full-time state employees or full-time employees of school districts or other political subdivisions of the state may not receive any per diem payment for service on the board.

Sec. 38. Minnesota Statutes 1998, section 128C.02, is amended by adding a subdivision to read:

Subd. 9. [PURCHASING.] In purchasing goods and services, the league must follow all laws that apply to school districts under sections 123B.52 and 471.345.

Sec. 39. Minnesota Statutes 1998, section 128C.20, subdivision 1, is amended to read:

Subdivision 1. [ANNUALLY.] Each year the commissioner of children, families, and learning shall obtain and review the following information about the league:

(1) an accurate and concise summary of the annual financial and compliance audit prepared by the state auditor that includes information about the compensation of and the expenditures by the executive director of the league and league staff;

(2) a list of all complaints filed with the league and all lawsuits filed against the league and the disposition of those complaints and lawsuits;

(3) an explanation of the executive director's performance review;

(4) information about the extent to which the league has implemented its affirmative action policy, its comparable worth plan, and its sexual harassment and violence policy and rules; and

(5) an evaluation of any proposed changes in league policy.

The commissioner may examine any league activities or league-related issues when the commissioner believes this review is warranted.

Sec. 40. Minnesota Statutes 1998, section 169.01, subdivision 6, is amended to read:

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

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

(2) A "type B school bus" is a conversion or body constructed and installed upon a van or front-section vehicle chassis, or stripped chassis, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. Part of the engine is beneath or behind the windshield and beside the driver's seat. The entrance door is behind the front wheels.

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

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

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

Sec. 41. Minnesota Statutes 1998, section 169.03, subdivision 6, is amended to read:

Subd. 6. [WORKING ON HIGHWAY.] (a) The provisions of this chapter shall not apply to persons, motor vehicles, and other equipment while actually engaged in work upon the highway, except as provided in paragraphs (b) and (c).

(b) This chapter shall apply to those persons and vehicles when traveling to or from such work, except that persons operating equipment owned, rented or hired by road authorities shall be exempt from the width, height and length provisions of sections 169.80 and 169.81 and shall be exempt from the weight limitations of this chapter while engaged in snow or ice removal and while engaged in flood control operations on behalf of the state or a local governmental unit.

(c) Sections 169.121 to 169.129 and 169.444 apply to persons while actually engaged in work upon the highway.

Sec. 42. Minnesota Statutes 1998, section 171.3215, subdivision 2, is amended to read:

Subd. 2. [CANCELLATION FOR DISQUALIFYING AND OTHER OFFENSES.] Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a disqualifying offense, the commissioner shall permanently cancel the school bus driver's endorsement on the offender's driver's license and in the case of a nonresident, the driver's privilege to operate a school bus in Minnesota. A school bus driver whose endorsement or privilege to operate a school bus in Minnesota has been permanently canceled may not apply for reinstatement. Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of ~~a gross misdemeanor, or~~ a violation of section 169.121, 169.129, or a similar statute or ordinance from another state, and within ten days of revoking a school bus driver's license under section 169.123, the commissioner shall cancel the school bus driver's endorsement on the offender's driver's license or the nonresident's privilege to operate a school bus in Minnesota for five years. After five years, a school bus driver may apply to the commissioner for reinstatement. Even after five years, cancellation of a school bus driver's endorsement or a nonresident's privilege to operate a school bus in Minnesota for a violation under section 169.121, 169.123, 169.129, or a similar statute or ordinance from another state, shall remain in effect until the driver provides proof of successful completion of an alcohol or controlled substance treatment program. For a first offense, proof of completion is required only if treatment was ordered as part of a chemical use assessment. Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a fourth moving violation in the last three years, the commissioner shall cancel the school bus driver's endorsement on the offender's driver's license or the nonresident's privilege to operate a school bus in Minnesota until one year has elapsed since the last conviction. A school bus driver who has no new convictions after one year may apply for reinstatement. Upon canceling the offender's school bus driver's endorsement, the commissioner shall immediately notify the licensed offender of the cancellation in writing, by depositing in the United States post office a notice addressed to the licensed offender at the licensed offender's last known address, with postage prepaid thereon.

Sec. 43. Minnesota Statutes 1998, section 171.3215, subdivision 4, is amended to read:

Subd. 4. [WAIVER OF PERMANENT CANCELLATION.] (a) The commissioner of public safety or the commissioner's designee, in consultation with the division of driver and vehicle services, may waive the permanent cancellation requirement of this section ~~171.3215~~ for a person convicted of a misdemeanor, a gross misdemeanor, a nonfelony violation of chapter 152, or a felony that is not a violent crime under section 609.1095.

(b) After notice to the requesting school district and contract provider of school bus transportation, the commissioner may waive the permanent cancellation requirement after ten years have elapsed since the person was convicted of a violation of section 609.582, subdivision 2, 3, or 4.

Sec. 44. Minnesota Statutes 1998, section 181.101, is amended to read:

181.101 [WAGES; HOW OFTEN PAID.]

Every employer must pay all wages earned by an employee at least once every ~~30~~ 31 days on a regular pay day designated in advance by the employer regardless of whether the employee requests payment at longer intervals. Unless paid earlier, the wages earned during the first half of the first ~~30-day~~ 31-day pay period become due on the first regular payday following the first day of work. If wages earned are not paid, the commissioner of labor and industry or the commissioner's representative may demand payment on behalf of an employee. If payment is not made within ten days of demand, the commissioner may charge and collect the wages earned and a penalty in the amount of the employee's average daily earnings at the rate agreed upon in the contract of employment, not exceeding 15 days in all, for each day beyond the ten-day limit following the demand. Money collected by the commissioner must be paid to the employee concerned. This ~~subdivision~~ section does not prevent an employee from prosecuting a claim for wages. This section does not prevent a school district or other public school entity from paying any wages earned by its employees during a school year on regular pay days in the manner provided by an applicable contract or collective bargaining agreement, or a personnel policy adopted by the governing board. For purposes of this section, "employee" includes a person who performs agricultural labor as defined in section 181.85, subdivision 2. For purposes of this section, wages are earned on the day an employee works.

Sec. 45. Minnesota Statutes 1998, section 209.07, is amended by adding a subdivision to read:

Subd. 4. [SCHOOL DISTRICT BOARD ELECTION; SURETY BOND REQUIREMENTS.] If an election approving the issuance of bonds by a school district is contested, the contestant shall file in the district court a surety bond of at least $5,000 or a greater amount determined necessary by the court to provide security for costs of the contest to the school district, including any additional costs that may be incurred by the school district if the bond issue is delayed. The court may waive the requirements of this subdivision to the extent it finds that there is a reasonable likelihood that the contestant will prevail and that filing the bond would impose an undue hardship. If the surety bond is not filed within the time allowed by the court, the contest shall be dismissed with prejudice.

Sec. 46. Laws 1997, First Special Session chapter 4, article 5, section 22, is amended to read:

Sec. 20. [GRANT PROGRAM TO PROMOTE PROFESSIONAL TEACHING STANDARDS.]

Subdivision 1. [ESTABLISHMENT.] A grant program to promote professional teaching standards through the national board for professional teaching standards ~~for fiscal year 1998~~ is established to provide eligible teachers with the opportunity to receive national board for professional teaching standards certification and to reward teachers who have already received such certification.

Subd. 2. [ELIGIBILITY.] An applicant for a grant must be a licensed K-12 school teacher employed in a state school. To be eligible for a grant, the teacher must have been employed as a teacher for a minimum of five school years and demonstrate either that the national board for professional teaching standards has accepted the teacher as a candidate for board certification or that the teacher already has received board certification.

Subd. 3. [APPLICATION PROCESS.] To obtain a grant to participate in the national board for professional teaching standards certification process or to receive a reward for already completing the board certification process, a teacher must submit an application to the commissioner of children, families, and learning in the form and manner the commissioner establishes. The applicant must demonstrate either that the national board for professional teaching standards has accepted the teacher as a candidate for board certification or that the teacher already has received board certification. The commissioner shall consult with the state board of teaching when reviewing the applications.

Subd. 4. [GRANT AWARDS; PROCEEDS.] (a) The commissioner may award matching grants of $1,000 each ~~to~~ for eligible teachers who provide a matching amount through collaboration with either a school district, professional organization, or both and are accepted as candidates for national board for professional teaching

standards certification. ~~Grant recipients shall use the grant to participate in the certification process.~~ The grant award shall be paid to the national board for professional teaching standards in the teacher's name. Within 24 months of receiving certification, a grant recipient must satisfactorily complete ~~one year of teaching service in a state school~~ the certification process or repay the state the amount of the grant, except if the commissioner determines that death or disability prevents the grant recipient from providing the one year of teaching service.

(b) The commissioner may award grants to eligible teachers who have earned national board for professional teaching standards certification. The amount of each grant shall not exceed $1,000 and the commissioner shall establish criteria to determine the actual amount of each grant. Grant recipients shall use the grant proceeds for educational purposes, including purchasing instructional materials, equipment, or supplies and realizing professional development opportunities.

Subd. 5. [REGIONAL COORDINATORS.] The state shall provide the equivalent of four full-time regional coordinators with two located in the seven-county metropolitan area and two located in greater Minnesota. $25,000 per year, for the first two years only, shall be provided to cover expenses of the regional coordinators including, but not limited to, travel, meetings, web page maintenance, and cost related to supporting candidate's expenses. After the first two years, individual school districts must negotiate with the exclusive representative of the teachers in the district for coordinator positions.

Sec. 47. [ALTERNATIVE PATHWAYS FOR TEACHER PREPARATION.]

Subdivision 1. [ESTABLISHMENT.] A program is established to allow Minnesota school districts, in collaboration with accredited teacher preparation institutions, to offer undergraduate and graduate teacher preparation opportunities. The program must provide teacher preparation opportunities that effectively address the needs of different types of schools, students, and teachers.

Subd. 2. [ELIGIBILITY; PROGRAM USES; EMPLOYMENT TERMS.] (a) An applicant under this program must be a school district. The school district must collaborate with an accredited teacher preparation program and an exclusive representative of the teachers in the district. The program must be used to assist in improving teacher preparation by placing teacher education students in preschool, elementary, and secondary classrooms or other education settings under the supervision of a licensed classroom teacher.

(b) Each school district participating in this program may select the teacher preparation model that best promotes understanding the needs of each educational system or institution. For example:

(1) a public school educator may teach courses that assist in preparing future educators or take professional development courses; or

(2) a post-secondary teacher may teach courses at the school district or mentor student teachers.

Participation is not limited to one school or institution and may involve other participants, including parent/community groups, teacher organizations, and business groups. Participating schools and institutions are encouraged to develop program components that engage nontraditional teacher preparation students.

(c) Temporary placements made under this program must not have a negative effect on participants' salaries, seniority, or other benefits. Specifically, temporary placements of teachers may not displace or cause any reduction in the number of nonovertime hours worked, wages, or benefits of a currently employed teacher. Notwithstanding Minnesota Statutes, sections 122A.16 and 123B.02, subdivision 14, a member of the staff of a post-secondary institution may teach in a preschool, elementary school, secondary school, or other education settings, or perform a service agreed upon under this section for which a license would otherwise be required without holding the applicable license. In addition, a licensed educator employed by a school district may teach or perform a service, agreed upon under this section, at a post-secondary institution without meeting the applicable qualifications of the post-secondary institution. A district is not subject to Minnesota Statutes, section 127A.43, as a result of entering into an agreement according to this section that enables a post-secondary educator to teach or provide services in

the district. All arrangements and details regarding an exchange must be mutually agreed to by each participating school district and post-secondary institution before implementing the exchange and must not violate any term or condition of the participating school district's collective bargaining agreement.

(d) An educator who held a temporary position or an exchanged position under this section must be continued in or restored to the position previously held, or to a position of like seniority, status, and pay upon return. Retirement benefits under an employer-sponsored pension or retirement plan must not be reduced because of time spent on an exchange or temporary position under this section.

(e) An educator who is continued in or restored to a position under paragraph (d):

(1) must be continued or restored without loss of seniority; and

(2) may participate in insurance or other benefits offered by the employer under its established rules and practices.

Subd. 3. [APPLICATION PROCESS.] To participate in this program, a school district must submit an application to the commissioner of children, families, and learning in the form and manner established by the commissioner. The application must describe how the applicant will improve teacher education by providing undergraduate or graduate teacher preparation opportunities in order to effectively address the needs of different types of schools, students, and teachers, and how the applicant will use technology to implement the program. The commissioner may require additional information from an applicant.

Subd. 4. [PROGRAM PARTICIPANTS; MONETARY AWARDS.] (a) When selecting program participants, the commissioner must determine:

(1) whether an applicant has met the requirements of this section;

(2) whether the location of a program is particularly suitable for realizing the purpose of this section;

(3) the number of teacher candidates, teachers, and students who would participate in the program;

(4) the ability of the applicant to demonstrate the positive effect of the existing program on students enrolled in a participating school district by using standardized test scores, the rate at which students pass the state's reading, math, and writing basic skills test, or other valid and reliable assessment measures;

(5) whether public post-secondary institutions with board of teaching approved teacher preparation programs and other organizations representing parents, business interests, and community interests are integral participants in the proposed program;

(6) whether the program addresses the shortage of teachers in any areas identified by the commissioner of children, families, and learning; and

(7) the ability of the applicant to provide information about the program to interested school districts and post-secondary institutions.

(b) The commissioner may select applicants to participate in this program for the 1999-2000 school year and later. Participants must be located throughout the state. The commissioner must provide one-time start-up costs of up to $20,000 per participating site.

Subd. 5. [POST-SECONDARY INSTITUTION FUNDING.] Notwithstanding other law to the contrary, and consistent with subdivision 6, a post-secondary institution participating in this program must provide the instructional costs of educating students in teacher preparation programs and may charge the students the costs of tuition.

Subd. 6. [PARTICIPANTS' FEES.] A school district participating in this program may charge reasonable fees to a student in a teacher preparation program placed in a preschool, elementary, or secondary classroom to receive teacher training.

Subd. 7. [EVALUATION.] The commissioner must contract with an independent qualified expert to evaluate the impact of the program on teacher efficacy and student performance and present a report to the commissioner and the education committees of the legislature by February 15, 2005.

Sec. 48. [BOARD OF TEACHING.]

The board of teaching must communicate with school districts, including district human resources personnel, on the procedures available to districts for expediting the hiring of substitute teachers.

Sec. 49. [TRANSITION.]

Notwithstanding Minnesota Statutes, section 15.0597, the terms of persons who are members appointed by the governor before the effective date of section 8, shall have their term end on July 31 of the year following the last year of their appointment.

Sec. 50. [MODEL STATE POLICY ON STUDENT RECORDS.]

Subdivision 1. [COMMISSIONER OF ADMINISTRATION.] By December 1, 1999, the commissioner of administration shall compile and make available a model policy that accurately reflects state and federal data regulations regarding access to and dissemination of educational data by schools and by other government agencies who serve school-aged children, and access by schools to data about students who have exhibited violent behaviors. The model policy shall include procedures and other guidelines detailing allowable use and transfer of educational data according to state and federal law.

Subd. 2. [RECOMMENDATIONS TO THE LEGISLATURE.] By January 15, 2000, the commissioner, in consultation with representatives from federal agencies, state agencies, county governments, school districts, cities, and parents who have an interest in educational and other applicable data, shall make recommendations to the legislature regarding necessary clarifications of state law and any enforcement mechanisms identified as essential for the proper sharing of data.

Sec. 51. [SCHOOL YEAR START DATE.]

Subdivision 1. [GOODHUE.] Notwithstanding Minnesota Statutes, section 120A.40, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, for the 1999-2000 school year independent school district No. 253, Goodhue, may begin the school year on August 30, 1999.

Subd. 2. [MILACA.] Notwithstanding Minnesota Statutes 1996, section 126.12, subdivision 1, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, for the 1998-1999 school year only, independent school district No. 912, Milaca, may begin the school year on August 24, 1998.

Subd. 3. [WORTHINGTON.] Notwithstanding Minnesota Statutes, section 120A.40, and Laws 1997, First Special Session chapter 4, article 7, section 49, subdivision 1, for the 1999-2000 school year, independent school district No. 518, Worthington, may begin the school year on August 23, 1999.

Sec. 52. [STATE BOARD OF EDUCATION CHANGED TO COMMISSIONER OF CHILDREN, FAMILIES, AND LEARNING; OTHER CHANGES.]

The provisions of Laws 1998, chapter 398, article 5, section 55, and related sections apply except as provided under this article.

Sec. 53. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The following sums are appropriated from the general fund to the department of children, families, and learning in the fiscal years indicated.

Subd. 2. [ALTERNATIVE PATHWAYS FOR TEACHER PREPARATION.] For providing program participants under section 58 with start-up costs:

$100,000 2000

This appropriation is available until June 30, 2001.

The commissioner shall award a $20,000 grant to independent school district No. 138, North Branch, if the district meets the requirements of the program.

Subd. 3. [COLLABORATIVE URBAN EDUCATOR PROGRAMS.] For collaborative urban educator programs providing alternative pathways to licensure:

$1,300,000 2000

$1,300,000 2001

$400,000 each year is for the Collaborative Urban Educators Program at St. Thomas University; $400,000 each year is for Hamline University and $500,000 each year is for the South East Asia Teachers Program at Concordia University, St. Paul.

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [PILLAGER REIMBURSEMENT.] For independent school district No. 116, Pillager, for reimbursement of extraordinary legal expenses due to a lawsuit with statewide implications:

$325,000 2000

Subd. 5. [PARTNERS FOR QUALITY SCHOOL IMPROVEMENT.] For the school improvement pilot training program established in Laws 1997, First Special Session chapter 4, article 7, section 47:

$500,000 2000

This appropriation is available until June 30, 2001.

Subd. 6. [PROFESSIONAL TEACHING STANDARDS.] For grant awards for national board for professional teaching standards certification and for regional coordinators to counsel and assist teacher candidates for the certification:

$400,000 2000

This appropriation is available until June 30, 2001. This is a one-time appropriation.

Sec. 54. [REPEALER.]

Minnesota Statutes 1998, sections 127A.42, subdivision 8; 127A.60, subdivisions 2, 3, and 4; 127A.61; 127A.62, subdivision 2; 127A.64; and 127A.66, subdivision 1, are repealed effective December 31, 1999.

Sec. 55. [EFFECTIVE DATES.]

Sections 1; 7, paragraphs (c) and (e); 27; 28; 37; 44; 47, and 49 are effective the day following final enactment. Notwithstanding any law to the contrary, section 2 is effective for the 1999-2000 school year and thereafter. Sections 3, 9 to 12, 21, 26, 29, 30, 32 to 36, and 52 are effective December 31, 1999. Section 38 is effective for the 1999-2000 school year and thereafter. Section 51, subdivision 2, is effective retroactive to July 1, 1998.

ARTICLE 10

STATE AGENCIES

Section 1. Minnesota Statutes 1998, section 125A.64, is amended by adding a subdivision to read:

Subd. 6. [EXEMPTION TO SEPTEMBER 1 SCHOOL START RESTRICTION.] Notwithstanding Minnesota Statutes, section 120A.40, subdivision 1, the board of the Minnesota state academies for the deaf and blind may begin the school year any day prior to September 1.

Sec. 2. Minnesota Statutes 1998, section 129C.10, is amended by adding a subdivision to read:

Subd. 8. [EXEMPTION TO SEPTEMBER 1 SCHOOL START RESTRICTION.] Notwithstanding Minnesota Statutes, section 120A.40, subdivision 1, the Lola and Rudy Perpich Minnesota center for arts education may begin the school year any day prior to September 1.

Sec. 3. Minnesota Statutes 1998, section 626.556, subdivision 10b, is amended to read:

Subd. 10b. [DUTIES OF COMMISSIONER; NEGLECT OR ABUSE IN FACILITY.] (a) This section applies to the commissioner of children, families, and learning. The commissioner of the agency responsible for assessing or investigating the report shall immediately investigate if the report alleges that:

(1) a child who is in the care of a facility as defined in subdivision 2 is neglected, physically abused, or sexually abused by an individual in that facility, or has been so neglected or abused by an individual in that facility within the three years preceding the report; or

(2) a child was neglected, physically abused, or sexually abused by an individual in a facility defined in subdivision 2, while in the care of that facility within the three years preceding the report.

The commissioner shall arrange for the transmittal to the commissioner of reports received by local agencies and may delegate to a local welfare agency the duty to investigate reports. In conducting an investigation under this section, the commissioner has the powers and duties specified for local welfare agencies under this section. The commissioner or local welfare agency may interview any children who are or have been in the care of a facility under investigation and their parents, guardians, or legal custodians.

(b) Prior to any interview, the commissioner or local welfare agency shall notify the parent, guardian, or legal custodian of a child who will be interviewed in the manner provided for in subdivision 10d, paragraph (a). If reasonable efforts to reach the parent, guardian, or legal custodian of a child in an out-of-home placement have failed, the child may be interviewed if there is reason to believe the interview is necessary to protect the child or other children in the facility. The commissioner or local agency must provide the information required in this subdivision to the parent, guardian, or legal custodian of a child interviewed without parental notification as soon as possible after the interview. When the investigation is completed, any parent, guardian, or legal custodian notified under this subdivision shall receive the written memorandum provided for in subdivision 10d, paragraph (c).

(c) In conducting investigations under this subdivision the commissioner or local welfare agency shall obtain access to information consistent with subdivision 10, paragraphs (h), (i), and (j).

(d) Except for foster care and family child care, the commissioner has the primary responsibility for the investigations and notifications required under subdivisions 10d and 10f for reports that allege maltreatment related to the care provided by or in facilities licensed by the commissioner. The commissioner may request assistance from the local social service agency.

Sec. 4. [TRANSFER OF PROGRAMS.]

The powers and duties of the department of children, families, and learning with respect to drug policy and violence prevention under Minnesota Statutes 1998, sections 119A.25, 119A.26, 119A.27, 119A.28, 119A.29, 119A.31, 119A.32, 119A.33, and 119A.34, are transferred to the department of public safety under Minnesota Statutes, section 15.039.

Sec. 5. [APPROPRIATIONS; DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund unless otherwise indicated to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [TEACHING AND LEARNING PROGRAM.] (a) For the teaching and learning program in the department of children, families, and learning:

$9,979,000	. . . . .	2000
$9,926,000	. . . . .	2001

(b) Any balance the first year does not cancel but is available in the second year.

(c) $21,000 each year is from the trunk highway fund.

(d) $673,000 in 2000 and $678,000 in 2001 is for the board of teaching.

(e) Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, the commissioner of children, families, and learning may contract with a school district for a period no longer than five consecutive years to work in the development or implementation of the graduation rule. The commissioner may contract for services and expertise as necessary. The contracts are not subject to Minnesota Statutes, section 16B.06.

Subd. 3. [LIFEWORK DEVELOPMENT PROGRAM.] For the lifework development program in the department of children, families, and learning:

$1,162,000	. . . . .	2000
$1,183,000	. . . . .	2001

Any balance the first year does not cancel but is available in the second year.

Subd. 4. [MANAGEMENT AND SUPPORT SERVICES PROGRAM.] (a) For the management and support services program in the department of children, families, and learning:

$16,987,000	. . . . .	2000
$14,421,000	. . . . .	2001

(b) Any balance the first year does not cancel but is available in the second year.

(c) $165,000 in 2000 is for the state board of education. Any functions of the state board of education that are not specifically transferred to another agency are transferred to the department of children, families, and learning under Minnesota Statutes, section 15.039. For the position that is classified, upon transferring the responsibilities, the current incumbent is appointed to the classified position without exam or probationary period.

(d) $2,000,000 in 2000 is for litigation costs and may only be used for those purposes. This is a one-time appropriation.

Subd. 5. [OFFICE OF COMMUNITY SERVICES PROGRAM.] For the office of community services program in the department of children, families, and learning:

$4,188,000	. . . . .	2000
$4,255,000	. . . . .	2001

Any balance the first year does not cancel but is available the second year.

Sec. 6. [APPROPRIATIONS; LOLA AND RUDY PERPICH MINNESOTA CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the center for arts education for the fiscal years designated:

$7,239,000	. . . . .	2000
$7,400,000	. . . . .	2001

Of each year's appropriation, $154,000 is to fund artist and arts organization participation in the education residency and education technology projects, $75,000 is for school support for the residency project, $121,000 is for further development of the partners: arts and school for students (PASS) program, including pilots, and $220,000 is to fund the center for arts education base for asset preservation and facility repair. The guidelines for the education residency project and the pass program shall be developed and defined by the center for arts education in cooperation with the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education and the Minnesota arts board shall cooperate to fund these projects.

Any balance in the first year does not cancel but is available in the second year.

Sec. 7. [APPROPRIATIONS; MINNESOTA STATE ACADEMIES.]

(a) The sums indicated in this section are appropriated from the general fund to the Minnesota state academies for the deaf and the blind for the fiscal years designated:

$10,039,000	. . . . .	2000
$10,258,000	. . . . .	2001

(b) Any balance in the first year does not cancel but is available in the second year.

(c) $75,000 each year is for asset preservation and facility repair.

(d) $15,000 each year is for the cost of holding board meetings in Faribault.

Sec. 8. [REVISOR INSTRUCTION.]

(a) In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall change all references of the "Lola and Rudy Perpich Minnesota center for arts education" to the "Perpich center for arts education."

(b) In the next and subsequent editions of Minnesota Statutes the revisor shall renumber each section in column A with the corresponding number in column B. The revisor shall correct all cross-references to be consistent with the renumbering.

Column A	Column B
119A.25	299A.291
119A.26	299A.292
119A.27	299A.293
119A.28	299A.294
119A.29	299A.295
119A.31	299A.296
119A.32	299A.297
119A.33	299A.298
119A.34	299A.299

Sec. 9. [REPEALER.]

Minnesota Statutes 1998, section 119A.04, subdivision 5, is repealed.

Sec. 10. [EFFECTIVE DATE.]

Section 2 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to education; prekindergarten through grade 12; providing for general education; special programs; lifework development; facilities and technology; education excellence; other programs; nutrition programs; libraries; education policy; and state agencies; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 41D.02, subdivision 2; 120A.24, subdivision 1; 120A.40; 120B.30, subdivision 1; 120B.35; 121A.23; 121A.43, as amended; 121A.61, subdivision 1; 122A.09, subdivision 4; 122A.18, by adding subdivisions; 122A.19, subdivision 4; 122A.20, subdivisions 1 and 2; 122A.21; 122A.28; 122A.40, subdivisions 5, 7, and 16; 122A.41, subdivision 4; 122A.60, subdivisions 1 and 3; 122A.61, subdivision 1; 123A.05, subdivisions 2 and 3; 123A.06, subdivisions 1 and 2; 123A.48, subdivision 10; 123B.02, subdivision 3; 123B.195; 123B.36, subdivision 1; 123B.49, subdivision 4; 123B.53, subdivisions 2, 4, 5, 6, and 7; 123B.54; 123B.57, subdivision 4; 123B.59, subdivision 1; 123B.61; 123B.75, by adding a subdivision; 123B.77, subdivision 4; 123B.83, subdivision 4; 123B.90, subdivisions 2 and 3; 123B.91, subdivision 1; 123B.92, subdivision 9; 124D.03, by adding a subdivision; 124D.081, subdivision 3; 124D.10, subdivisions 3, 4, 5, 6, and 11; 124D.11, subdivisions 1, 4, 6, and by adding a subdivision; 124D.453, subdivision 3; 124D.454, subdivision 5; 124D.65, subdivisions 1, 4, and 5; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.86, subdivisions 1 and 3; 124D.87; 124D.88, subdivision 3; 124D.89, subdivision 1; 124D.94, subdivisions 3, 6, and 7; 125A.09, subdivisions 4 and 11; 125A.15; 125A.50, subdivisions 2 and 5; 125A.51; 125A.62; 125A.64; 125A.65, subdivisions 3, 5, 6, 7, 8, and 10; 125A.68, subdivision 1; 125A.69, subdivisions 1 and 3; 125A.70, subdivision 2; 125A.71, subdivision 3; 125A.72; 125A.73; 125A.75, subdivisions 3 and 8; 125A.76, subdivisions 1, 2, 4, and 5; 125A.79, subdivisions 1, 2, and by adding subdivisions; 125B.05, subdivision 3; 125B.20; 126C.05, subdivisions 1, 3, 5, 6, and 7; 126C.10, subdivisions 1, 2, 4, 5, 6, 7, 8, 9, 10, 13, 14, 18, 19, 20, 21, and by adding subdivisions; 126C.12, subdivisions 1 and 4; 126C.13, subdivisions 1 and 2; 126C.15; 126C.17, subdivisions 1, 2, 4, 5, 6, and 9; 126C.40, subdivision 4; 126C.41, subdivision 2; 126C.42, subdivisions 1 and 2; 126C.44; 126C.46; 126C.55, by adding a subdivision; 126C.63, subdivisions 5 and 8; 126C.69, subdivisions 2 and 9; 127A.05, subdivision 1; 127A.41, subdivision 5; 127A.42, subdivisions 5 and 6; 127A.44,

subdivision 2; 127A.45, subdivisions 2, 3, 4, 13, and by adding a subdivision; 127A.47, subdivisions 1, 2, 7, and 8; 127A.49, subdivisions 2 and 3; 127A.51; 127A.60, subdivision 1; 127A.66, subdivision 2; 128C.01, subdivision 4; 128C.02, by adding a subdivision; 128C.20, subdivision 1; 129C.10, by adding a subdivision; 169.01, subdivision 6; 169.03, subdivision 6; 171.3215, subdivisions 2 and 4; 181.101; 209.07, by adding a subdivision; 241.021, subdivision 1; 245A.04, by adding a subdivision; and 626.556, subdivision 10b, and by adding a subdivision; Laws 1992, chapter 499, article 7, section 31, as amended; Laws 1993, chapter 224, article 3, section 32, as amended; Laws 1995 First Special Session chapter 3, article 12, section 7, as amended; Laws 1996, chapter 412, article 1, section 35; Laws 1997 First Special Session chapter 4, article 1, section 61, subdivisions 1, 2, 3, as amended, and 4; article 2, section 51, subdivision 29, as amended; article 3, section 25, subdivision 6; article 5, section 22; article 8, section 4; article 9, sections 6, 7, subdivision 2, and 13; Laws 1998, chapter 398, article 9, section 7; chapter 404, section 5, subdivision 5; and Laws 1999, chapter 123, section 22; proposing coding for new law in Minnesota Statutes, chapters 121A; 123A; 124D; 125A; 127A; repealing Minnesota Statutes 1998, sections 119A.04, subdivision 5; 120B.05; 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.57, subdivisions 4, 5, and 7; 123B.58; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; 123B.64, subdivisions 1, 2, 3, and 4; 123B.66; 123B.67; 123B.68; 123B.69; 123B.89; 123B.92, subdivisions 2, 4, 6, 7, 8, and 10; 124D.081, subdivisions 7 and 8; 124D.112; 124D.113; 124D.116; 124D.453; 124D.65, subdivisions 1, 2, and 3; 124D.67; 124D.70; 125A.76, subdivision 6; 125A.77; 125A.79, subdivision 3; 126C.05, subdivision 4; 126C.06; 127A.42, subdivision 8; 127A.45, subdivision 5; 127A.60, subdivisions 2, 3, and 4; 127A.61; 127A.62, subdivision 2; 127A.64; 127A.66, subdivision 1; and 134.155; Minnesota Rules, parts 3500.3900; 3500.4000; 3500.4100; 3500.4200; and 3500.4300."

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

House Conferees: ALICE SEAGREN, HARRY MARES, TONY KIELKUCKI, KEN WOLF AND JOHN DORN.

Senate Conferees: LAWRENCE J. POGEMILLER, LINDA SCHEID, SANDRA L. PAPPAS, KENRIC J. SCHEEVEL AND MARTHA R. ROBERTSON.

Seagren moved that the report of the Conference Committee on H. F. No. 2333 be adopted and that the bill be repassed as amended by the Conference Committee.

POINT OF ORDER

Goodno raised a point of order pursuant to section 101, of "Mason's Manual of Legislative Procedure," relating to Debate Being Limited to the Question Before the House. The Speaker ruled the point of order not well taken.

The question recurred on the Seagren motion that the report of the Conference Committee on H. F. No. 2333 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2333, A bill for an act relating to education; prekindergarten through grade 12; providing for general education; special programs; lifework development; facilities and technology; education excellence; other programs; nutrition programs; libraries; education policy; and state agencies; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 43A.18, subdivision 4a; 119A.01, subdivisions 1 and 2; 120A.22, subdivision 5; 120A.24, subdivision 1; 120A.41; 121A.15, subdivision 1; 121A.23; 121A.45, subdivision 2; 122A.07, subdivision 1; 122A.18, by adding a subdivision; 122A.28; 122A.60, subdivision 3; 122A.61, subdivisions 1 and 2; 123A.05, subdivision 2; 123A.48, subdivision 10; 123B.195; 123B.36, subdivision 1; 123B.49, subdivision 4; 123B.53, subdivisions 4, 5, and 6; 123B.54; 123B.57, subdivision 4; 123B.61; 123B.75, by adding a subdivision; 123B.79, by adding a subdivision; 123B.92, subdivision 9; 123B.93; 124C.55, by adding a subdivision; 124D.10, subdivisions 3, 4, 5, 6, 10, 11, and by adding a subdivision; 124D.11, subdivisions 4, 6, 7, 8, and by adding a subdivision; 124D.453, subdivision 3; 124D.454; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.87;

124D.88, subdivision 3; 124D.94, subdivisions 3, 6, and 7; 125A.09, subdivision 4; 125A.50, subdivisions 2 and 5; 125A.75, subdivision 8; 125A.76, subdivisions 1, 4, and 5; 125A.79, subdivisions 1, 2, and by adding subdivisions; 125B.05, subdivision 3; 125B.20; 126C.05, subdivisions 1, 3, 15, and by adding a subdivision; 126C.10, subdivisions 1, 2, 3, 4, 10, 14, 19, 21, and by adding subdivisions; 126C.12; 126C.13, subdivisions 1 and 2; 126C.15; 126C.17, subdivisions 2, 5, and 6; 126C.40, subdivision 4; 126C.42, subdivisions 1 and 2; 126C.46; 126C.63, subdivisions 5 and 8; 126C.69, subdivisions 2 and 9; 127A.44, subdivision 2; 127A.45, subdivisions 2, 3, 4, 13, and by adding a subdivision; 127A.47, subdivisions 2 and 7; 127A.49, subdivisions 2 and 3; 128C.01, subdivisions 4 and 5; 128C.02, by adding a subdivision; 128C.12, subdivision 1; 128C.20; and 626.556, by adding a subdivision; Laws 1993, chapter 224, article 3, section 32, as amended; Laws 1995, First Special Session chapter 3, article 12, section 7, as amended; Laws 1996, chapter 412, article 1, section 35; Laws 1997, First Special Session chapter 4, article 1, section 61, subdivisions 1, 2, 3, as amended, and 4; article 2, section 51, subdivision 29, as amended; article 8, section 4; article 9, section 13; and Laws 1998, chapter 397, article 12, section 8; chapter 398, article 6, sections 38 and 39; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 124D; 125A; 125B; 128C; and 134; repealing Minnesota Statutes 1998, sections 120B.05; 122A.31, subdivision 4; 123B.05; 123B.64, subdivisions 1, 2, 3, and 4; 123B.92, subdivisions 2, 4, 6, 7, 8, and 10; 124D.112; 124D.113; 124D.116; 124D.24; 124D.25; 124D.26; 124D.27; 124D.28; 124D.29; 124D.30; 124D.32; 124D.453; 124D.65, subdivision 3; 124D.67; 124D.70; 124D.90; 125A.76, subdivision 6; 125A.77; 125A.79, subdivision 3; 126C.05, subdivision 4; 126C.06; 127A.45, subdivision 5; 134.155; 135A.081; Laws 1995, First Special Session chapter 3, article 3, section 11; Laws 1997, First Special Session chapter 4, article 1, section 62, subdivision 5; article 2, section 51, subdivision 10; article 3, section 5; and article 8, section 5; and Laws 1998, chapter 398, article 2, section 57.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Pursuant to rule 2.05, the Speaker excused Pawlenty from voting on repassage of H. F. No. 2333, as amended by Conference.

Abrams moved that those not voting be excused from voting. The motion prevailed.

There were 129 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Gray Reuter

The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1426, A bill for an act relating to health; modifying well notification fees; modifying provisions for grants to rural hospitals and community health centers; modifying student loan repayment provisions for health professionals; amending Minnesota Statutes 1998, sections 103I.208, subdivision 1; 144.147, subdivisions 2, 3, 4, and 5; 144.1484, subdivision 1; 144.1486, subdivisions 3, 4, and 8; 144.1488, subdivisions 1, 3, and 4; 144.1489, subdivisions 2 and 4; 144.1490, subdivision 2; 144.1494, subdivisions 2, 3, and 5; 144.1495, subdivisions 3 and 4; and 144.1496, subdivisions 2 and 5.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2223.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2223

A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government with certain conditions; amending Minnesota Statutes 1998, sections 3.17; 3C.12, subdivision 2; 8.15, subdivisions 1, 2, and 3; 13.03, subdivision 2; 13.05, by adding a subdivision; 13.073, by adding a subdivision; 15.50, subdivision 2; 16A.102, subdivision 1; 16A.129, subdivision 3; 16A.45, subdivision 1; 16A.85, subdivision 1; 16B.03; 16B.104; 16B.24, subdivision 5; 16B.31, subdivision 2; 16B.32, subdivision 2; 16B.42, subdivision 1; 16B.465, subdivision 3; 16B.72; 16B.73; 16C.14, subdivision 1; 16D.04, subdivision 2; 16E.01, subdivision 1; 16E.02; 16E.08; 43A.047; 43A.22; 43A.23, subdivisions 1 and 2; 43A.30, by adding a subdivision; 43A.31, subdivision 2, and by adding a subdivision; 138.17, subdivisions 7 and 8; 192.49, subdivision 3; 197.79, subdivision 10; 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; 204B.28, subdivision 1; 240A.09; 297F.08, by adding a subdivision;

325K.03, by adding a subdivision; 325K.04; 325K.05, subdivision 1; 325K.09, by adding a subdivision; 325K.10, subdivision 5; 325K.14, by adding a subdivision; 325K.15, by adding a subdivision; and 349.163, subdivision 4; Laws 1993, chapter 192, section 16; Laws 1994, chapter 643, section 69, subdivision 1; Laws 1995, First Special Session chapter 3, article 12, section 7, subdivision 1, as amended; Laws 1997, chapter 202, article 2, section 61; and Laws 1998, chapter 366, section 2; proposing coding for new law in Minnesota Statutes, chapters 16B; 43A; 240A; and 325F; repealing Minnesota Statutes 1998, sections 16A.103, subdivision 3; 16E.11; 16E.12; and 16E.13; Laws 1991, chapter 235, article 5, section 3, as amended; Minnesota Rules, part 8275.0045, subpart 2.

May 14, 1999

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2223, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2223 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [STATE GOVERNMENT APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1999," "2000," and "2001," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1999, June 30, 2000, or June 30, 2001, respectively.

SUMMARY BY FUND

	2000	2001	BIENNIAL TOTAL
General	$335,116,000	$314,704,000	$649,820,000
State Government Special Revenue	13,907,000	13,963,000	27,870,000
For 1999 - $465,000			
Health Care Access	1,842,000	1,871,000	3,713,000
Environmental	236,000	242,000	478,000
Solid Waste Fund	660,000	670,000	1,330,000
Lottery Prize Fund	110,000	-0-	110,000

Highway User Tax Distribution	2,129,000	2,173,000	4,302,000
Trunk Highway	39,000	39,000	78,000
Workers' Compensation	6,938,000	7,045,000	13,983,000
TOTAL	$360,977,000	$340,707,000	$701,684,000

For 1999 - $465,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Sec. 2. LEGISLATURE		
Subdivision 1. Total Appropriation	58,340,000	63,117,000

Summary by Fund

General	58,151,000	62,928,000
Health Care Access	150,000	150,000
Trunk Highway	39,000	39,000

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

Subd. 2. Senate	19,138,000	20,523,000

$40,000 the first year is for senate media services to produce a videotape on the legislative process and to distribute it, along with a teachers' guide, to all secondary schools in the state, and for senate information services to construct and maintain a Worldwide Web site to publicize and promote the videotape.

Subd. 3. House of Representatives	25,361,000	27,670,000
Subd. 4. Legislative Coordinating Commission	13,841,000	14,924,000

Summary by Fund

General	13,652,000	14,735,000
Health Care Access	150,000	150,000
Trunk Highway	39,000	39,000

$5,600,000 the first year and $6,372,000 the second year are for the office of the revisor of statutes.

$1,184,000 the first year and $1,217,000 the second year are for the legislative reference library.

$4,963,000 the first year and $5,096,000 the second year are for the office of the legislative auditor.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Sec. 3. GOVERNOR AND LIEUTENANT GOVERNOR	4,052,000	4,171,000

This appropriation is to fund the offices of the governor and lieutenant governor.

$19,000 the first year and $19,000 the second year are for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

By September 1 of each year, the commissioner of finance shall report to the chairs of the senate governmental operations budget division and the house state government finance division any personnel costs incurred by the office of the governor and lieutenant governor that were supported by appropriations to other agencies during the previous fiscal year. The office of the governor shall inform the chairs of the divisions before initiating any interagency agreements.

Not later than September 30, 1999, the governor, in consultation with the commissioners of agriculture and trade and economic development, shall prepare and submit an application for federal permits as may be needed to authorize the growing of experimental and demonstration plots of industrial hemp. The governor shall also direct the commissioner of agriculture, in consultation with the commissioner of public safety and other appropriate commissioners, to establish standards and forms for persons wishing to register for growing experimental and demonstration plots of industrial hemp.

Sec. 4. STATE AUDITOR	8,967,000	9,311,000
Sec. 5. STATE TREASURER	2,260,000	2,308,000

$1,030,000 the first year and $1,061,000 the second year are for the treasurer to pay for banking services by fees rather than by compensating balances.

Sec. 6. ATTORNEY GENERAL	27,853,000	28,177,000

Summary by Fund

General	25,545,000	25,852,000
State Government Special Revenue	1,713,000	1,717,000
Environmental	135,000	138,000
Solid Waste	460,000	470,000

$991,000 the first year and $912,000 the second year are one-time appropriations to improve information technology.

The attorney general and commissioner of finance shall continue to review the funding mechanism for legal services. By

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

February 15, 2000, they shall submit a joint report to the committees responsible for funding the office of the attorney general that details further refinements to the legal services funding mechanism.

The report should attempt to do the following:

(1) identify criteria that differentiate between a partner and a pooled agency;

(2) clarify whose responsibility it is to request funding for pooled agencies: the attorney general, the agency, or both;

(3) determine what process the billing rate should follow before implementation;

(4) establish a mechanism to ensure that legal service resources are allocated as intended by the legislature and a process to address situations where demand exceeds resources;

(5) determine if partner agencies should continue to have general fund dollars set aside in the attorney general's base; and

(6) determine what method is used to ascertain how much funding for legal services the attorney general has in its base for each agency.

Sec. 7. SECRETARY OF STATE	11,770,000	6,234,000
Sec. 8. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD	712,000	707,000
Sec. 9. INVESTMENT BOARD	2,310,000	2,376,000
Sec. 10. ADMINISTRATIVE HEARINGS	7,064,000	6,859,000

Summary by Fund

General	400,000	
Workers' Compensation	6,664,000	6,859,000

The chief administrative law judge, in cooperation with the state court administrator, shall develop and present to the legislature by January 15, 2000, a plan for funding the cost of child support hearings out of appropriations to the judicial branch without increasing those appropriations.

The appropriation from the workers' compensation special compensation fund is for considering workers' compensation claims.

Sec. 11. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING	6,841,000	4,417,000

$1,600,000 the first year is for a generic environmental impact statement on animal agriculture.

$200,000 the first year is to perform program evaluations of agencies in the executive branch.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

The program evaluation division will report to the legislature by December 1, 2000, ways to reduce state government expenditures by five to ten percent.

$200,000 the first year is to provide administrative support to community-based planning efforts.

$150,000 the first year is for a grant of $50,000 to the southwest regional development commission for the continuation of the pilot program and two additional grants of $50,000 each to regional development commissions or, in regions not served by regional development commissions, to regional organizations selected by the director of strategic and long-range planning, to support planning work on behalf of local units of government. The planning work shall include, but need not be limited to:

(1) development of local zoning ordinances;

(2) land use plans;

(3) community or economic development plans;

(4) transportation and transit plans;

(5) solid waste management plans;

(6) wastewater management plans;

(7) workforce development plans;

(8) housing development plans and/or market analysis;

(9) rural health service plans;

(10) natural resources management plans; or

(11) development of geographical information systems database to serve a region's needs, including hardware and software purchases and related labor costs.

$200,000 the first year is to prepare the generic environmental impact statement on urban development required by section 105. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

$24,000 the first year is for the southwest Minnesota wind monitoring project.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Sec. 12. ADMINISTRATION		
Subdivision 1. Total Appropriation	39,981,000	36,907,000

For 1999 - $465,000

Summary by Fund

General	28,013,000	24,975,000
State Government Special Revenue	11,794,000	11,846,000

For 1999 - $465,000

Workers' Compensation	174,000	86,000

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

Subd. 2. Operations Management

4,007,000	4,155,000

Subd. 3. Office of Technology

2,734,000	2,472,000

The commissioner of administration shall develop and submit to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000, a long-range plan identifying the mission and goals of the office of technology. The appropriation for the second year is not available until the plan has been approved by a law enacted at the 2000 regular session.

Summary by Fund

General	2,471,000	2,307,000
State Government Special Revenue	89,000	79,000
Workers' Compensation	174,000	86,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Administrative Services

1,871,000	1,707,000

$220,000 the first year is to continue the intergovernmental information systems advisory council for one more year.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

(b) Small Agency Infrastructure

	Summary by Fund	
General	600,000	600,000
State Government Special Revenue	89,000	79,000
Workers' Compensation	174,000	86,000

This appropriation is for a one-time transfer to eligible small agencies for the small agency infrastructure project. The commissioner of administration shall determine priorities for which projects should be funded. An agency whose strategic plan for information technology was not approved before April 1, 1999, may not receive money from this appropriation. Any balance the first year does not cancel but is available in the second year. Future costs for small agency information infrastructure will be included in each small agency's budget in the fiscal years 2002-2003 biennium and thereafter.

Subd. 4. Intertechnologies Group

	15,771,000	13,076,000
	Summary by Fund	
General	4,066,000	1,309,000
State Government Special Revenue	11,705,000	11,767,000

For 1999 - $465,000

$350,000 is appropriated to the commissioner of administration for the fiscal year ending June 30, 2000, for costs related to the operation of the year 2000 project office.

$2,150,000 is appropriated from the general fund to the commissioner of administration for the biennium ending June 30, 2001, to modify state business systems to address year 2000 changes. Up to $150,000 of this appropriation may be allocated for year 2000 project office costs. The appropriation is available only upon approval of the commissioner of finance after the commissioner has determined that all other money allocated for replacement or enhancement of existing technology for year 2000 compliance will be expended.

The appropriation from the special revenue fund is for recurring costs of 911 emergency telephone service.

Subd. 5. Facilities Management

	9,410,000	9,418,000

$5,447,000 the first year and $5,460,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

$1,950,000 of the revenue credited to the special revenue account created in Minnesota Statutes, section 16B.24, subdivision 5, paragraph (e), must be used to demolish the capitol square building, restructure the site as a temporary parking lot, and predesign a new building for the departments of commerce, labor and industry, and trade and economic development on the site.

$520,000 of the revenue credited to the special revenue account created in Minnesota Statutes, section 16B.24, subdivision 5, paragraph (e), must be used to rebuild and upgrade electronic security systems in the capitol complex.

The commissioner of administration shall install on the automatically operated landscape irrigation system in the capitol area a device, commonly known as a rain check, to prevent the system from being activated when a predetermined amount of precipitation has accumulated.

$100,000 the first year is for grants to places of public accommodation to assist them in achieving compliance with the bleacher safety requirements of new Minnesota Statutes, section 16B.616. The commissioner shall give highest priority to grant requests from political subdivisions for whom the cost of achieving compliance is the greatest financial hardship. State grants are available when the commissioner has determined that matching funds in an amount equal to the grant have been committed. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

Subd. 6. Management Services

3,622,000 3,670,000

$250,000 the first year and $200,000 the second year are for the information policy training program under Minnesota Statutes, section 13.073.

$150,000 the first year and $150,000 the second year are for a one-time transfer to the Minnesota historical society for the information policy training program under Minnesota Statutes, sections 13.073 and 138.17, subdivisions 7 and 8.

$192,000 the first year and $196,000 the second year are for the office of the state archaeologist.

Subd. 7. Fiscal Agent

994,000 786,000

$72,000 the first year and $74,000 the second year are for the developmental disabilities council.

$660,000 the first year and $450,000 the second year are for the STAR program.

$2,000 the first year and $2,000 the second year are for the state employees' band.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

$260,000 the first year and $260,000 the second year are for a grant to the Minnesota Children's Museum, of which $100,000 the first year and $100,000 the second year are an appropriation for administrative costs of Project Greenstart.

Subd. 8. Public Broadcasting

	3,443,000	3,330,000

$1,450,000 the first year and $1,450,000 the second year are for matching grants for public television.

$600,000 the first year and $600,000 the second year are for public television equipment needs. Equipment grant allocations shall be made after considering the recommendations of the Minnesota public television association.

$113,000 the first year is for grants to noncommercial television stations to assist with conversion to a digital broadcast signal as mandated by the federal government. In order to qualify for a grant, a station must meet the criteria established for grants in Minnesota Statutes, section 129D.12, subdivision 2.

$441,000 the first year and $441,000 the second year are for grants for public information television transmission of legislative activities. At least one-half must go for programming to be broadcast in rural Minnesota.

$25,000 the first year and $25,000 the second year are for grants to the Twin Cities regional cable channel.

$320,000 the first year and $320,000 the second year are for community service grants to public educational radio stations, which must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 129D.14. Of this appropriation, $30,000 the first year and $30,000 the second year are for station WTIP-FM in Grand Marais, which need not meet the requirements of Minnesota Statutes, section 129D.14, until July 1, 2002.

$494,000 the first year and $494,000 the second year are for equipment grants to public radio stations. These grants must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations and Minnesota Public Radio, Inc.

If an appropriation for either year for grants to public television or radio stations is not sufficient, the appropriation for the other year is available for it.

Sec. 13. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	888,000	306,000

$586,000 the first year is to design and construct a memorial to Hubert H. Humphrey; to make a grant to the National World War II Memorial Fund, 2300 Clarendon Boulevard, Suite 501, Arlington, Virginia 22201, as a contribution to a national World War II memorial; and for the capitol area architectural and planning board,

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

in cooperation with the Minnesota historical society and the Philippine study group of Minnesota, to install in the capitol rotunda a plaque that corrects inaccurate historical information presented on the current Spanish-American War commemorative plaque.

Sec. 14. FINANCE

Subdivision 1. Total Appropriation 20,051,000 20,262,000

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

Subd. 2. State Financial Management

7,805,000 7,993,000

Subd. 3. Information and Management Services

12,246,000 12,269,000

The commissioner of finance shall develop and submit to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000, a plan to wean the state from dependence on proprietary software to run the state's human resource and payroll system.

The commissioner of finance, in consultation with senate and house fiscal staff and the commissioner of administration, shall develop recommendations for inclusion in the governor's fiscal year 2002-2003 budget document on the presentation of internal service funds. The commissioner of finance shall submit the recommendations to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000.

Sec. 15. EMPLOYEE RELATIONS

Subdivision 1. Total Appropriation 17,058,000 14,119,000

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

Subd. 2. Employee Insurance

9,283,000 6,167,000

$310,000 the first year is to implement an optional, participant-paid, long-term care insurance program to be available to state employees, retirees, and their respective family members as well as to selected public employer groups, as provided in new Minnesota Statutes, section 43A.318.

$8,903,000 the first year and $6,097,000 the second year are for transfer to the state employees insurance fund to establish the necessary contingency reserves and self-insure all medical coverage provided through the state employees group insurance program, including the University of Minnesota.

During the biennium ending June 30, 2001, the amount necessary to pay premiums for coverage by the workers' compensation reinsurance association under Minnesota Statutes, section 79.34, is appropriated from the general fund to the commissioner.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Subd. 3. Human Resources Management		
	7,775,000	7,952,000

$123,000 the first year and $115,000 the second year are for a grant to the government training service, of which $48,000 the first year and $40,000 the second year are a one-time appropriation for information technology and $25,000 the first year and $25,000 the second year are a one-time appropriation to conduct conferences.

Sec. 16. REVENUE

Subdivision 1. Total Appropriation	93,588,000	89,515,000
Summary by Fund		
General	89,466,000	85,317,000
Health Care Access	1,692,000	1,721,000
Highway User Tax Distribution	2,129,000	2,173,000
Environmental	101,000	104,000
Solid Waste	200,000	200,000

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

Subd. 2. Tax System Management		
	91,102,000	86,958,000
Summary by Fund		
General	86,980,000	82,760,000
Health Care Access	1,692,000	1,721,000
Highway User Tax Distribution	2,129,000	2,173,000
Environmental	101,000	104,000
Solid Waste	200,000	200,000

$6,000,000 the first year is for the income tax reengineering initiative. Any balance the first year does not cancel but is available in the second year. Any unexpended balance at the end of the biennium does not cancel but may be carried forward until expended, upon approval of the commissioner of finance and the chairs of the funding committees overseeing the department and in accordance with the department's technology plan reviewed by the office of technology.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Subd. 3. Accounts Receivable Management		
	2,486,000	2,557,000
Subd. 4. Other Provisions		

The building located in the capitol complex at 600 North Robert Street, St. Paul, is designated and named the Harold E. Stassen building.

Sec. 17. MILITARY AFFAIRS

Subdivision 1. Total Appropriation	10,896,000	11,041,000

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

Subd. 2. Maintenance of Training Facilities		
	6,777,000	6,869,000

$1,325,000 the first year and $1,325,000 the second year are appropriated for asset preservation and facility repair. This appropriation may be transferred between programs, to the extent it is used for the same purpose. The adjutant general may use other available funding for this purpose, to the extent it is not inconsistent with any other law.

Subd. 3. General Support		
	1,690,000	1,742,000

$35,000 the first year and $35,000 the second year are a one-time appropriation to assist in the operation and staffing of the Minnesota national guard youth camp at Camp Ripley. This appropriation is available only as matched, dollar for dollar, by money from nonstate sources.

Subd. 4. Enlistment Incentives		
	2,354,000	2,355,000

Obligations for the reenlistment bonus program, suspended on December 31, 1991, shall be paid from the amounts available within the enlistment incentives program.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Subd. 5. Emergency Services		
	75,000	75,000

These appropriations are for expenses of military forces ordered to active duty under Minnesota Statutes, chapter 192. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 18. VETERANS AFFAIRS	5,885,000	4,369,000

$1,544,000 the first year and $1,544,000 the second year are for emergency financial and medical needs of veterans. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

$12,000 the first year and $13,000 the second year are one-time funding to provide grants to local veterans' organizations that provide transportation services for veterans to veterans administration medical facilities.

The commissioner of veterans affairs, in cooperation with the board of directors of the Minnesota veterans homes and the United States Veterans Administration, shall study the feasibility and desirability of supplementing the missions of the veterans homes and the Veterans Administration hospitals in Minnesota by entering into agreements with health care providers throughout the state to provide free or reduced-cost comprehensive health care to veterans close to their places of residence as a supplement to private health insurance. The commissioner shall report the results of the study and any recommendations to the legislature by January 15, 2000.

With the approval of the commissioner of finance, the commissioner of veterans affairs may transfer the unencumbered balance from the veterans relief program to other department programs during the fiscal year. Before the transfer, the commissioner of veterans affairs shall explain why the unencumbered balance exists. The amounts transferred must be identified to the chairs of the senate governmental operations budget committee and the house state government finance committee.

$275,000 the first year and $275,000 the second year are for a grant to the Vinland National Center.

$1,485,000 the first year is to make bonus payments authorized under Minnesota Statutes, section 197.79. The appropriation may not be used for administrative purposes. The appropriation does not expire until the commissioner acts on all applications submitted under Minnesota Statutes, section 197.79.

$105,000 the first year is to administer the bonus program established under Minnesota Statutes, section 197.79. The appropriation does not expire until the commissioner acts on all the applications submitted under Minnesota Statutes, section 197.79.

$233,000 the first year and $235,000 the second year are for grants to county veterans offices for training of county veterans service officers.

Sec. 19. VETERANS OF FOREIGN WARS	41,000	41,000

For carrying out the provisions of Laws 1945, chapter 455.

Sec. 20. MILITARY ORDER OF THE PURPLE HEART	20,000	20,000
Sec. 21. DISABLED AMERICAN VETERANS	13,000	13,000

For carrying out the provisions of Laws 1941, chapter 425.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Sec. 22. GAMBLING CONTROL	2,183,000	2,241,000
Sec. 23. RACING COMMISSION	390,000	402,000
Sec. 24. STATE LOTTERY	110,000	

This appropriation is from the lottery prize fund to the commissioner of human services for a grant to Project Turnabout in Granite Falls to provide compulsive gambling treatment and education. The appropriation is available until June 30, 2001, and must not become part of the base appropriation.

The director of the state lottery shall reimburse the general fund $150,000 the first year and $150,000 the second year for lottery-related costs incurred by the department of public safety.

Sec. 25. AMATEUR SPORTS COMMISSION	6,619,000	639,000

$4,000,000 the first year is for grants for ice centers under Minnesota Statutes, section 240A.09, as amended by this act. The prohibition in Minnesota Statutes, section 240A.09, on grants to colleges and universities does not apply to the project at the University of Minnesota-Duluth for which a grant application was pending on the effective date of the amendment. Up to $1,000,000 of this amount may be used for renovation grants for existing ice arenas, including renovation of bleachers to meet code requirements. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

$2,000,000 the first year is for grants for amateur athletic facilities and programs under section 88 and to prepare the plan for soccer facilities required by this section. $200,000 may be used for special events or programs and $30,000 may be used for the soccer plan. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

The commission shall develop a plan to stimulate the development of new facilities primarily for soccer throughout the state and to make grants to assist with the development of these facilities. The plan shall include an assessment of needs, development and financing alternatives, geographic and demographic considerations, management and use policies, and standards for the design and construction of soccer fields. Before adopting the plan, the commission shall hold public meetings in at least three locations throughout the state to receive comment. The plan must cover a 20-year development period.

Sec. 26. BOARD OF THE ARTS		
Subdivision 1. Total Appropriation	13,064,000	13,094,000

Any unencumbered balance remaining in this section the first year does not cancel but is available for the second year of the biennium.

			APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Subd. 2. Operations and Services				
	989,000	1,019,000		
Subd. 3. Grants Program				
	8,540,000	8,540,000		
Subd. 4. Regional Arts Councils				
	3,535,000	3,535,000		
Sec. 27. MINNESOTA HUMANITIES COMMISSION			1,397,000	1,409,000

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

$500,000 the first year and $500,000 the second year are a one-time appropriation for the Motheread/Fatheread program.

Sec. 28. GENERAL CONTINGENT ACCOUNTS			600,000	600,000
	Summary by Fund			
General	100,000	100,000		
State Government Special Revenue	400,000	400,000		
Workers' Compensation	100,000	100,000		

The appropriations in this section must be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

The special revenue appropriation is available to be transferred to the attorney general when the costs to provide legal services to the health boards exceed the biennial appropriation to the attorney general from the special revenue fund and for transfer to the health boards if required for unforeseen expenditures of an emergency nature. The boards receiving the additional services or supplemental appropriations shall set their fees to cover the costs.

Sec. 29. TORT CLAIMS			275,000	275,000

To be spent by the commissioner of finance.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 30. MINNESOTA STATE RETIREMENT SYSTEM			3,998,000	4,014,000

The amounts estimated to be needed for each program are as follows:

(a) Legislators				
	3,800,000	3,800,000		

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.11.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
(b) Constitutional Officers		
	198,000	214,000

Under Minnesota Statutes, sections 352C.031, subdivision 5; 352C.04, subdivision 3; and 352C.09, subdivision 2.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 31. MINNEAPOLIS EMPLOYEES RETIREMENT FUND	6,442,000	6,442,000

$5,892,000 the first year and $5,892,000 the second year are to the commissioner of finance for payment to the Minneapolis employees retirement fund under Minnesota Statutes, section 422A.101, subdivision 3. Payment must be made in four equal installments, March 15, July 15, September 15, and November 15 each year.

$550,000 the first year and $550,000 the second year are to the commissioner of finance for payment to the Minneapolis employees retirement fund for the supplemental benefit for pre-1973 retirees under Minnesota Statutes, section 356.865.

Sec. 32. POLICE AND FIRE AMORTIZATION AID	6,295,000	6,303,000

$4,925,000 the first year and $4,925,000 the second year are to the commissioner of revenue for state aid to amortize the unfunded liability of local police and salaried firefighters relief associations under Minnesota Statutes, section 423A.02.

$1,000,000 the first year and $1,000,000 the second year are to the commissioner of revenue for supplemental state aid to amortize the unfunded liability of local police and salaried firefighters relief associations under Minnesota Statutes, section 423A.02, subdivision 1a.

$370,000 the first year and $378,000 the second year are to the commissioner of revenue to pay reimbursements to relief associations for firefighter supplemental benefits paid under Minnesota Statutes, section 424A.10.

Sec. 33. BOARD OF GOVERNMENT INNOVATION AND COOPERATION	1,014,000	1,018,000

Sec. 34. BOND SALE SCHEDULE

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2001, no more than $521,419,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of

debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold, and the commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 35. [STATEWIDE SYSTEMS ACCOUNT.]

Subdivision 1. [CONTINUATION.] The statewide systems account is a separate account in the general fund. All money resulting from billings for statewide systems services must be deposited in the account. For the purposes of this section, statewide systems includes the state accounting system, payroll system, human resources system, procurement system, and related information access systems.

Subd. 2. [BILLING PROCEDURES.] The commissioner of finance may bill up to $7,520,000 in fiscal year 2000 and $7,520,000 in fiscal year 2001 for statewide systems services provided to state agencies, judicial branch agencies, the University of Minnesota, the Minnesota state colleges and universities, and other entities. Billing must be based only on usage of services relating to statewide systems provided by the intertechnologies division. Each agency shall transfer from agency operating appropriations to the statewide systems account the amount billed by the commissioner. Billing policies and procedures related to statewide systems services must be developed by the commissioner of finance in consultation with the commissioners of employee relations and administration, the University of Minnesota, and the Minnesota state colleges and universities.

Subd. 3. [APPROPRIATION.] Money transferred into the account is appropriated to the commissioner of finance to pay for statewide systems services during fiscal years 2000 and 2001.

Sec. 36. Minnesota Statutes 1998, section 3.17, is amended to read:

3.17 [JOURNALS.]

A journal of the daily proceedings in each house shall be printed and laid before each member at the beginning of the next day's session. After it has been publicly read and corrected, a copy, kept by the secretary and chief clerk, respectively, and a transcript as approved shall be certified by the secretary or clerk to the printer, who shall print the corrected permanent journal. Executive messages, addresses, reports, communications, and voluminous documents other than amendments to the constitution or to bills and resolutions and the protests of members submitted under the constitution, article 4, section 11, shall be omitted from the journals, unless otherwise ordered by vote. Before distributing journals and other publications to members, legislative staff, and others, each house shall notify prospective recipients of the cost of the publications and the availability of the same information on the Internet.

Sec. 37. Minnesota Statutes 1998, section 3C.12, subdivision 2, is amended to read:

Subd. 2. [FREE DISTRIBUTION.] The revisor shall distribute without charge copies of each edition of Minnesota Statutes, supplements to Minnesota Statutes, and Laws of Minnesota to the persons or bodies listed in this subdivision. Before distributing the copies, the revisor shall ~~ask~~ inform these persons or bodies of the cost of the publication and the availability of statutes and session laws on the Internet, and shall ask whether their work requires the full number of copies authorized by this subdivision. Unless a smaller number is needed, the revisor shall distribute:

(a) 30 copies to the supreme court;

(b) 30 copies to the court of appeals;

(c) one copy to each judge of a district court;

(d) one copy to the court administrator of each district court for use in each courtroom of the district court;

(e) one copy to each judge, district attorney, clerk of court of the United States, and deputy clerk of each division of the United States district court in Minnesota;

(f) 100 copies to the office of the attorney general;

(g) ten copies each to the governor's office, the departments of agriculture, commerce, corrections, children, families, and learning, finance, health, transportation, labor and industry, economic security, natural resources, public safety, public service, human services, revenue, and the pollution control agency;

(h) two copies each to the lieutenant governor and the state treasurer;

(i) 20 copies each to the department of administration, state auditor, and legislative auditor;

(j) one copy each to other state departments, agencies, boards, and commissions not specifically named in this subdivision;

(k) one copy to each member of the legislature;

(l) 150 copies for the use of the senate and 200 copies for the use of the house of representatives;

(m) 50 copies to the revisor of statutes from which the revisor shall send the appropriate number to the Library of Congress for copyright and depository purposes;

(n) four copies to the secretary of the senate;

(o) four copies to the chief clerk of the house of representatives;

(p) 100 copies to the state law library;

(q) 100 copies to the law school of the University of Minnesota;

(r) five copies each to the Minnesota historical society and the secretary of state;

(s) one copy each to the public library of the largest municipality of each county if the library is not otherwise eligible to receive a free copy under this section or section 15.18; and

(t) one copy to each county library maintained pursuant to chapter 134, except in counties containing cities of the first class. If a county has not established a county library pursuant to chapter 134, the copy shall be provided to any public library in the county.

Sec. 38. Minnesota Statutes 1998, section 8.15, subdivision 1, is amended to read:

Subdivision 1. [FEE SCHEDULES.] The attorney general in consultation with the commissioner of finance shall develop a fee schedule to be used by the attorney general in developing the agreements authorized in subdivision 3. The attorney general must submit a billing rate for the next biennium to the commissioner of finance by August 1 of each even-numbered year.

The attorney general may not assess a county any fee for legal services rendered in connection with a commitment proceeding under section 253B.185 for which the attorney general assumes responsibility under section 8.01.

Sec. 39. Minnesota Statutes 1998, section 8.15, subdivision 2, is amended to read:

Subd. 2. [BIENNIAL BUDGET REQUEST.] (a) The attorney general in consultation with the commissioner of finance shall designate which agencies will have their legal service requests included in the budget request of the attorney general.

(b) All other agencies, in consultation with the attorney general and the commissioner of finance, shall include a request for legal services in their biennial budget requests.

(c) The budget request of the attorney general must include a consolidated listing that shows on one page all the appropriations that will be used to support the office of the attorney general and the finance division from which they will be requested.

Sec. 40. Minnesota Statutes 1998, section 8.15, subdivision 3, is amended to read:

Subd. 3. [AGREEMENTS.] (a) To facilitate the delivery of legal services, the attorney general may:

(1) enter into agreements with executive branch agencies, political subdivisions, or quasi-state agencies to provide legal services for the benefit of the citizens of Minnesota; and

(2) in addition to funds otherwise appropriated by the legislature, accept and spend funds received under any agreement authorized in clause (1) for the purpose set forth in clause (1), subject to a report of receipts to the chairs of the senate finance committee and the house ways and means committee by October 15 each year.

(b) When entering into an agreement for legal services, the attorney general must notify the committees responsible for funding the office of the attorney general. When the attorney general enters into an agreement with a state agency, the attorney general must also notify the committees responsible for funding that agency.

Funds received under this subdivision must be deposited in the general fund and are appropriated to the attorney general for the purposes set forth in this subdivision.

Sec. 41. Minnesota Statutes 1998, section 13.03, subdivision 2, is amended to read:

Subd. 2. [PROCEDURES.] (a) The responsible authority in every state agency, political subdivision, and statewide system shall establish procedures, consistent with this chapter, to insure that requests for government data are received and complied with in an appropriate and prompt manner.

(b) The responsible authority shall prepare public access procedures in written form and update them no later than August 1 of each year as necessary to reflect any changes in personnel or circumstances that might affect public access to government data. The responsible authority shall make copies of the written public access procedures easily available to the public by distributing free copies of the procedures to the public or by posting a copy of the procedures in a conspicuous place within the government entity that is easily accessible to the public.

(c) Full convenience and comprehensive accessibility shall be allowed to researchers including historians, genealogists and other scholars to carry out extensive research and complete copying of all records containing government data except as otherwise expressly provided by law.

A responsible authority may designate one or more designees.

Sec. 42. Minnesota Statutes 1998, section 13.05, is amended by adding a subdivision to read:

Subd. 11. [PRIVATIZATION.] (a) If a government entity enters into a contract with a private person to perform any of its functions, the government entity shall include in the contract terms that make it clear that all of the data created, collected, received, stored, used, maintained, or disseminated by the private person in performing those functions is subject to the requirements of this chapter and that the private person must comply with those requirements as if it were a government entity. The remedies in section 13.08 apply to the private person under this subdivision.

(b) This subdivision does not create a duty on the part of the private person to provide access to public data to the public if the public data are available from the government entity, except as required by the terms of the contract.

Sec. 43. Minnesota Statutes 1998, section 13.073, is amended by adding a subdivision to read:

Subd. 6. [PREPARATION OF MODEL POLICIES AND PROCEDURES.] The commissioner shall, in consultation with affected government entities, prepare model policies and procedures to assist government entities in complying with the requirements of this chapter that relate to public access to government data and rights of subjects of data. Upon completion of a model for a governmental level, the commissioner shall offer that model for formal adoption by that level of government. Government entities may adopt or reject the model offered by the commissioner. A government entity that adopts the commissioner's model shall notify the commissioner in a form prescribed by the commissioner.

Sec. 44. Minnesota Statutes 1998, section 15.50, subdivision 2, is amended to read:

Subd. 2. [CAPITOL AREA PLAN.] (a) The board shall prepare, prescribe, and from time to time, after a public hearing, amend a comprehensive use plan for the capitol area, called the area in this subdivision, which consists of that portion of the city of Saint Paul comprehended within the following boundaries: Beginning at the point of intersection of the center line of the Arch-Pennsylvania freeway and the center line of Marion Street, thence southerly along the center line of Marion Street extended to a point 50 feet south of the south line of Concordia Avenue, thence southeasterly along a line extending 50 feet from the south line of Concordia Avenue to a point 125 feet from the west line of John Ireland Boulevard, thence southwesterly along a line extending 125 feet from the west line of John Ireland Boulevard to the south line of Dayton Avenue, thence northeasterly from the south line of Dayton Avenue to the west line of John Ireland Boulevard, thence northeasterly to the center line of the intersection of Old Kellogg Boulevard and Summit Avenue, thence northeasterly along the center line of Summit Avenue to the center line of the new West Kellogg Boulevard, thence southerly along the east line of the new West Kellogg Boulevard, to the ~~center line of West Seventh Street, thence northeasterly along the center line of West Seventh Street to the center line of the Fifth Street ramp, thence northwesterly along the center line of the Fifth Street ramp to the~~ east line of the right-of-way of Interstate Highway 35-E, thence northeasterly along the east line of the right-of-way of Interstate Highway 35-E to the south line of the right-of-way of Interstate Highway 94, thence easterly along the south line of the right-of-way of Interstate Highway 94 to the west line of St. Peter Street, thence southerly to the south line of Exchange Street, thence easterly along the south line of Exchange Street to the west line of Cedar Street, thence northerly along the west line of Cedar Street to the center line of Tenth Street, thence northeasterly along the center line of Tenth Street to the center line of Minnesota Street, thence northwesterly along the center line of Minnesota Street to the center line of Eleventh Street, thence northeasterly along the center line of Eleventh Street to the center line of Jackson Street, thence northwesterly along the center line of Jackson Street to the center line of the Arch-Pennsylvania freeway extended, thence westerly along the center line of the Arch-Pennsylvania freeway extended and Marion Street to the point of origin. ~~If construction of the labor interpretive center does not commence prior to December 31, 2000, at the site recommended by the board, the boundaries of the capitol area revert to their configuration as of 1992.~~

Under the comprehensive plan, or a portion of it, the board may regulate, by means of zoning rules adopted under the Administrative Procedure Act, the kind, character, height, and location, of buildings and other structures constructed or used, the size of yards and open spaces, the percentage of lots that may be occupied, and the uses of land, buildings and other structures, within the area. To protect and enhance the dignity, beauty, and architectural integrity of the capitol area, the board is further empowered to include in its zoning rules design review procedures and standards with respect to any proposed construction activities in the capitol area significantly affecting the dignity, beauty, and architectural integrity of the area. No person may undertake these construction activities as defined in the board's rules in the capitol area without first submitting construction plans to the board, obtaining a zoning permit from the board, and receiving a written certification from the board specifying that the person has complied with all design review procedures and standards. Violation of the zoning rules is a misdemeanor. The board may, at its option, proceed to abate any violation by injunction. The board and the city of Saint Paul shall cooperate in assuring that the area adjacent to the capitol area is developed in a manner that is in keeping with the purpose of the board and the provisions of the comprehensive plan.

(b) The commissioner of administration shall act as a consultant to the board with regard to the physical structural needs of the state. The commissioner shall make studies and report the results to the board when it requests reports for its planning purpose.

(c) No public building, street, parking lot, or monument, or other construction may be built or altered on any public lands within the area unless the plans for the project conform to the comprehensive use plan as specified in paragraph (d) and to the requirement for competitive plans as specified in paragraph (e). No alteration substantially changing the external appearance of any existing public building approved in the comprehensive plan or the exterior or interior design of any proposed new public building the plans for which were secured by competition under paragraph (e) may be made without the prior consent of the board. The commissioner of administration shall consult with the board regarding internal changes having the effect of substantially altering the architecture of the interior of any proposed building.

(d) The comprehensive plan must show the existing land uses and recommend future uses including: areas for public taking and use; zoning for private land and criteria for development of public land, including building areas, open spaces, monuments, and other memorials; vehicular and pedestrian circulation; utilities systems; vehicular storage; elements of landscape architecture. No substantial alteration or improvement may be made to public lands or buildings in the area without the written approval of the board.

(e) The board shall secure by competitions plans for any new public building. Plans for any comprehensive plan, landscaping scheme, street plan, or property acquisition that may be proposed, or for any proposed alteration of any existing public building, landscaping scheme or street plan may be secured by a similar competition. A competition must be conducted under rules prescribed by the board and may be of any type which meets the competition standards of the American Institute of Architects. Designs selected become the property of the state of Minnesota, and the board may award one or more premiums in each competition and may pay the costs and fees that may be required for its conduct. At the option of the board, plans for projects estimated to cost less than $1,000,000 may be approved without competition provided the plans have been considered by the advisory committee described in paragraph (h). Plans for projects estimated to cost less than $400,000 and for construction of streets need not be considered by the advisory committee if in conformity with the comprehensive plan.

(f) Notwithstanding paragraph (e), an architectural competition is not required for the design of any light rail transit station and alignment within the capitol area. The board and its advisory committee shall select a preliminary design for any transit station in the capitol area. Each stage of any station's design through working drawings must be reviewed by the board's advisory committee and approved by the board to ensure that the station's design is compatible with the comprehensive plan for the capitol area and the board's design criteria. The guideway and track design of any light rail transit alignment within the capitol area must also be reviewed by the board's advisory committee and approved by the board.

(g) Of the amount available for the light rail transit design, adequate funds must be available to the board for design framework studies and review of preliminary plans for light rail transit alignment and stations in the capitol area.

(h) The board may not adopt any plan under paragraph (e) unless it first receives the comments and criticism of an advisory committee of three persons, each of whom is either an architect or a planner, who have been selected and appointed as follows: one by the board of the arts, one by the board, and one by the Minnesota Society of the American Institute of Architects. Members of the committee may not be contestants under paragraph (e). The comments and criticism must be a matter of public information. The committee shall advise the board on all architectural and planning matters. For that purpose, the committee must be kept currently informed concerning, and have access to, all data, including all plans, studies, reports and proposals, relating to the area as the data are developed or in the process of preparation, whether by the commissioner of administration, the commissioner of trade and economic development, the metropolitan council, the city of Saint Paul, or by any architect, planner, agency or organization, public or private, retained by the board or not retained and engaged in any work or planning relating to the area, and a copy of any data prepared by any public employee or agency must be filed with the board promptly upon completion.

The board may employ stenographic or technical help that may be reasonable to assist the committee to perform its duties.

When so directed by the board, the committee may serve as, and any member or members of the committee may serve on, the jury or as professional advisor for any architectural competition, and the board shall select the architectural advisor and jurors for any competition with the advice of the committee.

The city of Saint Paul shall advise the board.

(i) The comprehensive plan for the area must be developed and maintained in close cooperation with the commissioner of trade and economic development, the planning department and the council for the city of Saint Paul, and the board of the arts, and no plan or amendment of a plan may be effective without 90 days' notice to the planning department of the city of Saint Paul and the board of the arts and without a public hearing with opportunity for public testimony.

(j) The board and the commissioner of administration, jointly, shall prepare, prescribe, and from time to time revise standards and policies governing the repair, alteration, furnishing, appearance, and cleanliness of the public and ceremonial areas of the state capitol building. The board shall consult with and receive advice from the director of the Minnesota state historical society regarding the historic fidelity of plans for the capitol building. The standards and policies developed under this paragraph are binding upon the commissioner of administration. The provisions of chapter 14, including section 14.386, do not apply to this paragraph.

(k) The board in consultation with the commissioner of administration shall prepare and submit to the legislature and the governor no later than October 1 of each even-numbered year a report on the status of implementation of the comprehensive plan together with a program for capital improvements and site development, and the commissioner of administration shall provide the necessary cost estimates for the program. The board shall report any changes to the comprehensive plan adopted by the board to the committee on governmental operations and gambling of the house of representatives and the committee on governmental operations and reform of the senate and upon request shall provide testimony concerning the changes. The board shall also provide testimony to the legislature on proposals for memorials in the capitol area as to their compatibility with the standards, policies, and objectives of the comprehensive plan.

(l) The state shall, by the attorney general upon the recommendation of the board and within appropriations available for that purpose, acquire by gift, purchase, or eminent domain proceedings any real property situated in the area described in this section, and it may also acquire an interest less than a fee simple interest in the property, if it finds that the property is needed for future expansion or beautification of the area.

(m) The board is the successor of the state veterans service building commission, and as such may adopt rules and may reenact the rules adopted by its predecessor under Laws 1945, chapter 315, and amendments to it.

(n) The board shall meet at the call of the chair and at such other times as it may prescribe.

(o) The commissioner of administration shall assign quarters in the state veterans service building to (1) the department of veterans affairs, of which a part that the commissioner of administration and commissioner of veterans affairs may mutually determine must be on the first floor above the ground, and (2) the American Legion, Veterans of Foreign Wars, Disabled American Veterans, Military Order of the Purple Heart, United Spanish War Veterans, and Veterans of World War I, and their auxiliaries, incorporated, or when incorporated, under the laws of the state, and (3) as space becomes available, to other state departments and agencies as the commissioner may deem desirable.

Sec. 45. Minnesota Statutes 1998, section 16A.102, subdivision 1, is amended to read:

Subdivision 1. [GOVERNOR'S RECOMMENDATION.] By the fourth ~~Monday~~ Tuesday in January of each odd-numbered year, the governor shall submit to the legislature a recommended revenue target for the next two bienniums. The recommended revenue target must specify:

(1) the maximum share of Minnesota personal income to be collected in taxes and other revenues to pay for state and local government services;

(2) the division of the share between state and local government revenues; and

(3) the mix and rates of income, sales, and other state and local taxes including property taxes and other revenues.

The recommendations must be based on the November forecast prepared under section 16A.103.

Sec. 46. Minnesota Statutes 1998, section 16A.11, is amended by adding a subdivision to read:

Subd. 7. [FEES.] The detailed operating budget for each executive branch agency must include proposals for any new fees or any increases in existing fees. For purposes of this section, "fees" has the meaning given in section 16A.1283, but excludes charges listed in paragraph (b) of that section.

Sec. 47. [16A.1283] [LEGISLATIVE APPROVAL REQUIRED.]

(a) Notwithstanding any law to the contrary, an executive branch state agency may not impose a new fee or increase an existing fee unless the new fee or increase is approved by law. For purposes of this section, a fee is any charge for goods, services, regulation, or licensure, and, notwithstanding paragraph (b), clause (3), includes charges for admission to or for use of public facilities owned by the state.

(b) This section does not apply to:

(1) charges billed within or between state agencies, or billed to federal agencies;

(2) the Minnesota state colleges and universities system;

(3) charges for goods and services provided for the direct and primary use of a private individual, business, or other entity.

(c) An executive branch agency may reduce a fee that was set by rule before the effective date of this section without legislative approval. Chapter 14 does not apply to fee reductions under this paragraph.

Sec. 48. Minnesota Statutes 1998, section 16A.129, subdivision 3, is amended to read:

Subd. 3. [CASH ADVANCES.] When the operations of any nongeneral fund account would be impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may use general fund cash reserves to meet cash demands. If funds are transferred from the general fund to meet cash flow needs, the cash flow transfers must be returned to the general fund as soon as sufficient cash balances are available in the account to which the transfer was made. The fund to which general fund cash was advanced must pay interest on the cash advance at a rate comparable to the rate earned by the state on invested treasurer's cash, as determined monthly by the commissioner. An amount necessary to pay the interest is appropriated from the nongeneral fund to which the cash advance was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not to the accounts or funds to which the transfer was made. The commissioner may advance general fund cash reserves to nongeneral fund accounts where the receipts from other governmental units cannot be collected within the budget period.

Sec. 49. Minnesota Statutes 1998, section 16A.45, subdivision 1, is amended to read:

Subdivision 1. [CANCEL; CREDIT.] Once each fiscal year the commissioner and the treasurer shall cancel upon their books all outstanding unpaid commissioner's warrants~~, except warrants issued for federal assistance programs,~~ that have been issued and delivered ~~for more than six months prior to that date and credit to the general fund the respective amounts of the canceled warrants~~ on or before June 30 of the preceding year and credit state amounts subject to section 345.43 and federal amounts to the appropriate account in the federal fund. These warrants are presumed abandoned under section 345.38 and are subject to ~~the provisions of~~ sections 345.31 to 345.60. ~~The commissioner and the treasurer shall cancel upon their books all outstanding unpaid commissioner's warrants issued for federal assistance programs that have been issued and delivered for more than the period of time set pursuant to the federal program and credit to the general fund and the appropriate account in the federal fund, the amount of the canceled warrants.~~

Sec. 50. Minnesota Statutes 1998, section 16A.85, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The commissioner of administration may determine, in conjunction with the commissioner of finance, the personal property needs of the various state departments, agencies, boards, commissions and the legislature ~~of the kinds of property identified in this subdivision~~ that may be economically funded through a master lease program and request the commissioner of finance to execute a master lease. ~~The master lease may be used only to finance the following kinds of purchases:~~

~~(a) The master lease may be used to finance purchases by the commissioner of administration with money from an internal services fund.~~

~~(b) The master lease may be used to refinance a purchase of equipment already purchased under a lease-purchase agreement.~~

~~(c) The master lease may be used to finance purchases of large equipment with a capital value of more than $100,000 and a useful life of more than ten years.~~

~~(d) The legislature may specifically authorize a particular purchase to be financed using the master lease. The legislature anticipates that this authorization will be given only to finance the purchase of major pieces of equipment with a capital value of more than $10,000.~~

The commissioner of finance may authorize the sale and issuance of certificates of participation relative to a master lease in an amount sufficient to fund these personal property needs. The term of the certificates must be less than the expected useful life of the equipment whose purchase is financed by the certificates. The commissioner of administration may use the proceeds from the master lease or the sale of the certificates of participation to acquire the personal property through the appropriate procurement procedure in chapter 16C. Money appropriated for the lease or acquisition of this personal property is appropriated to the commissioner of finance to make master lease payments.

Sec. 51. Minnesota Statutes 1998, section 16B.03, is amended to read:

16B.03 [APPOINTMENTS.]

The commissioner is authorized to appoint staff, including ~~a deputy commissioner~~ two deputy commissioners, in accordance with chapter 43A.

Sec. 52. Minnesota Statutes 1998, section 16B.104, is amended to read:

16B.104 [PROCUREMENT REQUIREMENTS.]

(a) The commissioner~~, in consultation with the office of technology,~~ shall develop nonvisual technology access standards. The standards must be included in all contracts for the procurement of information technology by, or for the use of, agencies, political subdivisions, and the Minnesota state colleges and universities. The University of Minnesota is encouraged to consider similar standards.

(b) The nonvisual access standards must include the following minimum specifications:

(1) that effective, interactive control and use of the technology including the operating system, applications programs, prompts, and format of the data presented, are readily achievable by nonvisual means;

(2) that the nonvisual access technology must be compatible with information technology used by other individuals with whom the blind or visually impaired individual must interact;

(3) that nonvisual access technology must be integrated into networks used to share communications among employees, program participants, and the public; and

(4) that the nonvisual access technology must have the capability of providing equivalent access by nonvisual means to telecommunications or other interconnected network services used by persons who are not blind or visually impaired.

(c) Nothing in this section requires the installation of software or peripheral devices used for nonvisual access when the information technology is being used by individuals who are not blind or visually impaired.

Sec. 53. Minnesota Statutes 1998, section 16B.24, subdivision 5, is amended to read:

Subd. 5. [RENTING OUT STATE PROPERTY.] (a) [AUTHORITY.] The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a time without the approval of the state executive council and may never be rented out for more than 25 years. A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.

(b) [RESTRICTIONS.] Paragraph (a) does not apply to state trust fund lands, other state lands under the jurisdiction of the department of natural resources, lands forfeited for delinquent taxes, lands acquired under section 298.22, or lands acquired under section 41.56 which are under the jurisdiction of the department of agriculture.

(c) [FORT SNELLING CHAPEL; RENTAL.] The Fort Snelling Chapel, located within the boundaries of Fort Snelling State Park, is available for use only on payment of a rental fee. The commissioner shall establish rental fees for both public and private use. The rental fee for private use by an organization or individual must reflect the reasonable value of equivalent rental space. Rental fees collected under this section must be deposited in the general fund.

(d) [RENTAL OF LIVING ACCOMMODATIONS.] The commissioner shall establish rental rates for all living accommodations provided by the state for its employees. Money collected as rent by state agencies pursuant to this paragraph must be deposited in the state treasury and credited to the general fund.

(e) [LEASE OF SPACE IN CERTAIN STATE BUILDINGS TO STATE AGENCIES.] The commissioner may lease portions of the state-owned buildings in the capitol complex, the capitol square building, the health building, the Duluth government center, and the building at 1246 University Avenue, St. Paul, Minnesota, to state agencies and the court administrator on behalf of the judicial branch of state government and charge rent on the basis of space occupied. Notwithstanding any law to the contrary, all money collected as rent pursuant to the terms of this section shall be deposited in the state treasury. Money collected as rent to recover the ~~depreciation and~~ bond interest costs of a building funded from the state bond proceeds fund shall be credited to the general fund. Money collected as rent to recover the depreciation costs of a building funded from the state bond proceeds fund and money collected as rent to recover capital expenditures from capital asset preservation and replacement appropriations and statewide building access appropriations shall be credited to a segregated account in a special revenue fund. Money in the account is appropriated to the commissioner to be expended for asset preservation projects as determined by the commissioner. Money collected as rent to recover the depreciation and interest costs of a building built with other state dedicated funds shall be credited to the dedicated fund which funded the original acquisition or construction. All other money received shall be credited to the general services revolving fund.

Sec. 54. Minnesota Statutes 1998, section 16B.31, subdivision 2, is amended to read:

Subd. 2. [APPROPRIATIONS.] Plans must be paid for out of money appropriated for the purpose of improving or constructing the building. No part of the balance may be expended until the commissioner has secured suitable plans and specifications, prepared by a competent architect or engineer, and accompanied by a detailed statement of the cost, quality, and description of all material and labor required for the completion of the work. No plan may be adopted, and no improvement made or building constructed by the commissioner or any other agency to whom an appropriation is made for a capital improvement, that contemplates the expenditure for its completion of more money than the appropriation for it, unless otherwise provided in this section or the act making the appropriation. The commissioner or other agency may not direct or permit any expenditure beyond that appropriated, and any agent of the commissioner violating this provision is guilty of a gross misdemeanor.

Sec. 55. Minnesota Statutes 1998, section 16B.32, subdivision 2, is amended to read:

Subd. 2. [ENERGY CONSERVATION GOALS; EFFICIENCY PROGRAM.] (a) The commissioner of administration in consultation with the department of public service, in cooperation with one or more public utilities or comprehensive energy services providers, may conduct a shared-savings program involving energy conservation expenditures on state-owned buildings. The public utility or energy services provider shall contract with appropriate state agencies to implement energy efficiency improvements in the selected buildings. A contract must require the public utility or energy services provider to include all energy efficiency improvements in selected buildings that are calculated to achieve a cost payback within ten years. The contract must require that the public utility or energy services provider be repaid solely from energy cost savings and only to the extent of energy cost savings. Repayments must be interest-free. The goal of the program in this paragraph is to demonstrate that through effective energy conservation the total energy consumption per square foot of state-owned and wholly state-leased buildings could be reduced by at least 25 percent from consumption in the base year of 1990. All agencies participating in the program must report to the commissioner of administration their monthly energy usage, building schedules, inventory of energy-consuming equipment, and other information as needed by the commissioner to manage and evaluate the program.

(b) The commissioner may exclude from the program of paragraph (a) a building in which energy conservation measures are carried out. "Energy conservation measures" means measures that are applied to a state building that improve energy efficiency and have a simple return of investment in ten years or within the remaining period of a lease, whichever time is shorter, and involves energy conservation, conservation facilities, renewable energy sources, improvements in operations and maintenance efficiencies, or retrofit activities.

(c) This subdivision expires January 1, 2001.

Sec. 56. Minnesota Statutes 1998, section 16B.415, is amended to read:

16B.415 [OPERATION OF INFORMATION SYSTEMS.]

The commissioner, through a division of technology management, is responsible for ongoing operations of state agency information technology activities. These include records management, activities relating to the Government Data Practices Act, ~~operation of~~ administering the state information infrastructure, and activities necessary to make state information systems year 2000 compliant.

Sec. 57. Minnesota Statutes 1998, section 16B.42, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION.] The intergovernmental information systems advisory council is composed of (1) two members from each of the following groups: counties outside of the seven-county metropolitan area, cities of the second and third class outside the metropolitan area, cities of the second and third class within the metropolitan area, and cities of the fourth class; (2) one member from each of the following groups: the metropolitan council, an outstate regional body, counties within the metropolitan area, cities of the first class, school districts in the metropolitan area, school districts outside the metropolitan area, and public libraries; (3) one member each appointed by the state departments of children, families, and learning, human services, revenue, and economic security, the office of strategic and long-range planning, ~~office of technology,~~ administration, and the legislative auditor; (4) one member from the office of the state auditor, appointed by the auditor; (5) one member appointed by each of the following organizations: League of Minnesota Cities, Association of Minnesota Counties, Minnesota Association of Township Officers, and Minnesota Association of School Administrators; and (6) one member of the house of representatives appointed by the speaker and one member of the senate appointed by the subcommittee on committees of the committee on rules and administration. The legislative members appointed under clause (6) are nonvoting members. The commissioner of administration shall appoint members under clauses (1) and (2). The terms, compensation, and removal of the appointed members of the advisory council are as provided in section 15.059, but the council does not expire until June 30, ~~1999~~ 2000.

Sec. 58. Minnesota Statutes 1998, section 16B.46, is amended to read:

16B.46 [TELECOMMUNICATION; POWERS.]

The commissioner shall supervise and control the leasing of all state telecommunication ~~facilities~~ services including any transmission, emission, or reception of signs, signals, writing, images, and sounds or intelligence of any nature by wire, radio, optical, or other electromagnetic systems. Nothing in this section or section 16B.465 modifies, amends, or abridges any powers and duties presently vested in or imposed upon the commissioner of transportation or the commissioner of public safety relating to telecommunications facilities or the commissioner of transportation relating only to radio air navigation facilities or other air navigation facilities.

Sec. 59. Minnesota Statutes 1998, section 16B.465, is amended to read:

16B.465 [STATE INFORMATION INFRASTRUCTURE.]

Subdivision 1. [PURPOSE.] (a) The state of Minnesota and its departments and agencies are urged to seek ways to encourage the growth of the private sector in the area of telecommunications and not pursue policies that restrict market opportunities for the private sector. The state may provide only those telecommunication services that are not available through the private sector.

(b) This section does not preclude the state from purchasing, owning, or leasing customer premises equipment. Customer premises equipment consists of terminal and associated equipment and inside wire located at an end user's premises and connected with communication channels at the point established in a building or a complex to separate customer equipment from the network. Customer premises equipment also includes, but is not limited to communications devices eligible for distribution to communication impaired persons under section 237.51, subdivision 1.

(c) This section does not prohibit the state from operating and staffing a network operations center that allows the state to test, troubleshoot and maintain network operations.

~~Subdivision 1~~ Subd. 1a. [CREATION.] The state information infrastructure ~~provides~~ shall arrange for the provision of leased voice, data, video, and other telecommunications transmission services to state agencies; educational institutions, including public schools as defined in section 120A.05, subdivisions 9, 11, 13, and 17, nonpublic, church or religious organization schools that provide instruction in compliance with sections 120A.22, 120A.24, and 124A.41, and private colleges; public corporations; and state political subdivisions. It is not a telephone company for purposes of chapter 237. The state shall not purchase, own, or lease any telecommunication network facilities or equipment unless the state has sought bids or proposals and has determined that the private sector cannot provide the services as bid or proposed by the state using the facilities or equipment in a cost-effective manner. It shall not resell or sublease any services or facilities to nonpublic entities except it may serve private schools and colleges. The commissioner has the responsibility for planning, development, and operations of the state information infrastructure in order to provide cost-effective leased telecommunications transmission services to state information infrastructure users. For purposes of this section, "state information infrastructure" means the network facilities and telecommunications services provided by the state or through contracts administered by the commissioner.

Subd. 3. [DUTIES.] (a) The commissioner~~, after consultation with the office of technology,~~ shall:

(1) ~~provide~~ negotiate, enter into, and administer contracts for voice, data, video, and other leased telecommunications ~~transmission~~ services to the state and to political subdivisions through an account in the intertechnologies revolving fund;

(2) manage vendor relationships~~, network function,~~ and capacity planning in order to be responsive to the needs of the state information infrastructure users;

(3) set rates and fees for services;

(4) approve contracts for leased services relating to the system;

(5) ~~in consultation with the office of technology,~~ develop ~~the system~~ a plan~~, including plans~~ for ~~the~~ phasing ~~of its implementation and maintenance of the initial system~~ out the provision of telecommunications services and network operations, except as provided in paragraph (b), and for the annual program and fiscal plans for the leased system; and

(6) in consultation with ~~the office of technology,~~ the department of children, families, and learning in regard to schools, assist state agencies, political subdivisions of the state, and higher education institutions, including private colleges and public and private schools, to identify their telecommunication needs, and develop ~~a plan~~ plans for ~~interconnection of~~ the provision of leased telecommunications services and equipment to ensure the integration of these needs into an interoperable statewide network ~~with private colleges and public and private schools in the state~~.

(b) The commissioner may purchase, own, operate, or lease telecommunication network facilities or equipment if the commissioner has sought bids or proposals and has determined that the private sector cannot provide services that the state intends to provide using the facilities or equipment in a cost-effective manner.

(c) The commissioner, in consultation with the office of technology and the department of children, families, and learning in regard to schools, when requested, may assist state agencies, political subdivisions of the state, and higher education institutions, including private colleges and public and private schools, in identifying, purchasing, or leasing their customer premises equipment.

Subd. 4. [PROGRAM PARTICIPATION.] ~~(a)~~ The commissioner may ~~require the participation~~ secure bids or proposals for services from private sector vendors to serve the needs of state agencies, the state board of education, ~~and~~ the board of trustees of the Minnesota state colleges and universities, and ~~may request the participation of~~ the board of regents of the University of Minnesota~~, in the planning and implementation of the network to provide interconnective technologies~~. Alternatively, those entities may seek bids or proposals for services directly from private sector vendors with the advice of the commissioner. The commissioner's advice is not binding on these entities.

Subd. 4a. [RATES.] The commissioner shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to participating agencies and educational institutions sufficient to cover the operating, maintenance, and administrative costs of the ~~system~~ leased services.

~~(b) A direct appropriation made to an educational institution for usage costs associated with the state information infrastructure must only be used by the educational institution for payment of usage costs of the network as billed by the commissioner of administration.~~

Subd. 6. [APPROPRIATION.] Money appropriated for the state information infrastructure and fees for leased telecommunications services must be deposited in an account in the intertechnologies fund. Money in the account is appropriated annually to the commissioner to ~~operate telecommunications services~~ carry out the purposes of this section.

Subd. 7. [EXEMPTION.] The system is exempt from the five-year limitation on contracts set by sections 16C.05, subdivision 2, paragraph (a), clause (5), 16C.08, subdivision 3, clause (7), and 16C.09, clause (6).

Sec. 60. [16B.616] [BLEACHER SAFETY.]

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

(b) "Place of public accommodation" means a public or privately owned sports or entertainment arena, gymnasium, auditorium, stadium, hall, special event center in a public park, or other facility for public assembly.

(c) "Bleacher" refers to any tiered or stepped seating facility, whether temporary or permanent, used in a place of public accommodation for the seating of its occupants.

Subd. 2. [APPLICATION.] All places of public accommodation must comply with the provisions of this section.

Subd. 3. [SAFETY REQUIREMENTS.] In places of public accommodation using bleacher seating, all bleachers or bleacher open spaces over 30 inches above grade or the floor below, must conform to the following safety requirements:

(1) the open space between bleacher footboards, seats, and guardrails must not exceed four inches, unless approved safety nets are installed;

(2) bleachers must have vertical perimeter guardrails with no more than four-inch rail spacing between vertical rails or other approved guardrails that address climbability and are designed to prevent accidents; and

(3) the state building official shall determine whether the safety nets and guardrail climbability meet the requirements of the alternate design section of the State Building Code.

Bleachers in existence on January 1, 2001, must comply with the structural provisions of the 1998 State Building Code. All new bleachers manufactured, installed, sold, or distributed after January 1, 2001, must comply with the State Building Code in effect and clauses (1), (2), and (3).

Subd. 4. [ENFORCEMENT.] (a) A statutory or home rule charter city that is not covered by the code because of action taken under section 16B.72 or 16B.73 is responsible for enforcement in the city of the code's requirements for bleacher safety. In all other areas where the code does not apply because of action taken under section 16B.72 or 16B.73, the county is responsible for enforcement of those requirements.

(b) Municipalities that have not adopted the code may enforce the code requirements for bleacher safety by either entering into a joint powers agreement for enforcement with another municipality that has adopted the code or contracting for enforcement with a qualified and certified building official or state licensed design professional to enforce the code.

(c) Municipalities, school districts, organizations, individuals, and other persons operating or owning places of public accommodation with bleachers shall provide a signed certification of compliance to the commissioner by January 1, 2001. The certification shall be prepared by a qualified and certified building official or state licensed design professional and shall certify that the bleachers have been inspected and are in compliance with the requirements of this section and are structurally sound.

Subd. 5. [PENALTIES.] The commissioner, in addition to other remedies provided for violations of this chapter, shall forbid use of bleachers not in compliance with this section.

Subd. 6. [PERIODIC INSPECTIONS.] Bleacher footboards and guardrails must be reinspected at least every five years and a structural inspection must be made at least every ten years. Inspections may be completed in the same manner as provided in subdivision 4. This section does not preclude a municipal authority from establishing additional reinspections under the State Building Code.

Sec. 61. Minnesota Statutes 1998, section 16B.72, is amended to read:

16B.72 [REFERENDA ON STATE BUILDING CODE IN NONMETROPOLITAN COUNTIES.]

Notwithstanding any other provision of law to the contrary, a county that is not a metropolitan county as defined by section 473.121, subdivision 4, may provide, by a vote of the majority of its electors residing outside of municipalities that have adopted the State Building Code before January 1, 1977, that no part of the State Building Code except the building requirements for handicapped persons, the requirements for bleacher safety, and the requirements for elevator safety applies within its jurisdiction.

The county board may submit to the voters at a regular or special election the question of adopting the building code. The county board shall submit the question to the voters if it receives a petition for the question signed by a number of voters equal to at least five percent of those voting in the last general election. The question on the ballot must be stated substantially as follows:

"Shall the State Building Code be adopted in ..... County?"

If the majority of the votes cast on the proposition is in the negative, the State Building Code does not apply in the subject county, outside home rule charter or statutory cities or towns that adopted the building code before January 1, 1977, except the building requirements for handicapped persons, the requirements for bleacher safety, and the requirements for elevator safety do apply.

Nothing in this section precludes a municipality or town that has not adopted the State Building Code from adopting and enforcing by ordinance or other legal means the State Building Code within its jurisdiction.

Sec. 62. Minnesota Statutes 1998, section 16B.73, is amended to read:

16B.73 [STATE BUILDING CODE IN MUNICIPALITIES UNDER 2,500; LOCAL OPTION.]

The governing body of a municipality whose population is less than 2,500 may provide that the State Building Code, except the requirements for handicapped persons, the requirements for bleacher safety, and the requirements for elevator safety, will not apply within the jurisdiction of the municipality, if the municipality is located in whole or in part within a county exempted from its application under section 16B.72. If more than one municipality has jurisdiction over an area, the State Building Code continues to apply unless all municipalities having jurisdiction over the area have provided that the State Building Code, except the requirements for handicapped persons, the requirements for bleacher safety, and the requirements for elevator safety, does not apply within their respective jurisdictions. Nothing in this section precludes a municipality or town from adopting and enforcing by ordinance or other legal means the State Building Code within its jurisdiction.

Sec. 63. [16C.065] [COST-BENEFIT ANALYSIS.]

(a) The commissioner or an agency official to whom the commissioner has delegated duties under section 16C.03, subdivision 16, may not approve a contract or purchase of goods or services in an amount greater than $5,000,000 unless a cost-benefit analysis has been completed and shows a positive benefit to the public. The management analysis division must perform or direct the performance of the analysis. A cost-benefit analysis must be performed for a project if an aggregation of contracts or purchases for a project exceeds $5,000,000.

(b) All cost-benefit analysis documents under this section, including preliminary drafts and notes, are public data.

(c) If a cost-benefit analysis does not show a positive benefit to the public, the governor may approve a contract or purchase of goods or services if a cost-effectiveness study had been done that shows the proposed project is the most effective way to provide a necessary public good.

(d) This section applies to contracts for goods or services that are expected to have a useful life of more than three years. This section does not apply for purchase of goods or services for response to a natural disaster if an emergency has been declared by the governor.

Sec. 64. Minnesota Statutes 1998, section 16C.14, subdivision 1, is amended to read:

Subdivision 1. [CONTRACT CONDITIONS.] The commissioner may contract to purchase by installment payments capital or other equipment or services intended to improve the energy efficiency of a state building or facility if:

(1) the term of the contract does not exceed ten years, with not more than a ten-year payback beginning at the completion of the project;

(2) the entire cost of the contract is a percentage of the resultant savings in energy costs only. "Savings in energy cost" means a comparison of energy cost and energy usage under the precontract conditions, including reasonable projections of energy cost and usage if no change is made to the precontract conditions, against energy cost and usage with the changes made under the contract. If it is impractical to directly measure energy cost and/or energy usage, reasonable engineering estimates may be substituted for measured results;

(3) the contract for purchase must be completed using a solicitation;

(4) the commissioner has determined that the contract vendor is a responsible vendor;

(5) the contract vendor can finance or obtain financing for the performance of the contract without state assistance or guarantee; and

(6) the state may unilaterally cancel the agreement if the legislature fails to appropriate funds to continue the contract or if the contractor at any time during the term of the contract fails to perform its contractual obligations, including failure to deliver or install equipment or materials, failure to replace faulty equipment or materials in a timely fashion, and failure to maintain the equipment as agreed in the contract.

Sec. 65. Minnesota Statutes 1998, section 16D.04, subdivision 2, is amended to read:

Subd. 2. [AGENCY PARTICIPATION.] (a) A state agency may, at its option, refer debts to the commissioner for collection. The ultimate responsibility for the debt, including the reporting of the debt to the commissioner of finance and the decision with regard to the continuing collection and uncollectibility of the debt, remains with the referring state agency.

(b) When a debt owed to a state agency becomes 121 days past due, the state agency must refer the debt to the commissioner for collection. This requirement does not apply if there is a dispute over the amount or validity of the debt, if the debt is the subject of legal action or administrative proceedings, or the agency determines that the debtor is adhering to acceptable payment arrangements. The commissioner, in consultation with the commissioner of finance, may provide that certain types of debt need not be referred to the commissioner for collection under this paragraph. Methods and procedures for referral must follow internal guidelines prepared by the commissioner of finance.

Sec. 66. Minnesota Statutes 1998, section 16E.01, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The office of technology, referred to in this chapter as the "office," is ~~an agency in the executive branch managed by an executive director appointed by the governor~~ under the supervision of the commissioner of administration. The office shall provide leadership and direction for information and communications technology policy in Minnesota. The office shall coordinate strategic investments in information and communications technology to encourage the development of a technically literate society and to ensure sufficient access to and efficient delivery of government services.

Sec. 67. Minnesota Statutes 1998, section 16E.02, is amended to read:

16E.02 [OFFICE OF TECHNOLOGY STRUCTURE AND PERSONNEL.]

Subdivision 1. [OFFICE MANAGEMENT AND STRUCTURE.] The ~~executive director~~ commissioner of administration is the state's chief information officer and technology advisor to the governor. ~~The salary of the executive director may not exceed 85 percent of the governor's salary. The executive director may employ a deputy director, assistant directors, and other employees that the executive director may consider necessary. The executive director and the deputy and assistant directors and one confidential secretary serve in the unclassified service.~~ The staff of the office must include individuals knowledgeable in information and communications technology. ~~The executive director may appoint other personnel as necessary to operate the office of technology in accordance with chapter 43A.~~

Subd. 2. [INTERGOVERNMENTAL PARTICIPATION.] The ~~executive director~~ commissioner of administration or the ~~director's~~ commissioner's designee shall serve as a member of the Minnesota education telecommunications council, the geographic information systems council, the library planning task force, or their respective successor organizations, and as a member of Minnesota Technology, Inc., the Minnesota health data institute as a nonvoting member, and the Minnesota world trade center corporation.

Sec. 68. Minnesota Statutes 1998, section 16E.08, is amended to read:

16E.08 [BUSINESS LICENSE INFORMATION.]

The office shall coordinate the design, establishment, implementation, and maintenance of an electronic system to allow the public to retrieve by computer information prepared by the department of trade and economic development bureau of business licenses on licenses and their requirements. The office shall establish the format and standards for retrieval consistent with state information and data interchange policies. The system must also be designed to allow the public to apply for and obtain business licenses and permits on line. The office shall integrate the system with the North Star online information system. The office shall work in collaboration with the department of trade and economic development bureau of business licenses. The bureau is responsible for creating and operating the system.

Sec. 69. Minnesota Statutes 1998, section 43A.047, is amended to read:

43A.047 [CONTRACTED SERVICES.]

(a) Executive agencies, including the Minnesota state colleges and universities system, must demonstrate that they cannot use available staff before hiring outside consultants or services. If use of consultants is necessary, agencies are encouraged to negotiate contracts that will involve permanent staff, so as to upgrade and maximize training of state employees.

(b) If agencies reduce operating budgets, agencies must give priority to reducing spending on professional and technical service contracts before laying off permanent employees.

(c) Agencies must report to the ~~senate finance and house ways and means committees~~ commissioner of administration by ~~August~~ November 1 each year on implementation of this section during the previous fiscal year. The reports must include amounts spent on professional and technical service contracts during the previous fiscal year. The commissioner shall compile the reports into a uniform format and forward them to the chairs of the senate finance and house ways and means committees by November 15.

Sec. 70. Minnesota Statutes 1998, section 43A.22, is amended to read:

43A.22 [BENEFITS; INTENT.]

(a) It is the intent of the state to provide eligible employees and other eligible persons with life insurance and hospital, medical, and dental benefits coverage through provider organizations, hereafter referred to as "carriers," authorized to do business in the state.

(b) The commissioner may self-insure any hospital and medical plan offered under sections 43A.22 to 43A.31 to promote reasonably stable and predictable premiums for hospital and medical benefits paid by the state and its employees and to promote affordable, ongoing relationships between employees and dependents and their medical providers. The commissioner shall consult with the commissioners of commerce and health and human services regarding the development and reporting of quality of care measures.

Sec. 71. Minnesota Statutes 1998, section 43A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The commissioner is authorized to request bids from carriers or to negotiate with carriers and to enter into contracts with carriers which in the judgment of the commissioner are best qualified to underwrite and service the benefit plans. Contracts entered into with carriers are not subject to the requirements of sections 16C.16 to 16C.19. The commissioner may negotiate premium rates and coverage provisions with all carriers licensed under chapters 62A, 62C, and 62D. The commissioner may also negotiate reasonable restrictions to be applied

to all carriers under chapters 62A, 62C, and 62D. Contracts to underwrite the benefit plans must be bid or negotiated separately from contracts to service the benefit plans, which may be awarded only on the basis of competitive bids. The commissioner shall consider the cost of the plans, conversion options relating to the contracts, service capabilities, character, financial position, and reputation of the carriers, and any other factors which the commissioner deems appropriate. Each benefit contract must be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. The commissioner shall, to the extent feasible, make hospital and medical benefits available from at least one carrier licensed to do business pursuant to each of chapters 62A, 62C, and 62D. The commissioner need not provide health maintenance organization services to an employee who resides in an area which is not served by a licensed health maintenance organization. The commissioner may refuse to allow a health maintenance organization to continue as a carrier. The commissioner may elect not to offer all three types of carriers if there are no bids or no acceptable bids by that type of carrier or if the offering of additional carriers would result in substantial additional administrative costs. A carrier licensed under chapter 62A is exempt from the tax imposed by section 60A.15 on premiums paid to it by the state.

All self-insured hospital and medical service products must comply with coverage mandates, data reporting, and consumer protection requirements applicable to the licensed carrier administering the product, had the product been insured, including chapters 62J, 62M, and 62Q. Any self-insured products that limit coverage to a network of providers or provide different levels of coverage between network and nonnetwork providers shall comply with section 62D.123 and geographic access standards for health maintenance organizations adopted by the commissioner of health in rule under chapter 62D.

Sec. 72. Minnesota Statutes 1998, section 43A.23, subdivision 2, is amended to read:

Subd. 2. [CONTRACT TO CONTAIN STATEMENT OF BENEFITS.] (a) Each contract under sections 43A.22 to 43A.30 shall contain a detailed statement of benefits offered and shall include any maximums, limitations, exclusions, and other definitions of benefits the commissioner deems necessary or desirable. Each hospital and medical benefits contract shall provide benefits at least equal to those required by section 62E.06, subdivision 2.

(b) All summaries of benefits describing the hospital and medical service benefits offered to state employees must comply with laws and rules for content and clarity applicable to the licensed carrier administering the product. Referral procedures must be clearly described. The commissioners of commerce and health, as appropriate, shall review the summaries of benefits, whether written or electronic, and advise the commissioner of employee relations on any changes needed to ensure compliance.

Sec. 73. Minnesota Statutes 1998, section 43A.30, is amended by adding a subdivision to read:

Subd. 6. [CONTINGENCY RESERVE.] The commissioner shall maintain a contingency reserve within the employee insurance trust fund. The reserve must be used to increase the controls over medical plan provisions and insurance costs for the state's employee populations. The reserve consists of appropriations from the general fund, receipts from billings to agencies, and credited investment gains and losses attributable to balances in the account. The state board of investment shall invest the assets of the account according to section 11A.24.

Sec. 74. Minnesota Statutes 1998, section 43A.31, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER REPORTS.] The commissioner shall transmit a report each biennium to the legislative commission on employee relations concerning the operation of sections 43A.22 to 43A.30, including a study of local and statewide market trends regarding provider concentration, costs, and other factors as they may relate to the state's health benefits purchasing strategy. The commissioner shall consult with the commissioners of commerce and health in the conduct of this study. The commissioner shall also report the number, type, and disposition of complaints relating to the insurance programs offered by the commissioner.

Sec. 75. Minnesota Statutes 1998, section 43A.31, is amended by adding a subdivision to read:

Subd. 5. [CUSTOMER ASSISTANCE.] The commissioner shall employ staff for the purposes of assisting state employees and their dependents in:

(1) understanding their benefits and coverage levels;

(2) obtaining information and responses to questions regarding issues of coverage, benefits, and service from carriers and providers; and

(3) making use of all grievance, appeals, and complaint resolution processes provided by law or contract.

Sec. 76. [43A.318] [PUBLIC EMPLOYEES GROUP LONG-TERM CARE INSURANCE PROGRAM.]

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

(b) [ADVISORY COMMITTEE; COMMITTEE.] "Advisory committee" or "committee" means the committee created under subdivision 3.

(c) [COMMITTEE MEMBER; MEMBER.] "Committee member" or "member" means a person serving on the advisory committee created under subdivision 3.

(d) [ELIGIBLE PERSON.] "Eligible person" means:

(1) an active, deferred, or retired member, or an annuitant of a public pension plan of the state or a political subdivision of the state;

(2) a public employee or elected official of the state or a political subdivision of the state who is not eligible for participation in a public employee pension plan of the state or a political subdivision of the state; or

(3) a spouse, parent, stepparent, or parent-in-law of a person described in clause (1) or (2), regardless of the enrollment status in the program of the person described in clause (1) or (2).

(e) [PROGRAM.] "Program" means the statewide public employees long-term care insurance program created under subdivision 2.

(f) [PUBLIC EMPLOYEE PENSION PLAN.] "Public employee pension plan" means any Minnesota public pension plan or fund that provides pension or retirement coverage for public employees other than volunteer firefighters, including any plan or fund enumerated in section 356.20, subdivision 2, or 356.30, subdivision 3, any local police or firefighter's relief association to which section 69.77 applies, or any retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained or supported by any governmental subdivision or public body whose revenues are derived from taxation, fees, assessments or from other public sources.

(g) [QUALIFIED VENDOR.] "Qualified vendor" means an entity licensed or authorized to underwrite, provide, or administer group long-term care insurance benefits in Minnesota.

Subd. 2. [PROGRAM CREATION; GENERAL PROVISIONS.] (a) The commissioner may administer a program to make long-term care coverage available to eligible persons. The commissioner may determine the program's funding arrangements, request bids from qualified vendors, and negotiate and enter into contracts with qualified vendors. Contracts are not subject to the requirements of section 16C.16 or 16C.19. Contracts must be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party.

(b) The program may provide coverage for home, community, and institutional long-term care and any other benefits as determined by the commissioner. Coverage is optional. The enrolled eligible person must pay the full cost of the coverage.

(c) The commissioner shall promote activities that attempt to raise awareness of the need for long-term care insurance among residents of the state and encourage the increased prevalence of long-term care coverage. These activities must include the sharing of knowledge gained in the development of the program.

(d) The commissioner may employ and contract with persons and other entities to perform the duties under this section and may determine their duties and compensation consistent with this chapter.

(e) The benefits provided under this section are not terms and conditions of employment as defined under section 179A.03, subdivision 19, and are not subject to collective bargaining.

(f) The commissioner shall establish underwriting criteria for entry of all eligible persons into the program. Eligible persons who would be immediately eligible for benefits may not enroll.

(g) Eligible persons who meet underwriting criteria may enroll in the program upon hiring and at other times established by the commissioner.

(h) An eligible person enrolled in the program may continue to participate in the program even if an event, such as termination of employment, changes the person's employment status.

(i) Participating public employee pension plans and public employers may provide automatic pension or payroll deduction for payment of long-term care insurance premiums to qualified vendors contracted with under this section.

(j) The premium charged to program enrollees must include an administrative fee to cover all program expenses incurred in addition to the cost of coverage. All fees collected are appropriated to the commissioner for the purpose of administrating the program.

Subd. 3. [ADVISORY COMMITTEE.] (a) The committee consists of:

(1) the executive directors or designees of the Minnesota state retirement system, the public employees retirement association, and the teachers retirement association;

(2) one member of the investment advisory committee of the state board of investment provided under section 11A.08 appointed by the board;

(3) one staff member of the department of human services appointed by the commissioner of human services;

(4) one staff member of the department of commerce appointed by the commissioner of commerce;

(5) one member of the medical community with clinical knowledge of long-term care appointed by the commissioner of employee relations; and

(6) six members representing the interests of eligible persons, including exclusive representatives of employees as defined by section 179A.03, subdivision 8, and unrepresented employees appointed by the commissioner of employee relations.

(b) Appointment to and removal from the committee must be in the manner provided in section 15.059.

(c) The members of the committee described in paragraph (a), clauses (1) to (5), serve without term limits. The terms of members described in paragraph (a), clause (6), are governed by section 15.059, subdivision 2.

(d) Members serve without compensation, but are eligible for reimbursement of expenses in the same manner and amount as authorized under section 43A.18, subdivision 2.

(e) The committee shall advise the commissioner on program issues, including, but not limited to, benefits, coverage, funding, eligibility, enrollment, underwriting, and marketing.

Subd. 4. [LONG-TERM CARE INSURANCE TRUST FUND.] (a) The long-term care insurance trust fund in the state treasury consists of deposits of the premiums received from persons enrolled in the program. All money in the fund is appropriated to the commissioner to pay premiums, claims, refunds, administrative costs, and other related service costs. The commissioner shall reserve an amount of money sufficient to cover the actuarially estimated costs of claims incurred but unpaid. The trust fund must be used solely for the purpose of the program.

(b) The state board of investment shall invest the money in the fund according to section 11A.24. Investment income and losses attributable to the fund must be credited to or deducted from the fund.

Subd. 5. [PRIVATE SOURCES.] This section does not prohibit or limit individuals or local governments from purchasing long-term care insurance through other private sources.

Sec. 77. Minnesota Statutes 1998, section 138.17, subdivision 7, is amended to read:

Subd. 7. [RECORDS MANAGEMENT PROGRAM.] A records management program for the application of efficient and economical management methods to the creation, utilization, maintenance, retention, preservation, and disposal of official records shall be administered by the commissioner of administration with assistance from the director of the historical society. The state records center which stores and services state records not in state archives shall be administered by the commissioner of administration. The commissioner of administration is empowered to (1) establish standards, procedures, and techniques for effective management of government records, (2) make continuing surveys of paper work operations, and (3) recommend improvements in current records management practices including the use of space, equipment, and supplies employed in creating, maintaining, preserving and disposing of government records. It shall be the duty of the head of each state agency and the governing body of each county, municipality, and other subdivision of government to cooperate with the commissioner in conducting surveys and to establish and maintain an active, continuing program for the economical and efficient management of the records of each agency, county, municipality, or other subdivision of government. When requested by the commissioner, public officials shall assist in the preparation of an inclusive inventory of records in their custody, to which shall be attached a schedule, approved by the head of the governmental unit or agency having custody of the records and the commissioner, establishing a time period for the retention or disposal of each series of records. When the schedule is unanimously approved by the records disposition panel, the head of the governmental unit or agency having custody of the records may dispose of the type of records listed in the schedule at a time and in a manner prescribed in the schedule for particular records which were created after the approval. A list of records disposed of pursuant to this subdivision shall be forwarded to the commissioner and the archivist by the head of the governmental unit or agency. The archivist shall maintain a list of all records destroyed.

Sec. 78. Minnesota Statutes 1998, section 138.17, subdivision 8, is amended to read:

Subd. 8. [EMERGENCY RECORDS PRESERVATION.] In light of the danger of nuclear or natural disaster, the commissioner of administration, with the assistance of the director of the historical society, shall establish and maintain a program for the selection and preservation of public records considered essential to the operation of government and to the protection of the rights and interests of persons, and shall make or cause to be made preservation duplicates or designate as preservation duplicates existing copies of such essential public records. Preservation duplicates shall be durable, accurate, complete, and clear, and such duplicates reproduced by photographic or other process which accurately reproduces and forms a durable medium for so reproducing the original shall have the same force and effect for all purposes as the original record whether the original record is in existence or not. A transcript, exemplification, or certified copy of such preservation duplicate shall be deemed for all purposes to be a transcript, exemplification, or certified copy of the original record. Such preservation duplicates shall be preserved in the place and manner of safekeeping prescribed by the commissioner.

Every county, municipality, or other subdivision of government may institute a program for the preservation of necessary documents essential to the continuity of government. Such a program shall first be submitted to the commissioner for approval or disapproval and no such program shall be instituted until such approval is obtained.

Sec. 79. Minnesota Statutes 1998, section 192.49, subdivision 3, is amended to read:

Subd. 3. [ALLOWANCES FOR MILITARY EXPENSE.] (a) Allowances for the necessary military expenses of all organizations, units, or detachments of the military forces, including clerk hire, office supplies, postage, and other actual outlay, ~~shall~~ may be paid by the adjutant general out of the funds appropriated for the maintenance of the military forces~~, such~~. These allowances annually may not ~~to~~ exceed:

(1) for the state headquarters and for the division headquarters when located in this state ~~$2,000~~ $2,500 each;

(2) $3,000 ~~a year~~ for the commanding general of troops;

(3) for any other organization commanded by a general officer ~~$1,000 plus $100 for each immediately and directly subordinate organization or unit~~ $2,200;

(4) for any brigade, group, battalion, squadron, or equivalent organization ~~$200~~ $500 plus $100 for each immediately and directly subordinate organization or unit; and ~~$300~~

(5) $600 for incidental expenses of each company, battery, or detachment~~; and at the time of the annual encampment or maneuvers, for each division or camp headquarters mess $200; for each officers' mess of a regiment, group, or higher headquarters $200; and for the officers' mess of each battalion or equivalent headquarters $100~~.

(b) Allowances authorized under this section shall be expended and accounted for as prescribed by the ~~commander-in-chief in orders or rules~~ adjutant general.

Sec. 80. Minnesota Statutes 1998, section 197.79, subdivision 10, is amended to read:

Subd. 10. [DEADLINE FOR APPLICATIONS.] The application period for the bonus program established in this section shall be November 1, 1997, to June 30, ~~1999~~ 2001. The department may not receive or accept new applications after June 30, ~~1999~~ 2001.

Sec. 81. Minnesota Statutes 1998, section 202A.18, is amended by adding a subdivision to read:

Subd. 2a. [PREFERENCE BALLOT.] Prior to the opening of nominations for the election of permanent offices and delegates, a ballot must be distributed to permit caucus participants to indicate their preference for the offices of president of the United States or governor. The results of preference voting must be reported to the secretary of state immediately upon conclusion of the voting, in the manner provided by the secretary of state. The secretary of state shall provide the appropriate forms to the party for reporting the results.

Sec. 82. Minnesota Statutes 1998, section 202A.20, subdivision 2, is amended to read:

Subd. 2. [REPORTING CAUCUS RESULTS.] The secretary of state ~~may provide a method for the timely reporting of caucus results to the public~~ shall promptly report to the public the results of preference balloting at the precinct caucuses.

Sec. 83. Minnesota Statutes 1998, section 204B.25, subdivision 2, is amended to read:

Subd. 2. [RULES OF SECRETARY OF STATE.] The secretary of state shall adopt rules establishing ~~a program~~ programs for the training of county auditors, local election officials, and election judges by county auditors as required by this section.

Sec. 84. Minnesota Statutes 1998, section 204B.25, is amended by adding a subdivision to read:

Subd. 4. [TRAINING FOR LOCAL ELECTION OFFICIALS.] At least once every two years, the county auditor shall conduct training sessions for the municipal and school district clerks in the county. The training sessions must be conducted in the manner provided by the secretary of state. No local election official may administer an election without receiving training from the county auditor.

Sec. 85. Minnesota Statutes 1998, section 204B.27, is amended by adding a subdivision to read:

Subd. 10. [TRAINING FOR COUNTY AUDITORS; TRAINING MATERIALS.] The secretary of state shall develop a training program in election administration for county auditors and shall certify each county auditor who successfully completes the training program. The secretary of state shall provide each county auditor with materials for use in training local election officials and election judges.

Sec. 86. Minnesota Statutes 1998, section 204B.28, subdivision 1, is amended to read:

Subdivision 1. [~~TRAINING PROGRAM FOR~~ MEETING WITH ELECTION OFFICIALS.] At least 12 weeks before each ~~state primary~~ regularly scheduled general election, each county auditor shall conduct a ~~training program for~~ meeting with local election officials to review the procedures for the election. The county auditor may require ~~the municipal clerks and~~ the chairs of the election boards in the county to ~~meet for this training program before the election at a time and place set by the county auditor. The training program shall include instruction in election procedures and the duties of municipal clerks and election judges. The chairs of the election boards shall be compensated by the municipalities for the incidental expenses incurred by them to attend a training program~~ attend this meeting.

Sec. 87. Minnesota Statutes 1998, section 240A.09, is amended to read:

240A.09 [PLAN DEVELOPMENT; CRITERIA.]

The Minnesota amateur sports commission shall develop a plan to promote the development of proposals for new statewide public ice facilities including proposals for ice centers and matching grants based on the criteria in this section.

(a) For ice center proposals, the commission will give priority to proposals that come from more than one local government unit. Institutions of higher education are not eligible to receive a grant.

(b) In the metropolitan area as defined in section 473.121, subdivision 2, the commission is encouraged to give priority to the following proposals:

(1) proposals for construction of two or more ice sheets in a single new facility;

(2) proposals for construction of an additional sheet of ice at an existing ice center;

(3) proposals for construction of a new, single sheet of ice as part of a sports complex with multiple sports facilities; and

(4) proposals for construction of a new, single sheet of ice that will be expanded to a two-sheet facility in the future.

(c) The commission shall administer a site selection process for the ice centers. The commission shall invite proposals from cities or counties or consortia of cities. A proposal for an ice center must include matching contributions including in-kind contributions of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking.

(d) Proposals for ice centers and matching grants must provide for meeting the demand for ice time for female groups by offering up to 50 percent of prime ice time, as needed, to female groups. For purposes of this section, prime ice time means the hours of 4:00 p.m. to 10:00 p.m. Monday to Friday and 9:00 a.m. to 8:00 p.m. on Saturdays and Sundays.

(e) The location for all proposed facilities must be in areas of maximum demonstrated interest and must maximize accessibility to an arterial highway.

(f) To the extent possible, all proposed facilities must be dispersed equitably, must be located to maximize potential for full utilization and profitable operation, and must accommodate noncompetitive family and community skating for all ages.

(g) The commission may also use the ~~funds~~ money to upgrade current facilities, purchase girls' ice time, or conduct amateur women's hockey and other ice sport tournaments.

(h) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

(i) To the extent possible, technical assistance shall be provided to Minnesota communities by the commission on ice arena planning, design, and operation, including the marketing of ice time.

(j) A grant for new facilities may not exceed $250,000.

(k) The commission may ~~use funds~~ make grants for rehabilitation and renovation ~~grants~~. A rehabilitation or renovation grant may not exceed $100,000. Priority must be given to grant applications for indoor air quality improvements, including zero emission ice resurfacing equipment.

~~(k)~~ (l) Grant ~~funds~~ money may be used for ice centers designed for sports other than hockey.

(m) Grant money may be used to upgrade existing facilities to comply with the bleacher safety requirements of section 16B.616.

Sec. 88. [240A.12] [GRANTS FOR ATHLETIC FACILITIES AND PROGRAMS.]

Subdivision 1. [GRANTS.] The commission may make matching grants to political subdivisions of the state:

(1) to acquire and better public land and buildings and other public improvements of a capital nature to be used for community facilities and related infrastructure primarily for amateur athletics;

(2) to renovate existing facilities used primarily for amateur athletics;

(3) to support recreational programs for children and adolescents; and

(4) to support special events involving amateur athletics.

Subd. 2. [GEOGRAPHIC DISPERSAL.] To the extent possible, over time, the commission shall disperse grants equally among the state's congressional districts and award one-half of all grants to communities or institutions outside the metropolitan area as defined in section 473.121, subdivision 2.

Subd. 3. [MAXIMUM GRANTS AND MATCHING CONTRIBUTIONS.] Each grant under this section must be matched by recipient communities or institutions in accordance with this subdivision. A matching contribution may include an in-kind contribution of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking. A grant for new facilities may not exceed $100,000 and must be matched by the recipient at a rate of four times the amount of the grant. A grant for renovation of existing facilities may not exceed $50,000 and must be matched equally by the recipient. A grant for recreational programs may not exceed $20,000 and must be matched equally by the recipient. A grant for a special event or program may not exceed $100,000 and must be matched equally by the recipient.

Sec. 89. Minnesota Statutes 1998, section 297F.08, is amended by adding a subdivision to read:

Subd. 8a. [REVOLVING ACCOUNT.] A heat applied cigarette tax stamp revolving account is created. The commissioner shall use the amounts in this fund to purchase heat applied stamps for resale. The commissioner shall charge distributors for the tax value of the stamps they receive along with the commissioner's cost to purchase the stamps and ship them to the distributor. The stamp purchase and shipping costs recovered must be credited to the revolving account and are appropriated to the commissioner for the further purchases and shipping costs. The revolving account is initially funded by a $40,000 transfer from the department of revenue.

Sec. 90. [325F.015] [UNSAFE BLEACHERS.]

A person shall not manufacture, sell, distribute, or install bleachers within this state that do not comply with section 16B.616. For purposes of this section, "person" means an individual, public or private entity, however organized, or a unit of state or local government.

Sec. 91. Minnesota Statutes 1998, section 325K.03, is amended by adding a subdivision to read:

Subd. 4. [CERTIFICATION PRACTICE STATEMENT.] The secretary in the role of licensed certification authority may adopt and amend a certification practice statement without using the provisions of chapter 14.

Sec. 92. Minnesota Statutes 1998, section 325K.04, is amended to read:

325K.04 [FEES.]

(a) The secretary ~~may adopt rules establishing~~ shall set reasonable fees for all services rendered under this chapter, in amounts sufficient to compensate for the costs of all services provided by the secretary under this chapter. ~~All fees recovered by the secretary must be deposited in the state general fund.~~ Until July 1, 2001, the fees need not be set by rule.

(b) The digital signature account is created in the special revenue fund. All fees recovered by the secretary must be deposited in the digital signature account. Money in the digital signature account is appropriated to the secretary to pay the costs of all services provided by the secretary.

Sec. 93. Minnesota Statutes 1998, section 325K.05, subdivision 1, is amended to read:

Subdivision 1. [LICENSE CONDITIONS.] To obtain or retain a license, a certification authority must:

(1) be the subscriber of a certificate published in a recognized repository;

(2) employ as operative personnel only persons who have not been convicted within the past 15 years of a felony or a crime involving fraud, false statement, or deception;

(3) employ as operative personnel only persons who have demonstrated knowledge and proficiency in following the requirements of this chapter;

(4) file with the secretary a suitable guaranty, unless the certification authority is a department, office, or official of a federal, state, city, or county governmental entity that is self-insured;

(5) use a trustworthy system, including a secure means for limiting access to its private key;

(6) present proof to the secretary of having working capital reasonably sufficient, according to rules adopted by the secretary, to enable the applicant to conduct business as a certification authority;

(7) register its business organization with the secretary, unless the applicant is a governmental entity or is otherwise prohibited from registering; ~~and~~

(8) require a potential subscriber to appear in person before the certification authority, or an agent of the certification authority, to prove the subscriber's identity before a certificate is issued to the subscriber; and

(9) comply with all further licensing requirements established by rule by the secretary.

The secretary may, by rule, establish standards by which the in-person registration required in clause (8) may be waived.

Sec. 94. Minnesota Statutes 1998, section 325K.09, is amended by adding a subdivision to read:

Subd. 3. [ACCEPTANCE.] A recipient who accepts a digital signature when the certificate was issued by a licensed certification authority becomes a party to and accepts all of the terms and conditions of the licensed certification authority's certification practice statement.

Sec. 95. Minnesota Statutes 1998, section 325K.10, subdivision 5, is amended to read:

Subd. 5. [ORDER OF SUSPENSION OR REVOCATION.] The secretary may order the licensed certification authority to suspend or revoke a certificate that the certification authority issued if, after giving any required notice and opportunity for the certification authority and subscriber to be heard in accordance with the Administrative Procedure Act, chapter 14, the secretary determines that:

(1) the certificate was issued without substantial compliance with this section; and

(2) the noncompliance poses a significant risk to persons reasonably relying on the certificate.

Upon determining that an emergency requires an immediate remedy, and in accordance with the Administrative Procedure Act, chapter 14, the secretary may issue an order suspending a certificate for a period not to exceed ~~48~~ 96 hours.

Sec. 96. Minnesota Statutes 1998, section 325K.14, is amended by adding a subdivision to read:

Subd. 9. [ADMINISTRATIVE PROCEDURES.] For purposes of this section, the provisions of chapter 14 do not apply when the secretary acts as a licensed certification authority for governmental entities.

Sec. 97. Minnesota Statutes 1998, section 325K.15, is amended by adding a subdivision to read:

Subd. 8. [ADMINISTRATIVE PROCEDURES.] For purposes of this section, the provisions of chapter 14 do not apply when the secretary acts as a licensed certification authority for governmental entities.

Sec. 98. Minnesota Statutes 1998, section 349.163, subdivision 4, is amended to read:

Subd. 4. [INSPECTION OF MANUFACTURERS.] Employees of the board and the division of alcohol and gambling enforcement may inspect the books, records, inventory, and business premises of a licensed manufacturer without notice during the normal business hours of the manufacturer. The board may charge a manufacturer for the actual cost of conducting scheduled or unscheduled inspections of the manufacturer's facilities, where the amount charged to the manufacturer for such inspections in any year does not exceed $7,500. The board shall deposit in a separate account in the state treasury all money received as reimbursement for the costs of inspections. ~~Until July 1, 1999,~~ Money in the account is appropriated to the board to pay the costs of the inspections.

Sec. 99. Laws 1993, chapter 192, section 16, is amended to read:

Sec. 16. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	326,000	334,000

Any unencumbered balance of the appropriation for the first year does not cancel and is available for use in the second year.

$75,000 the first year and $82,000 the second year are to create a memorial to Hubert H. Humphrey in the capitol area. Of these amounts, up to $75,000 may be used by the board to select an appropriate site for the memorial. ~~$82,000 is available only as matched, one state dollar for three dollars, by contributions from~~

~~nonstate sources.~~ The board shall establish design requirements, choose the design, and oversee construction of the memorial. In establishing the memorial, the board may accept money from nonstate sources and contract with other private or public agencies. The appropriation is available until expended.

Sec. 100. Laws 1994, chapter 643, section 69, subdivision 1, is amended to read:

Subdivision 1. [TASK FORCE MEMBERSHIP.] ~~An 18-member~~ A 19-member planning task force for library and information services shall be established and shall be composed of: three representatives appointed by the chancellor of the higher education board, one of whom may be serving on the MINITEX advisory committee; two representatives appointed by the president of the University of Minnesota, one of whom may be serving on the MINITEX advisory committee; one representative appointed by the president of the Minnesota private college council; the director of MINITEX; one representative appointed by the commissioner of finance; one representative appointed by the commissioner of administration; one representative appointed by the executive director of the Minnesota higher education coordinating board; the director of the office of library development and services; five representatives of public libraries appointed by the director of library development and services; two representatives of elementary and secondary schools appointed by the commissioner of education; and one representative appointed by the governor. The executive director of the Minnesota higher education coordinating board shall confer with the other appointing authorities to ensure that at least one-half of the task force members are employed in occupations unrelated to library science. The executive director of the Minnesota higher education coordinating board shall convene the first meeting of the task force.

Sec. 101. Laws 1995, First Special Session chapter 3, article 12, section 7, subdivision 1, as amended by Laws 1997, First Special Session chapter 4, article 9, section 2, and Laws 1998, chapter 270, section 4, is amended to read:

Subdivision 1. [STATE COUNCIL MEMBERSHIP.] The membership of the Minnesota education telecommunications council established in Laws 1993, First Special Session chapter 2, is expanded to include representatives of elementary and secondary education. The membership shall consist of three representatives from the University of Minnesota; three representatives of the board of trustees for Minnesota state colleges and universities; one representative of the higher education services offices; one representative appointed by the private college council; eight representatives selected by the commissioner of children, families, and learning, at least one of which must come from each of the six higher education telecommunication regions; the ~~director~~ commissioner of ~~the office of technology~~ administration; two members each from the senate and the house of representatives selected by the subcommittee on committees of the committee on rules and administration of the senate and the speaker of the house, one member from each body must be a member of the minority party; and three representatives of libraries, one representing regional public libraries, one representing multitype libraries, and one representing community libraries, selected by the governor. The council shall:

(1) develop a statewide vision and plans for the use of distance learning technologies and provide leadership in implementing the use of such technologies;

(2) recommend to the commissioner and the legislature by December 15, 1996, a plan for long-term governance and a proposed structure for statewide and regional telecommunications;

(3) recommend educational policy relating to telecommunications;

(4) determine priorities for use;

(5) oversee coordination of networks for post-secondary campuses, K-12 education, and regional and community libraries;

(6) review application for telecommunications access grants under Minnesota Statutes, section 124C.74, and recommend to the department grants for funding;

(7) determine priorities for grant funding proposals; and

(8) work with the office of technology to ensure consistency of the operation of the learning network with standards of an open system architecture.

The council shall consult with representatives of the telecommunication industry in implementing this section.

Sec. 102. Laws 1995, First Special Session chapter 3, article 12, section 10, is amended to read:

Sec. 10. [ELECTRONIC COST REDUCTION.]

The commissioner of education shall identify methods to reduce the costs of Internet access for school districts. The commissioner shall work in conjunction with ~~MNet~~ the state information infrastructure, the department of administration, and the telecommunication industry to provide Internet access and long distance phone service at a favorable group rate.

Sec. 103. Laws 1997, chapter 202, article 2, section 61, is amended to read:

Sec. 61. [VOLUNTARY UNPAID LEAVE OF ABSENCE.]

Appointing authorities in state government ~~shall encourage~~ may allow each employee to take an unpaid leave of absence for up to 160 hours during the period ending June 30, ~~1999~~ 2001. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to applicable provisions of collective bargaining agreements and compensation plans.

Sec. 104. Laws 1998, chapter 366, section 2, is amended to read:

Sec. 2. LEGISLATURE 25,000

This appropriation is to the legislative coordinating commission for a grant to the Council of State Governments to organize and fund a series of meetings between members of the Minnesota legislature and members of the Manitoba and Ontario parliaments. ~~Approximately~~ Up to six members of each body may attend the meetings. Meetings may involve all three bodies or the legislature and one of the parliaments. The meetings shall be at the capital cities of the state or of the provinces. This appropriation is available until June 30, 2000.

Sec. 105. [URBAN DEVELOPMENT ENVIRONMENTAL STEERING COMMITTEE.]

Subdivision 1. [COMMITTEE; DEFINITION.] (a) The environmental quality board shall establish an urban development environmental steering committee consisting of representatives of developers, environmental interests, agricultural landowners, and other stakeholders. The urban development environmental steering committee shall advise the environmental quality board on the scope and content of the generic environmental impact statement required in subdivision 2.

(b) Compensation of members and reimbursement of their expenses is governed by Minnesota Statutes, section 15.059. The committee expires upon completion of the generic environmental impact statement required in subdivision 2 and presentation of the report to the legislature.

(c) For the purposes of this section, "urban development" means development in:

(1) cities with more than 15,000 population; and

(2) areas with densities greater than 200 people per square mile in proximity to cities with more than 15,000 population.

Subd. 2. [GENERIC ENVIRONMENTAL IMPACT STATEMENT.] A generic environmental impact statement must be prepared under the direction of the environmental quality board to examine the long-term effects of urban development, past, present, and future, upon the economy, environment, and way of life of the residents of this state. The study may address:

(1) the overall dimension of urban development in this state, including the past and current trends of settlement and population growth, the types and location of urban development, and the relationship of past and current development patterns to existing land use policies;

(2) environmental quality issues associated with urban development such as the effects of urban development on air, groundwater, surface water, and land, including the impact of urban development on the loss of agricultural land in urbanizing areas;

(3) economic issues such as the comparative economic impact of alternative means of urban development, including the economic efficiency of the alternatives;

(4) social issues such as the comparative social impact of alternative means of urban development; and

(5) the roles of various units of government in regulating various aspects of land use decisions.

Sec. 106. [STATE TRAVEL OFFICE.]

Subdivision 1. [STUDY.] The commissioner of administration shall study the feasibility and potential advantages of establishing a state travel office in the executive branch to manage and oversee arrangements for air and surface travel by state employees and officials. In conducting the study, the commissioner shall consider travel procedures currently used by the state in comparison with those used by the federal government, other states, and private businesses.

Subd. 2. [ISSUES.] The study required by subdivision 1 must address, at a minimum:

(1) the relative merits of central versus decentralized management and oversight of travel;

(2) current procedures used by the legislative, judicial, and executive branches of the state as well as the Minnesota state colleges and universities and the University of Minnesota;

(3) statutory and other authority necessary to manage and oversee state travel;

(4) the relative merits of state operation of travel services versus the provision of travel services by travel agencies under contract;

(5) the use of one travel agency versus several preferred agencies;

(6) the criteria used in selecting the preferred agencies;

(7) managing frequent-flier miles versus other options; and

(8) the use of Internet-based travel authorization and booking versus traditional methods.

Subd. 3. [REPORT.] The commissioner shall report to the legislature on the conclusions of the study by January 15, 2000. The report must include recommendations for any legislation that might be necessary to implement the report's conclusions.

Sec. 107. [BUDGET PRINCIPLES; BUDGET REVIEW.]

Subdivision 1. [PRINCIPLES.] The legislative commission on planning and fiscal policy shall establish principles and standards related to budgeting that simplify the process, minimize the number of state funds and special accounts, and are consistent with generally accepted accounting principles. The principles must define when it is appropriate to create special or dedicated funds and accounts, when it is appropriate to create open appropriations from the general fund and open appropriations of dedicated receipts, and the appropriate level of budgetary reserves.

Subd. 2. [REVIEW OF PAST BUDGET ACTIONS.] With the assistance of the commissioner of finance and staff of the house and senate, the commission shall:

(1) review the biennial budget instructions issued by the commissioner of finance for the 2000-2001 biennial budget, specifically instructions on how to establish the budget base, the inflation factors used, how to calculate caseload adjustments, and related program requirements;

(2) review all statutory open and standing appropriations and identify any that are inconsistent with the commission's principles;

(3) review all reserve accounts and the level of reserves and identify any that are inconsistent with the commission's principles; and

(4) review other related issues as deemed appropriate by the commission.

Subd. 3. [PROCESS TO REVIEW FUTURE BUDGET ACTIONS.] The commission, in consultation with the commissioner of finance, shall develop and recommend to the legislature a process whereby a bill that affects the budget may be reviewed to determine whether the appropriations and accounts it creates are consistent with the principles adopted by the commission. The commission shall consider how this review should be coordinated or integrated with the process for creating fiscal notes and whether the review should be done by staff of the executive branch or by staff of the legislative branch.

Subd. 4. [REPORT.] The commission shall report the principles and standards it has established, the results of its review of past budget actions, and its recommended process for reviewing future budget actions to the legislature and the governor by December 1, 1999.

Sec. 108. [LOAN REPAYMENT.]

The loan made by the Minneapolis community development agency to the Minneapolis park and recreation board in 1986 to acquire property for the central riverfront regional park must not be repaid by any funds from the state of Minnesota or funds of political subdivisions of the state, including the metropolitan council.

Sec. 109. [EMPLOYEE ASSISTANCE PROGRAM; TRANSFER.]

Responsibility for the state employee assistance program under Minnesota Statutes, section 16B.39, subdivision 2, is transferred from the commissioner of administration to the commissioner of employee relations under Minnesota Statutes, section 15.039.

Sec. 110. [OFFICE OF TECHNOLOGY; TRANSFER.]

In accordance with Minnesota Statutes, sections 15.039 and 43A.045, the responsibilities of the executive director of the office of technology under Minnesota Statutes, chapter 16E, and otherwise, are transferred to the commissioner of administration.

Sec. 111. [INSTRUCTION TO REVISOR.]

(a) The revisor of statutes shall renumber Minnesota Statutes, section 256.482, subdivision 5a, as Minnesota Statutes, section 16B.055, subdivision 2, and renumber the existing text of Minnesota Statutes, section 16B.055, as subdivision 1.

(b) In the next edition of Minnesota Statutes, the revisor of statutes shall change the term "executive director of the office of technology" to "commissioner of administration" and the term "executive director," wherever it refers to the executive director of the office of technology, to "commissioner."

(c) The revisor of statutes shall renumber Minnesota Statutes, section 16B.39, subdivision 2, in chapter 43A.

Sec. 112. [REPEALER.]

(a) Minnesota Rules, part 8275.0045, subpart 2, is repealed.

(b) Minnesota Statutes 1998, sections 16A.103, subdivision 3; 16E.11; 16E.12; and 16E.13, are repealed.

(c) Laws 1991, chapter 235, article 5, section 3, as amended by Laws 1995, chapter 254, article 1, section 91, is repealed.

(d) Minnesota Statutes 1998, section 16A.1285, subdivisions 4 and 5, are repealed.

(e) Minnesota Statutes 1998, sections 207A.01; 207A.02; 207A.03; 207A.04; 207A.06; 207A.07; 207A.08; 207A.09; and 207A.10, are repealed.

Sec. 113. [EFFECTIVE DATE.]

(a) Section 41 is effective January 1, 2001. Section 43 is effective July 1, 2000, with respect to preparation of the model policies and procedures by the commissioner of administration, and January 1, 2001, with respect to the other provisions of section 43.

(b) Sections 60 to 62 and 90 are effective January 1, 2001.

(c) Sections 45 and 91 to 97 are effective the day following final enactment.

(d) Sections 46, 47, and 112, paragraph (d), are effective July 1, 2001.

(e) Sections 56, 58, 59, and 102 are effective April 30, 2000. Sections 56, 58, 59, and 102 do not affect any valid contracts executed before the effective date of sections 56, 58, 59, and 102.

ARTICLE 2

YEAR 2000

Section 1. Minnesota Statutes 1998, section 12.31, subdivision 2, is amended to read:

Subd. 2. [DECLARATION OF PEACETIME EMERGENCY.] The governor may declare a peacetime emergency. A peacetime declaration of emergency may be declared only when an act of nature, a technological failure or malfunction, a terrorist incident, an industrial accident, a hazardous materials accident, or a civil disturbance endangers life and property and local government resources are inadequate to handle the situation. It must not be continued for more than five days unless extended by resolution of the executive council up to 30 days. An order, or proclamation declaring, continuing, or terminating an emergency must be given prompt and general publicity and filed with the secretary of state.

Sec. 2. Minnesota Statutes 1998, section 12.37, is amended to read:

12.37 [POLITICAL SUBDIVISIONS, AUTHORITY TO ENTER INTO CONTRACTS.]

During an emergency or disaster, each political subdivision, notwithstanding any statutory or charter provision to the contrary, and through its governing body acting within or without the corporate limits of the political subdivision, may:

(1) enter into contracts and incur obligations necessary to combat the disaster by protecting the health and safety of persons and property and by providing emergency assistance to the victims of the disaster; and

(2) exercise the powers vested by this subdivision in the light of the exigencies of the disaster without compliance with time-consuming procedures and formalities prescribed by law pertaining to:

(i) the performance of public work;

(ii) entering into contracts;

(iii) incurring of obligations;

(iv) employment of temporary workers;

(v) rental of equipment;

(vi) purchase of supplies and materials;

(vii) limitations upon tax levies; and

(viii) the appropriation and expenditure of public funds, for example, but not limited to, publication of ordinances and resolutions, publication of calls for bids, provisions of civil service laws and rules, provisions relating to low bids, and requirements for budgets.

The failure or malfunction of public infrastructure or systems critical to the delivery of municipal services due to year 2000 problems with computers and electronically controlled devices shall constitute an emergency for the purposes of this section.

Sec. 3. [604B.01] [YEAR 2000 ACTIVITIES; IMMUNITY.]

Subdivision 1. [DEFINITIONS.] For the purpose of this section, the terms defined in this section have the meanings given them.

Subd. 2. [ASSOCIATION.] "Association" means a trade, professional, governmental, or similar organization the members of which are individuals, enterprises, or governmental units engaged in similar lines of business, services, or activity.

Subd. 3. [STATE AGENCY.] "State agency" means the University of Minnesota, Minnesota state colleges and universities, and the departments, boards, agencies, and commissions in the executive, judicial, and legislative branches.

Subd. 4. [YEAR 2000 SOLUTION INFORMATION.] "Year 2000 solution information" means information related to solutions that address the inability of computer systems, software, or electronically controlled devices to recognize certain dates in 1999 and after December 31, 1999. That inability may cause disruptions in electronic communications or the functioning of electronically controlled equipment resulting or reasonably anticipated to result from erroneous data that is or may be supplied by electronic devices.

Subd. 5. [ASSOCIATION AND RELATED IMMUNITY.] No cause of action may be maintained against an association for damages or harm resulting from the collection of year 2000 solution information or the publication of that information or against any person or entity for providing year 2000 solution information to the association.

Subd. 6. [STATE AGENCY IMMUNITY.] No cause of action may be maintained against a state agency for damages or harm resulting from the collection of year 2000 solution information or the publication of that information.

Subd. 7. [GOVERNMENTAL UNIT IMMUNITY.] No cause of action may be maintained against a governmental unit as defined in section 462.384, subdivision 2, including governmental units acting jointly under section 471.59, for damages or harm resulting from the collection, publication, or dissemination of year 2000 solution information to other governmental units or to the metropolitan council or agencies.

Subd. 8. [EXCEPTION.] Subdivisions 5 to 7 do not apply if the party against whom the claim is brought knew in fact that the year 2000 solution information provided was materially false.

Subd. 9. [NO IMPLIED CAUSE OF ACTION CREATED.] No liability on the part of any person or any public or private entity is implied or created by this section by the absence of a grant of immunity under this section.

Sec. 4. [EMERGENCIES.]

(a) The governor may declare an emergency under this section for purposes of Minnesota Statutes, sections 12.31, 12.36, and 12.37. The governor may declare an emergency under authority of this section only to the extent that actual or potential failure of computers or electronically controlled devices creates an actual or imminent serious threat to the health or safety of persons or an actual or imminent threat of catastrophic loss to property or the environment.

(b) A declaration for purposes of Minnesota Statutes, section 12.31, must be made according to procedures in that section.

(c) The governor may declare an emergency under this section for purposes of Minnesota Statutes, section 12.36 or 12.37, without declaring a peacetime emergency under Minnesota Statutes, section 12.31. A declaration for purposes of Minnesota Statutes, section 12.36 or 12.37, may specify that it applies to all or certain units of state or local government, must specify the time period for which it applies, and must be filed with the secretary of state.

(d) This section is in addition to and does not limit authority granted to the governor or local government officials by Minnesota Statutes, chapter 12, or other law.

(e) After April 1, 2000, the governor may not use this section as authority to declare an emergency.

(f) If an emergency is declared under authority of this section, a unit of state or local government may omit compliance with the procedures and law listed in Minnesota Statutes, sections 12.36, paragraph (a), clause (2), and 12.37, clause (2), only to the extent necessary to protect health and safety of persons or avoid catastrophic loss to property or the environment. A unit of state or local government must report to the year 2000 project office in the department of administration on omitting compliance with procedures and laws. The report must be filed within 30 days of the action that did not comply with the customary laws.

Sec. 5. [YEAR 2000 PROBLEM REPORTS.]

All electric utilities, as defined in Minnesota Statutes, section 216B.38, subdivision 5, and telephone companies, as defined in Minnesota Statutes, section 237.01, subdivisions 2 and 3, must file status reports on year 2000 problems with the public utilities commission and the department of public service, with a copy to the division of emergency management of the department of public safety, on July 1 and October 1, 1999. The status report must include a statement of the percentage of the assessment phase that has been completed to date, the percentage of the remediation phase that has been completed to date, and the percentage of the testing of corrective actions phase that has been complete to date. The foregoing questions, along with others deemed appropriate, must be included in Y2K status report form that must be provided by the department of public safety, division of emergency management. If a report indicates that all year 2000 problems have been remediated, an entity need not file a subsequent report unless there has been a change.

Sec. 6. [YEAR 2000 PROBLEM EXEMPTION FROM UNIFORM MUNICIPAL CONTRACTING LAW.]

Subdivision 1. [MUNICIPAL CONTRACTS.] Minnesota Statutes, section 471.345, does not apply to the purchase or rental of supplies, materials, and equipment nor to the construction, alteration, repair, and maintenance of real or personal property if the governing body of a municipality determines that there is an urgency due to the actual or potential failure or malfunction of public infrastructure or systems critical to the delivery of municipal services due to year 2000 problems with computers and electronically controlled devices.

Subd. 2. [SPECIAL PROCEDURE.] A contract exempted from Minnesota Statutes, section 471.345, by subdivision 1 may, at the discretion of the municipality, be made by direct negotiation by obtaining two or more quotations or in the open market. All quotations shall be kept on file for a period of at least one year after receipt.

Subd. 3. [APPLICABILITY OF OTHER LAWS.] This section supersedes any inconsistent law.

Subd. 4. [REPORTS.] A municipality must report to the year 2000 project office in the department of administration on each instance in which it omitted compliance with the uniform municipal contracting law under authority of this section.

Subd. 5. [EXPIRATION.] This section applies only to a contract entered into or goods or services purchased before April 1, 2000.

Sec. 7. [YEAR 2000 PROBLEM; LOCAL GOVERNMENT DEBT.]

Subdivision 1. [SCOPE.] For the purpose of this section, the terms defined in subdivisions 2 to 4 have the meanings given them.

Subd. 2. [YEAR 2000 PROBLEM.] "Year 2000 problem" means disruptions in electronic communications or the functioning of electronically controlled equipment resulting or reasonably anticipated to result from erroneous data that is or may be supplied by electronic devices in 1999 or on or after January 1, 2000.

Subd. 3. [POLITICAL SUBDIVISION.] "Political subdivision" means a home rule charter city, a statutory city, a school district, a county, a town, the metropolitan council, or any local governmental entity authorized by general or special law or charter to own and operate electronically controlled equipment.

Subd. 4. [YEAR 2000 PROBLEM REMEDIATION COST.] "Year 2000 problem remediation cost" means a cost or expense of any nature incurred by a political subdivision in planning for and taking remedial or preventive action to prepare for or correct the year 2000 problem.

Subd. 5. [AUTHORITY.] Any law or charter provision authorizing a political subdivision to borrow money and incur debt is deemed to include the authority to borrow money and incur that debt for year 2000 problem remediation.

Debt incurred for year 2000 problem remediation is not subject to debt limits and notwithstanding any contrary provision of law or charter provision, need not be approved by the voters of a political subdivision. A political subdivision not otherwise authorized to borrow money and incur debt may, with approval of the appropriate governmental subdivision with taxing authority, incur debt for year 2000 problem remediation in the same manner and subject to the same limitations as statutory cities. A debt may not be incurred until the year 2000 project office in the department of administration certifies to the commissioner of revenue that the proposed use of the debt is related only to remediation of a year 2000 problem.

Subd. 6. [SUNSET.] The authority to incur debt under this section expires December 31, 2000, provided that debt incurred under this section need not be repaid until December 31, 2005.

Subd. 7. [INTERPRETATION.] This section is to be construed liberally to achieve its purpose.

Sec. 8. [DEPARTMENT OF HEALTH; YEAR 2000 ACTIVITY.]

Subdivision 1. [DEPARTMENT OF HEALTH SURVEY.] The department of health must, by July 30, 1999, survey all hospitals, nursing homes, nontransient noncommunity water systems operated by a public entity, and community water supply systems for year 2000 problems and solutions related to their operations. The department, upon request, must disseminate information about those year 2000 problems and proposed solutions to hospitals, nursing homes, and water supply system operators in a prompt and reasonable manner.

Subd. 2. [STATUS REPORTS.] All hospitals, nursing homes, nontransient noncommunity water systems operated by a public entity, and community water supply systems must file status reports on year 2000 problems with the department of health, with a copy to the division of emergency management of the department of public safety, on July 1 and October 1, 1999. The status report must include a statement of the percentage of the assessment phase that has been completed to date, the percentage of the remediation phase that has been completed to date, and the percentage of the testing of corrective actions phase that has been completed to date. The foregoing questions, along with others deemed appropriate, must be included in a Y2K status report form that must be provided by the department of public safety, division of emergency management. If there has been no change since the previous report, the report may indicate only that no change has occurred.

Sec. 9. [DEPARTMENT OF HUMAN SERVICES; YEAR 2000 ACTIVITY.]

If year 2000 computer problems create a failure or malfunction in the infrastructure or systems used by the department of human services for payment to health care providers under state government programs or counties, the commissioner of human services shall continue to pay all health care providers paid under state government programs or counties by manual warrant or other measures within the statutorily required time period.

Sec. 10. [STATUS REPORTS.]

(a) The recipients of the status reports required by sections 5 and 8, subdivision 2, including the division of emergency management, shall consult with those required to file those reports concerning the form of the report.

(b) All reports provided under sections 5 and 8 shall be considered Year 2000 Readiness Disclosures.

Sec. 11. [USE OF STATUS REPORTS AS EVIDENCE PROHIBITED.]

The status reports required by sections 5 and 8, subdivision 2, may not be used as evidence in any action seeking damages or other relief because of a year 2000 problem.

Sec. 12. [YEAR 2000 LOAN FUND.]

(a) $20,000,000 is appropriated from the general fund in fiscal year 2000 to the commissioner of finance to capitalize a fund, to be used to make loans to school districts; counties; joint powers boards; home rule charter and statutory cities; and towns to meet the costs they incur in addressing year 2000 problems.

(b) A loan may not be made until the year 2000 project office of the department of administration certifies to the commissioner of finance that:

(1) the proposed use of the loan is related only to remediation of a year 2000 problem;

(2) the unit of local government has insufficient resources available to address year 2000 problems; and

(3) the loan would be used to remediate problems that are likely to affect public health and safety or cause catastrophic loss to property or the environment.

(c) The local units of government that received the loans must repay them by June 30, 2001. Interest is payable on the loan at the rate earned by the state on invested treasurer's cash, as determined monthly by the commissioner of finance. Repayments must be deposited in the general fund.

(d) A unit of local government receiving a loan under this section must report to the year 2000 project office in the department of administration within 60 days of receiving the loan. The report must state how the loan was used in accordance with the criteria of paragraph (b).

(e) This appropriation cancels April 1, 2000.

Any canceled money must be deposited in the general fund.

Sec. 13. [COMMISSIONER REVIEW.]

The commissioner of administration, through staff of the Y2K project office, is responsible for reviewing use of emergency authority and emergency funds under this act and shall review reports from state agencies and political subdivisions under sections 4, 5, 6, and 12. If the commissioner determines that funds obtained under section 12 were not used in a manner consistent with the requirements of section 12, paragraph (b), the political subdivision must pay interest on the loan at the rate of 12 percent, compounded annually from the time the loan was received.

Sec. 14. [EFFECTIVE DATE.]

Section 3 is effective the day following final enactment and does not affect or apply to any lawsuit pending on the effective date. Sections 1, 2, and 4 to 13 are effective the day following final enactment.

ARTICLE 3

CONFORMING CHANGES

Section 1. Minnesota Statutes 1998, section 14.131, is amended to read:

14.131 [STATEMENT OF NEED AND REASONABLENESS.]

Before the agency orders the publication of a rulemaking notice required by section 14.14, subdivision 1a, the agency must prepare, review, and make available for public review a statement of the need for and reasonableness of the rule. The statement of need and reasonableness must be prepared under rules adopted by the chief administrative law judge and must include the following to the extent the agency, through reasonable effort, can ascertain this information:

(1) a description of the classes of persons who probably will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule;

(2) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues;

(3) a determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule;

(4) a description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule;

(5) the probable costs of complying with the proposed rule; and

(6) an assessment of any differences between the proposed rule and existing federal regulations and a specific analysis of the need for and reasonableness of each difference.

~~For rules setting, adjusting, or establishing regulatory, licensure, or other charges for goods and services, the statement of need and reasonableness must include the comments and recommendations of the commissioner of finance and must address any fiscal and policy concerns raised during the review process, as required by section 16A.1285.~~

The statement must describe how the agency, in developing the rules, considered and implemented the legislative policy supporting performance-based regulatory systems set forth in section 14.002.

The statement must also describe the agency's efforts to provide additional notification to persons or classes of persons who may be affected by the proposed rule or must explain why these efforts were not made.

The agency must send a copy of the statement of need and reasonableness to the legislative reference library when it becomes available for public review.

Sec. 2. Minnesota Statutes 1998, section 14.23, is amended to read:

14.23 [STATEMENT OF NEED AND REASONABLENESS.]

Before the date of the section 14.22 notice, the agency shall prepare a statement of need and reasonableness, which must be available to the public. The statement of need and reasonableness must include the analysis required in section 14.131 ~~and the comments and recommendations of the commissioner of finance, and must address any fiscal and policy concerns raised during the review process, as required by section 16A.1285~~. The statement must also describe the agency's efforts to provide additional notification to persons or classes of persons who may be affected by the proposed rules or must explain why these efforts were not made. For at least 30 days following the notice, the agency shall afford the public an opportunity to request a public hearing and to submit data and views on the proposed rule in writing.

The agency shall send a copy of the statement of need and reasonableness to the legislative reference library when it becomes available to the public.

Sec. 3. Minnesota Statutes 1998, section 16B.748, is amended to read:

16B.748 [RULES.]

The commissioner may adopt rules for the following purposes:

(1) ~~to set a fee under section 16A.1285 for processing a construction or installation permit or elevator contractor license application;~~

~~(2) to set a fee under section 16A.1285 to cover the cost of elevator inspections;~~

~~(3)~~ to establish minimum qualifications for elevator inspectors that must include possession of a current elevator constructor electrician's license issued by the state board of electricity and proof of successful completion of the national elevator industry education program examination or equivalent experience;

~~(4)~~ (2) to establish criteria for the qualifications of elevator contractors;

~~(5)~~ (3) to establish elevator standards under sections 16B.61, subdivisions 1 and 2, and 16B.64;

~~(6)~~ (4) to establish procedures for appeals of decisions of the commissioner under chapter 14 and procedures allowing the commissioner, before issuing a decision, to seek advice from the elevator trade, building owners or managers, and others knowledgeable in the installation, construction, and repair of elevators; and

~~(7)~~ (5) to establish requirements for the registration of all elevators.

Sec. 4. Minnesota Statutes 1998, section 18.54, is amended to read:

18.54 [LOCAL SALES AND MISCELLANEOUS.]

Subdivision 1. [SERVICES AND FEES.] The commissioner may make small lot inspections or perform other necessary services for which another charge is not specified. For these services the commissioner shall set a fee plus expenses that will recover the cost of performing this service~~, as provided in section 16A.1285~~. The commissioner may set an additional acreage fee for inspection of seed production fields for exporters in order to meet domestic and foreign plant quarantine requirements.

Subd. 2. [VIRUS DISEASE-FREE CERTIFICATION.] The commissioner shall have the authority to provide special services such as virus disease-free certification and other similar programs. Participation by nursery stock growers shall be voluntary. Plants offered for sale as certified virus-free must be grown according to certain procedures in a manner defined by the commissioner for the purpose of eliminating viruses and other injurious disease or insect pests. The commissioner shall collect reasonable fees from participating nursery stock growers for services and materials that are necessary to conduct this type of work~~, as provided in section 16A.1285~~.

Sec. 5. Minnesota Statutes 1998, section 21.92, is amended to read:

21.92 [SEED INSPECTION FUND.]

There is established in the state treasury an account known as the seed inspection fund. Fees and penalties collected by the commissioner under sections 21.80 to 21.92 and interest attributable to money in the account shall be deposited into this account. ~~The rates at which the fees are charged may be adjusted pursuant to section 16A.1285.~~

Sec. 6. Minnesota Statutes 1998, section 60A.964, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The licensing fee for a viatical settlement provider license is $750 for initial licensure and $250 for each annual renewal. ~~The commissioner may adjust the fees as provided under section 16A.1285 to recover the costs of administration and enforcement.~~ The fees must be limited to the cost of license administration and enforcement and must be deposited in the state treasury, credited to a special account, and appropriated to the commissioner.

Sec. 7. Minnesota Statutes 1998, section 60A.972, subdivision 3, is amended to read:

Subd. 3. [FEES.] The licensing fee for a viatical settlement broker is $750 for initial licensure and $250 for each annual renewal. Failure to pay the renewal fee within the time required by the commissioner results in an automatic revocation of the license. ~~The commissioner may adjust the fees as provided under section 16A.1285 to recover the costs of administration and enforcement.~~ The fees must be limited to the cost of license administration and enforcement and must be deposited in the state treasury, credited to a special account, and appropriated to the commissioner.

Sec. 8. Minnesota Statutes 1998, section 97B.025, is amended to read:

97B.025 [ADVANCED HUNTER EDUCATION.]

The commissioner may establish advanced education courses for hunters and trappers. The commissioner, with the approval of the commissioner of finance, may impose a fee not to exceed $10 for each person attending an advanced education course. ~~The commissioner shall establish the fee under section 16A.1285.~~

Sec. 9. Minnesota Statutes 1998, section 103G.301, subdivision 2, is amended to read:

Subd. 2. [PERMIT APPLICATION FEES.] ~~(a)~~ An application for a permit authorized under this chapter, and each request to amend or transfer an existing permit, must be accompanied by a permit application fee to defray the costs of receiving, recording, and processing the application or request to amend or transfer.

~~(b) The application fee for a permit to appropriate water, a permit to construct or repair a dam that is subject to dam safety inspection, a state general permit, or to apply for the state water bank program is $75. The application fee for a permit to work in public waters or to divert waters for mining must be at least $75, but not more than $500, in accordance with a schedule of fees adopted under section 16A.1285.~~

Sec. 10. Minnesota Statutes 1998, section 103I.525, subdivision 9, is amended to read:

Subd. 9. [INCOMPLETE OR LATE RENEWAL.] If a licensee fails to submit all information required for renewal in subdivision 8 or submits the application and information after the required renewal date:

(1) the licensee must include an additional late fee set by the commissioner ~~under section 16A.1285~~; and

(2) the licensee may not conduct activities authorized by the well contractor's license until the renewal application, renewal application fee, late fee, and all other information required in subdivision 8 are submitted.

Sec. 11. Minnesota Statutes 1998, section 103I.531, subdivision 9, is amended to read:

Subd. 9. [INCOMPLETE OR LATE RENEWAL.] If a licensee fails to submit all information required for renewal in subdivision 8 or submits the application and information after the required renewal date:

(1) the licensee must include an additional late fee set by the commissioner ~~under section 16A.1285~~; and

(2) the licensee may not conduct activities authorized by the limited well contractor's license until the renewal application, renewal application fee, and late fee, and all other information required in subdivision 8 are submitted.

Sec. 12. Minnesota Statutes 1998, section 103I.535, subdivision 9, is amended to read:

Subd. 9. [INCOMPLETE OR LATE RENEWAL.] If a licensee fails to submit all information required for renewal in subdivision 8 or submits the application and information after the required renewal date:

(1) the licensee must include an additional late fee set by the commissioner ~~under section 16A.1285~~; and

(2) the licensee may not conduct activities authorized by the elevator shaft contractor's license until the renewal application, renewal application fee, and late fee, and all other information required in subdivision 8 are submitted.

Sec. 13. Minnesota Statutes 1998, section 103I.541, subdivision 5, is amended to read:

Subd. 5. [INCOMPLETE OR LATE RENEWAL.] If a registered person submits a renewal application after the required renewal date:

(1) the registered person must include an additional late fee set by the commissioner ~~under section 16A.1285~~; and

(2) the registered person may not conduct activities authorized by the monitoring well contractor's registration until the renewal application, renewal application fee, late fee, and all other information required in subdivision 4 are submitted.

Sec. 14. Minnesota Statutes 1998, section 115B.49, subdivision 2, is amended to read:

Subd. 2. [REVENUE SOURCES.] Revenue from the following sources must be deposited in the state treasury and credited to the account:

(1) the proceeds of the fees imposed by subdivision 4;

(2) interest attributable to investment of money in the account;

(3) penalties and interest collected under subdivision 4, paragraph ~~(d)~~ (c); and

(4) money received by the commissioner for deposit in the account in the form of gifts, grants, and appropriations.

Sec. 15. Minnesota Statutes 1998, section 115B.49, subdivision 4, is amended to read:

Subd. 4. [REGISTRATION; FEES.] (a) The owner or operator of a drycleaning facility shall register on or before July 1 of each year with the commissioner of revenue in a manner prescribed by the commissioner of revenue and pay a registration fee for the facility. The amount of the fee is:

(1) $500, for facilities with a full-time equivalence of fewer than five;

(2) $1,000, for facilities with a full-time equivalence of five to ten; and

(3) $1,500, for facilities with a full-time equivalence of more than ten.

(b) A person who sells drycleaning solvents for use by drycleaning facilities in the state shall collect and remit to the commissioner of revenue in a manner prescribed by the commissioner of revenue, on or before the 20th day of the month following the month in which the sales of drycleaning solvents are made, a fee of:

(1) $3.50 for each gallon of perchloroethylene sold for use by drycleaning facilities in the state; and

(2) 70 cents for each gallon of hydrocarbon-based drycleaning solvent sold for use by drycleaning facilities in the state.

(c) ~~The commissioner shall, after a public hearing but notwithstanding section 16A.1285, subdivision 4, annually adjust the fees in this subdivision as necessary to maintain annual income of at least:~~

~~(1) $600,000 beginning July 1, 1997;~~

~~(2) $700,000 beginning July 1, 1998; and~~

~~(3) $800,000 beginning July 1, 1999.~~

~~Any adjustment under this paragraph must be prorated among all the fees in this subdivision. After adjustment under this paragraph, the fees in this subdivision must not be greater than two times their original amount. The commissioner shall notify the commissioner of revenue of an adjustment under this paragraph no later than March 1 of the year in which the adjustment is to become effective. The adjustment is effective for sales of drycleaning solvents made, and annual registration fees due, beginning on July 1 of the same year.~~

~~(d)~~ To enforce this subdivision, the commissioner of revenue may examine documents, assess and collect fees, conduct investigations, issue subpoenas, grant extensions to file returns and pay fees, impose penalties and interest on the annual registration fee under paragraph (a) and the monthly fee under paragraph (b), abate penalties and interest, and administer appeals, in the manner provided in chapters 270 and 289A. The penalties and interest imposed on taxes under chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected by the commissioner of revenue under this subdivision is governed by chapter 270B.

Sec. 16. Minnesota Statutes 1998, section 115B.491, subdivision 2, is amended to read:

Subd. 2. [RETURN REQUIRED.] On or before the 20th of each calendar month, every drycleaning facility that has purchased drycleaning solvents for use in this state during the preceding calendar month, upon which the fee imposed by section 115B.49, subdivision 4, paragraph (b), has not been paid to the seller of the drycleaning solvents, shall file a return with the commissioner of revenue showing the quantity of solvents purchased and a computation of the fee under section 115B.49, subdivision 4, paragraph ~~(d)~~ (c). The fee must accompany the return. The return must be made upon a form furnished and prescribed by the commissioner of revenue and must contain such other information as the commissioner of revenue may require.

Sec. 17. Minnesota Statutes 1998, section 115B.491, subdivision 3, is amended to read:

Subd. 3. [APPLICABILITY.] All of the provisions of section 115B.49, subdivision 4, paragraph ~~(d)~~ (c), apply to this section.

Sec. 18. Minnesota Statutes 1998, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. [PERMIT FEES.] (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of reviewing and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. ~~The agency shall adopt rules under section 16A.1285 establishing a system for charging permit fees collected under this subdivision.~~ The fee schedule must reflect reasonable and routine permitting, implementation, and enforcement costs. The agency may impose an additional enforcement fee to be collected for a period of up to two years to cover the reasonable costs of implementing and enforcing the conditions of a permit under the rules of the agency. Any money collected under this paragraph shall be deposited in the environmental fund.

(b) Notwithstanding paragraph (a), and section 16A.1285, subdivision 2, the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to the requirement to obtain a permit under subchapter V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or section 116.081. The annual fee shall be used to pay for all direct and indirect reasonable costs, including attorney general costs, required to develop and administer the permit program requirements of subchapter V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., and sections of this chapter and the rules adopted under this chapter related to air contamination and noise. Those costs include the reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient, and deposition monitoring; preparing generally applicable regulations; responding to federal guidance; modeling, analyses, and demonstrations; preparing inventories and tracking emissions; and providing information to the public about these activities.

(c) The agency shall ~~adopt fee rules in accordance with the procedures in section 16A.1285, subdivision 5,~~ set fees that:

(1) will result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than $25 per ton of each volatile organic compound; pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a national primary ambient air quality standard has been promulgated;

(2) may result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than $25 per ton of each pollutant not listed in clause (1) that is regulated under this chapter or air quality rules adopted under this chapter; and

(3) shall collect, in the aggregate, from the sources listed in paragraph (b), the amount needed to match grant funds received by the state under United States Code, title 42, section 7405 (section 105 of the federal Clean Air Act).

The agency must not include in the calculation of the aggregate amount to be collected under clauses (1) and (2) any amount in excess of 4,000 tons per year of each air pollutant from a source. The increase in air permit fees to match federal grant funds shall be a surcharge on existing fees. The commissioner may not collect the surcharge after the grant funds become unavailable. In addition, the commissioner shall use nonfee funds to the extent practical to match the grant funds so that the fee surcharge is minimized.

(d) To cover the reasonable costs described in paragraph (b), the agency shall provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph the Consumer Price Index for any

calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 1989 shall be used.

(e) Any money collected under paragraphs (b) to (d) must be deposited in an air quality account in the environmental fund and must be used solely for the activities listed in paragraph (b).

(f) Persons who wish to construct or expand an air emission facility may offer to reimburse the agency for the costs of staff overtime or consultant services needed to expedite permit review. The reimbursement shall be in addition to fees imposed by paragraphs (a) to (d). When the agency determines that it needs additional resources to review the permit application in an expedited manner, and that expediting the review would not disrupt air permitting program priorities, the agency may accept the reimbursement. Reimbursements accepted by the agency are appropriated to the agency for the purpose of reviewing the permit application. Reimbursement by a permit applicant shall precede and not be contingent upon issuance of a permit and shall not affect the agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations.

Sec. 19. Minnesota Statutes 1998, section 116.12, is amended to read:

116.12 [HAZARDOUS WASTE ADMINISTRATION FEES.]

Subdivision 1. [FEE SCHEDULES.] The agency shall establish the fees provided in subdivisions 2 and 3 ~~in the manner provided in section 16A.1285~~ to cover expenditures of amounts appropriated from the environmental fund to the agency for permitting, monitoring, inspection, and enforcement expenses of the hazardous waste activities of the agency.

Subd. 2. [HAZARDOUS WASTE GENERATOR FEE.] (a) Each generator of hazardous waste shall pay a fee on the hazardous waste generated by that generator. ~~The agency shall adopt rules in accordance with chapter 14 establishing a system for charging fees to generators. The rules must include the basis for determining the amount of fees, and procedures and deadlines for payment of fees.~~ The agency shall base the amount of fees on the quantity of hazardous waste generated and may charge a minimum fee for each generator not exempted by the agency. In adopting the fee rules, the agency shall consider:

(1) reducing the fees for generators using environmentally beneficial hazardous waste management methods, including recycling;

(2) the agency resources allocated to regulating the various sizes or types of generators;

(3) adjusting fees for sizes or types of generators that would bear a disproportionate share of the fees to be collected; and

(4) whether implementing clauses (1) to (3) would require excessive staff time compared to staff time available for providing technical assistance to generators or would make the fee system difficult for generators to understand.

(b) The agency may exempt generators of very small quantities of hazardous wastes otherwise subject to the fee if it finds that the cost of administering a fee on those generators is excessive relative to the proceeds of the fee.

(c) The agency shall reduce fees charged to generators in counties which also charge generator fees to reflect a lesser level of activity by the agency in those counties. The fees charged by the agency in those counties shall be collected by the counties in the manner in which and at the same time as those counties collect their generator fees. Counties shall remit to the agency the amount of the fees charged by the agency by the last day of the month following the month in which they were collected. If a county does not collect or remit generator fees due to the agency, the agency may collect fees from generators in that county according to rules adopted under paragraph (a).

(d) The agency may not impose a volume-based fee under this subdivision on material that is reused at the facility where the material is generated in a manner that the facility owner or operator can demonstrate does not increase the toxicity of, or the level of hazardous substances or pollutants or contaminants in, products that leave the facility. The agency may impose a flat annual fee on a facility that generates the type of material described in the preceding sentence, provided that the fee reflects the reasonable and necessary costs of inspections of the facility.

Subd. 3. [FACILITY FEES.] The agency shall charge hazardous waste facility fees including, but not limited to, an original permit fee, a reissuance fee, a major modification fee, and an annual facility fee for any hazardous waste facility regulated by the agency. ~~The agency shall adopt rules in accordance with chapter 14 establishing a system for charging hazardous waste facility fees.~~ The agency may exempt facilities otherwise subject to the fee if regulatory oversight of those facilities is minimal. The agency may include reasonable and necessary costs of any environmental review required under chapter 116D in the original permit fee for any hazardous waste facility.

Sec. 20. Minnesota Statutes 1998, section 116C.834, subdivision 1, is amended to read:

Subdivision 1. [COSTS.] All costs incurred by the state to carry out its responsibilities under the compact and under sections 116C.833 to 116C.843 shall be paid by generators of low-level radioactive waste in this state through fees assessed by the pollution control agency. ~~The agency shall assess the fees in the manner provided in section 16A.1285.~~ Fees may be reasonably assessed on the basis of volume or degree of hazard of the waste produced by a generator. Costs for which fees may be assessed include, but are not limited to:

(1) the state contribution required to join the compact;

(2) the expenses of the Commission member and state agency costs incurred to support the work of the Interstate Commission; and

(3) regulatory costs.

Sec. 21. Minnesota Statutes 1998, section 144.98, subdivision 3, is amended to read:

Subd. 3. [FEES.] (a) An application for certification under subdivision 1 must be accompanied by the biennial fee specified in this subdivision. The fees are for:

(1) base certification fee, $500; and

(2) test category certification fees:

Test Category	Certification Fee
Bacteriology	$200
Inorganic chemistry, fewer than four constituents	$100
Inorganic chemistry, four or more constituents	$300
Chemistry metals, fewer than four constituents	$200
Chemistry metals, four or more constituents	$500
Volatile organic compounds	$600
Other organic compounds	$600

(b) The total biennial certification fee is the base fee plus the applicable test category fees. The biennial certification fee for a contract laboratory is 1.5 times the total certification fee.

(c) Laboratories located outside of this state that require an on-site survey will be assessed an additional $1,200 fee.

(d) ~~The commissioner of health may adjust fees under section 16A.1285 without rulemaking.~~ Fees must be set so that the total fees support the laboratory certification program. Direct costs of the certification service include program administration, inspections, the agency's general support costs, and attorney general costs attributable to the fee function.

Sec. 22. Minnesota Statutes 1998, section 176.102, subdivision 14, is amended to read:

Subd. 14. [FEES.] The commissioner shall impose fees ~~under section 16A.1285~~ sufficient to cover the cost of approving and monitoring qualified rehabilitation consultants, consultant firms, and vendors of rehabilitation services. These fees are payable to the special compensation fund.

Sec. 23. Minnesota Statutes 1998, section 183.375, subdivision 5, is amended to read:

Subd. 5. [FEES.] All fees collected by the division of boiler inspection shall be paid into the state treasury in the manner provided by law for fees received by other state departments and credited to the general fund. ~~When fees are to be set by the commissioner, they shall be set pursuant to section 16A.1285.~~

Sec. 24. Minnesota Statutes 1998, section 223.17, subdivision 3, is amended to read:

Subd. 3. [GRAIN BUYERS AND STORAGE FUND; FEES.] The commissioner shall set the fees for inspections under sections 223.15 to 223.22 at levels necessary to pay the expenses of administering and enforcing sections 223.15 to 223.22. ~~These fees may be adjusted pursuant to the provisions of section 16A.1285.~~

The fee for any license issued or renewed after June 30, 1997, shall be set according to the following schedule:

(a) $100 plus $50 for each additional location for grain buyers whose gross annual purchases are less than $100,000;

(b) $200 plus $50 for each additional location for grain buyers whose gross annual purchases are at least $100,000, but not more than $750,000;

(c) $300 plus $100 for each additional location for grain buyers whose gross annual purchases are more than $750,000 but not more than $1,500,000;

(d) $400 plus $100 for each additional location for grain buyers whose gross annual purchases are more than $1,500,000 but not more than $3,000,000; and

(e) $500 plus $100 for each additional location for grain buyers whose gross annual purchases are more than $3,000,000.

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

Sec. 25. Minnesota Statutes 1998, section 239.101, subdivision 4, is amended to read:

Subd. 4. [SETTING WEIGHTS AND MEASURES FEES.] The department shall review its schedule of inspection fees at the end of each six months. ~~When a review indicates that the schedule of inspection fees should be adjusted, the commissioner shall fix the fees by rule, in accordance with section 16A.1285, to ensure that the fees charged are sufficient to recover all costs connected with the inspections.~~

Sec. 26. Minnesota Statutes 1998, section 299M.04, is amended to read:

299M.04 [RULES; FEES; ORDERS; PENALTIES.]

The commissioner shall adopt permanent rules for operation of the council; regulation by municipalities; ~~permit, filing, inspection, certificate, and license fees;~~ qualifications, examination, and licensing of fire protection contractors; certification of journeyman sprinkler fitters; registration of apprentices; and the administration and enforcement of this chapter. ~~Fees must be set under section 16A.1285.~~ Permit fees must be a percentage of the total cost of the fire protection work.

The commissioner may issue a cease and desist order to cease an activity considered an immediate risk to public health or public safety. The commissioner shall adopt permanent rules governing when an order may be issued; how long the order is effective; notice requirements; and other procedures and requirements necessary to implement, administer, and enforce the provisions of this chapter.

The commissioner, in place of or in addition to licensing sanctions allowed under this chapter, may impose a civil penalty not greater than $1,000 for each violation of this chapter or rule adopted under this chapter, for each day of violation. The commissioner shall adopt permanent rules governing and establishing procedures for implementation, administration, and enforcement of this paragraph.

Sec. 27. Minnesota Statutes 1998, section 326.50, is amended to read:

326.50 [APPLICATION; FEES.]

Application for an individual contracting pipefitter competency or an individual journeyman pipefitter competency license shall be made to the department of labor and industry, with fees. The applicant shall be licensed only after passing an examination by the department of labor and industry. ~~Fees and conditions for renewal of an individual contracting pipefitter competency or an individual journeyman pipefitter competency license shall be determined by the department by rule under chapter 14 and section 16A.1285.~~

Sec. 28. Minnesota Statutes 1998, section 326.86, subdivision 1, is amended to read:

Subdivision 1. [LICENSING FEE.] The licensing fee for persons licensed pursuant to sections 326.83 to 326.991 is $75 per year. ~~The commissioner may adjust the fees under section 16A.1285 to recover the costs of administration and enforcement.~~ The fees must be limited to the cost of license administration and enforcement and must be deposited in the state treasury and credited to the general fund.

Sec. 29. [EFFECTIVE DATE.]

This article is effective July 1, 2001."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government with certain conditions; modifying provisions relating to state government operations; amending Minnesota Statutes 1998, sections 3.17; 3C.12, subdivision 2; 8.15, subdivisions 1, 2, and 3; 12.31, subdivision 2; 12.37; 13.03, subdivision 2; 13.05, by adding a subdivision; 13.073, by adding a subdivision; 14.131; 14.23; 15.50, subdivision 2; 16A.102, subdivision 1; 16A.11, by adding a subdivision; 16A.129, subdivision 3; 16A.45, subdivision 1; 16A.85, subdivision 1; 16B.03; 16B.104; 16B.24, subdivision 5; 16B.31, subdivision 2; 16B.32, subdivision 2; 16B.415; 16B.42, subdivision 1; 16B.46; 16B.465; 16B.72; 16B.73; 16B.748; 16C.14, subdivision 1; 16D.04, subdivision 2; 16E.01, subdivision 1; 16E.02; 16E.08; 18.54; 21.92; 43A.047; 43A.22; 43A.23, subdivisions 1 and 2; 43A.30, by adding a subdivision; 43A.31, subdivision 2, and by adding a subdivision; 60A.964, subdivision 1; 60A.972, subdivision 3; 97B.025; 103G.301, subdivision 2; 103I.525, subdivision 9; 103I.531, subdivision 9; 103I.535, subdivision 9; 103I.541, subdivision 5; 115B.49, subdivisions 2 and 4; 115B.491, subdivisions 2 and 3; 116.07, subdivision 4d; 116.12; 116C.834, subdivision 1; 138.17, subdivisions 7 and 8; 144.98, subdivision 3; 176.102, subdivision 14; 183.375, subdivision 5; 192.49, subdivision 3; 197.79, subdivision 10; 202A.18, by adding a subdivision; 202A.20, subdivision 2; 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; 204B.28, subdivision 1; 223.17, subdivision 3; 239.101, subdivision 4; 240A.09; 297F.08, by adding a subdivision; 299M.04; 325K.03, by adding a subdivision; 325K.04; 325K.05, subdivision 1; 325K.09, by adding a subdivision; 325K.10, subdivision 5; 325K.14, by adding a subdivision; 325K.15, by adding a subdivision; 326.50; 326.86, subdivision 1; and 349.163, subdivision 4; Laws 1993, chapter 192, section 16; Laws 1994, chapter 643, section 69, subdivision 1; Laws 1995, First Special Session chapter 3, article 12, section 7,

subdivision 1, as amended; section 10; Laws 1997, chapter 202, article 2, section 61; and Laws 1998, chapter 366, section 2; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 16C; 43A; 240A; and 325F; proposing coding for new law as Minnesota Statutes, chapter 604B; repealing Minnesota Statutes 1998, sections 16A.103, subdivision 3; 16A.1285, subdivisions 4 and 5; 16E.11; 16E.12; 16E.13; 207A.01; 207A.02; 207A.03; 207A.04; 207A.06; 207A.07; 207A.08; 207A.09; and 207A.10; Laws 1991, chapter 235, article 5, section 3, as amended; Minnesota Rules, part 8275.0045, subpart 2."

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

Senate Conferees: LEONARD R. PRICE, JAMES P. METZEN, RICHARD J. COHEN, DENNIS R. FREDERICKSON AND DAN STEVENS.

House Conferees: PHIL KRINKIE, BRUCE ANDERSON AND CHRIS GERLACH.

Krinkie moved that the report of the Conference Committee on S. F. No. 2223 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2223, A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government with certain conditions; amending Minnesota Statutes 1998, sections 3.17; 3C.12, subdivision 2; 8.15, subdivisions 1, 2, and 3; 13.03, subdivision 2; 13.05, by adding a subdivision; 13.073, by adding a subdivision; 15.50, subdivision 2; 16A.102, subdivision 1; 16A.129, subdivision 3; 16A.45, subdivision 1; 16A.85, subdivision 1; 16B.03; 16B.104; 16B.24, subdivision 5; 16B.31, subdivision 2; 16B.32, subdivision 2; 16B.42, subdivision 1; 16B.465, subdivision 3; 16B.72; 16B.73; 16C.14, subdivision 1; 16D.04, subdivision 2; 16E.01, subdivision 1; 16E.02; 16E.08; 43A.047; 43A.22; 43A.23, subdivisions 1 and 2; 43A.30, by adding a subdivision; 43A.31, subdivision 2, and by adding a subdivision; 138.17, subdivisions 7 and 8; 192.49, subdivision 3; 197.79, subdivision 10; 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; 204B.28, subdivision 1; 240A.09; 297F.08, by adding a subdivision; 325K.03, by adding a subdivision; 325K.04; 325K.05, subdivision 1; 325K.09, by adding a subdivision; 325K.10, subdivision 5; 325K.14, by adding a subdivision; 325K.15, by adding a subdivision; and 349.163, subdivision 4; Laws 1993, chapter 192, section 16; Laws 1994, chapter 643, section 69, subdivision 1; Laws 1995, First Special Session chapter 3, article 12, section 7, subdivision 1, as amended; Laws 1997, chapter 202, article 2, section 61; and Laws 1998, chapter 366, section 2; proposing coding for new law in Minnesota Statutes, chapters 16B; 43A; 240A; and 325F; repealing Minnesota Statutes 1998, sections 16A.103, subdivision 3; 16E.11; 16E.12; and 16E.13; Laws 1991, chapter 235, article 5, section 3, as amended; Minnesota Rules, part 8275.0045, subpart 2.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Abrams moved that those not voting be excused from voting. The motion prevailed.

There were 101 yeas and 30 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Carruthers	Dorman	Fuller	Hasskamp	Johnson
Bakk	Cassell	Dorn	Gleason	Hausman	Juhnke
Biernat	Daggett	Entenza	Goodno	Hilty	Kahn
Boudreau	Davids	Erhardt	Greenfield	Holsten	Kalis
Bradley	Dawkins	Erickson	Greiling	Howes	Kelliher
Broecker	Dehler	Finseth	Hackbarth	Huntley	Knoblach
Carlson	Dempsey	Folliard	Harder	Jaros	Koskinen

Kubly	Marko	Osthoff	Rifenberg	Solberg	Vandeveer
Kuisle	McCollum	Otremba	Rostberg	Stang	Wagenius
Larsen, P.	McElroy	Ozment	Rukavina	Storm	Wejcman
Leighton	Milbert	Pawlenty	Schumacher	Swenson	Wenzel
Leppik	Mullery	Paymar	Seagren	Sykora	Westerberg
Lieder	Murphy	Pelowski	Seifert, J.	Tingelstad	Westfall
Luther	Ness	Peterson	Seifert, M.	Tomassoni	Westrom
Mahoney	Nornes	Pugh	Skoe	Trimble	Wolf
Mares	Opatz	Rest	Skoglund	Tunheim	Spk. Sviggum
Mariani	Orfield	Rhodes	Smith	Van Dellen	

Those who voted in the negative were:

Abeler	Clark, J.	Haas	Larson, D.	Mulder	Stanek
Abrams	Gerlach	Holberg	Lenczewski	Olson	Tuma
Anderson, B.	Gray	Jennings	Lindner	Osskopp	Wilkin
Buesgens	Gunther	Kielkucki	McGuire	Paulsen	Winter
Chaudhary	Haake	Krinkie	Molnau	Reuter	Workman

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 333.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 333

A bill for an act relating to crime prevention; requiring disclosure to consumer of consumer report recipients; providing criminal penalties and forfeiture sanctions for persons who transfer, possess, or use the identity of another with intent to commit or aid in the commission of certain unlawful activity; amending Minnesota Statutes 1998, sections 609.531, subdivision 1; and 609.902, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 13C; and 609.

May 11, 1999

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 333, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 333 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 13C.01, subdivision 1, is amended to read:

Subdivision 1. [FEE FOR REPORT.] (a) A consumer who is the subject of a consumer report maintained by a consumer reporting agency is entitled to request and receive by mail, for a charge not to exceed ~~$8~~ $3, a copy of the consumer report once in any 12-month period. The mailing must contain a statement of the consumer's right to dispute and correct any errors and of the procedures set forth in the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 et seq., for that purpose. The consumer reporting agency shall respond to a request under this subdivision within 30 days.

(b) A consumer who exercises the right to dispute and correct errors is entitled, after doing so, to request and receive by mail, without charge, a copy of the consumer report in order to confirm that the consumer report was corrected.

(c) A consumer is entitled to a free copy of a consumer report if the consumer satisfies the procedures set forth in the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 et seq.

Sec. 2. [609.527] [IDENTITY THEFT.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given them in this subdivision.

(b) "Direct victim" means any person or entity described in section 611A.01, paragraph (b), whose identity has been transferred, used, or possessed in violation of this section.

(c) "Identity" means any name, number, or data transmission that may be used, alone or in conjunction with any other information, to identify a specific individual, including any of the following:

(1) a name, social security number, date of birth, official government-issued driver's license or identification number, government passport number, or employer or taxpayer identification number;

(2) unique electronic identification number, address, account number, or routing code; or

(3) telecommunication identification information or access device.

(d) "Indirect victim" means any person or entity described in section 611A.01, paragraph (b), other than a direct victim.

(e) "Loss" means value obtained, as defined in section 609.52, subdivision 1, clause (3), and expenses incurred by a direct or indirect victim as a result of a violation of this section.

(f) "Unlawful activity" means:

(1) any felony violation of the laws of this state or any felony violation of a similar law of another state or the United States; and

(2) any non-felony violation of the laws of this state involving theft, theft by swindle, forgery, fraud, or giving false information to a public official, or any non-felony violation of a similar law of another state or the United States.

Subd. 2. [CRIME.] A person who transfers, possesses, or uses an identity that is not the person's own, with the intent to commit, aid, or abet any unlawful activity is guilty of identity theft and may be punished as provided in subdivision 3.

Subd. 3. [PENALTIES.] A person who violates subdivision 2 may be sentenced as follows:

(1) if the offense involves a single direct victim and the total, combined loss to the direct victim and any indirect victims is $200 or less, the person may be sentenced as provided in section 609.52, subdivision 3, clause (5);

(2) if the offense involves a single direct victim and the total, combined loss to the direct victim and any indirect victims is more than $200 but not more than $500, the person may be sentenced as provided in section 609.52, subdivision 3, clause (4);

(3) if the offense involves two or three direct victims or the total, combined loss to the direct and indirect victims is more than $500 but not more than $2,500, the person may be sentenced as provided in section 609.52, subdivision 3, clause (3); and

(4) if the offense involves four or more direct victims, or if the total, combined loss to the direct and indirect victims is more than $2,500, the person may be sentenced as provided in section 609.52, subdivision 3, clause (2).

Subd. 4. [RESTITUTION.] A direct or indirect victim of an identity theft crime shall be considered a victim for all purposes, including any rights that accrue under chapter 611A and rights to court-ordered restitution.

Sec. 3. Minnesota Statutes 1998, section 609.531, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purpose of sections 609.531 to 609.5318, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a dangerous weapon as defined under section 609.02, subdivision 6, that the actor used or had in possession in furtherance of a crime.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the bureau of criminal apprehension, the Minnesota state patrol, a county sheriff's department, the suburban Hennepin regional park district park rangers, the department of natural resources division of enforcement, the University of Minnesota police department, or a city or airport police department.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter, chapter 152, or chapter 624;

(2) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 325E.17; 325E.18; 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.527; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.631; 609.66, subdivision 1e; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 617.246; or a gross misdemeanor or felony violation of section 609.891 or 624.7181; or any violation of section 609.324.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

Sec. 4. Minnesota Statutes 1998, section 609.902, subdivision 4, is amended to read:

Subd. 4. [CRIMINAL ACT.] "Criminal act" means conduct constituting, or a conspiracy or attempt to commit, a felony violation of chapter 152, or a felony violation of section 297D.09; 299F.79; 299F.80; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222; 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.342; 609.343; 609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52, subdivision 2, if the offense is punishable under subdivision 3, clause (3)(b) or clause 3(d)(v) or (vi); section 609.52, subdivision 2, clause (4); 609.527, if the crime is punishable under subdivision 3, clause (4) or (5); 609.53; 609.561; 609.562; 609.582, subdivision 1 or 2; 609.668, subdivision 6, paragraph (a); 609.67; 609.687; 609.713; 609.86; 609.894, subdivision 3 or 4; 624.713; 624.74; or 626A.02, subdivision 1, if the offense is punishable under section 626A.02, subdivision 4, paragraph (a). "Criminal act" also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation of section 609.52, subdivision 2, clause (3), (4), (15), or (16), if the violation involves an insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service plan corporation regulated under chapter 62C, a health maintenance organization regulated under chapter 62D, or a fraternal benefit society regulated under chapter 64B.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective August 1, 1999, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crime prevention; entitling consumers to free copies of consumer reports; providing criminal penalties and forfeiture sanctions for persons who transfer, possess, or use the identity of another with intent to commit or aid in the commission of certain unlawful activity; amending Minnesota Statutes 1998, sections 13C.01, subdivision 1; 609.531, subdivision 1; and 609.902, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 609."

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

Senate Conferees: RANDY C. KELLY, WARREN LIMMER AND DAVID J. TEN EYCK.

House Conferees: DAVE BISHOP, JIM SEIFERT AND WESLEY J. "WES" SKOGLUND.

Bishop moved that the report of the Conference Committee on S. F. No. 333 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 333, A bill for an act relating to crime prevention; requiring disclosure to consumer of consumer report recipients; providing criminal penalties and forfeiture sanctions for persons who transfer, possess, or use the identity of another with intent to commit or aid in the commission of certain unlawful activity; amending Minnesota Statutes 1998, sections 609.531, subdivision 1; and 609.902, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 13C; and 609.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Abrams moved that those not voting be excused from voting. The motion prevailed.

There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2225.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2225

A bill for an act relating to human services; appropriating money for the departments of human services and health, the veterans nursing homes board, the health-related boards, the emergency medical services board, the council on disability, the ombudsman for mental health and mental retardation, and the ombudsman for families; establishing the state board of physical therapy; amending Minnesota Statutes 1998, sections 13.99, subdivision 38a, and by adding a subdivision; 16A.76, subdivision 2; 16C.10, subdivision 5; 60A.15, subdivision 1; 62A.045; 62E.11, by adding a subdivision; 62J.69; 116L.02; 125A.08; 125A.21, subdivision 1; 125A.74, subdivisions 1 and 2; 144.065; 144.148; 144.1761, subdivision 1; 144.99, subdivision 1, and by adding a subdivision; 144A.073, subdivision 5; 144A.10, by adding subdivisions; 144A.46, subdivision 2; 144D.01, subdivision 4; 144E.001, by

adding subdivisions; 144E.10, subdivision 1; 144E.11, by adding a subdivision; 144E.16, subdivision 4; 144E.18; 144E.27, by adding subdivisions; 144E.50, by adding a subdivision; 145.924; 145.9255, subdivisions 1 and 4; 145A.02, subdivision 10; 145.9255, subdivisions 1 and 4; 148.5194, subdivisions 2, 3, 4, and by adding a subdivision; 148.66; 148.67; 148.70; 148.705; 148.71; 148.72, subdivisions 1, 2, and 4; 148.73; 148.74; 148.75; 148.76; 148.78; 148B.32, subdivision 1; 150A.10, subdivision 1; 214.01, subdivision 2; 245.462, subdivisions 4 and 17; 245.4711, subdivision 1; 245.4712, subdivision 2; 245.4871, subdivisions 4 and 26; 245.4881, subdivision 1; 245A.04, subdivision 3a; 245A.08, subdivision 5; 245A.30; 245B.05, subdivision 7; 245B.07, subdivisions 5, 8, and 10; 246.18, subdivision 6; 252.28, subdivision 1; 252.291, by adding a subdivision; 252.32, subdivision 3a; 252.46, subdivision 6; 253B.045, by adding subdivisions; 253B.07, subdivision 1; 253B.185, by adding a subdivision; 254B.01, by adding a subdivision; 254B.03, subdivision 2; 254B.04, subdivision 1; 254B.05, subdivision 1; 256.01, subdivision 2; 256.015, subdivisions 1 and 3; 256.87, subdivision 1a; 256.955, subdivisions 3, 4, 7, 8, and 9; 256.9685, subdivision 1a; 256.969, subdivision 1; 256B.04, subdivision 16, and by adding a subdivision; 256B.042, subdivisions 1, 2, and 3; 256B.055, subdivision 3a; 256B.056, subdivision 4; 256B.057, subdivision 3, and by adding a subdivision; 256B.0575; 256B.061; 256B.0625, subdivisions 6a, 8, 8a, 13, 19c, 20, 26, 28, 30, 32, 35, and by adding subdivisions; 256B.0627, subdivisions 1, 2, 4, 5, 8, and by adding subdivisions; 256B.0635, subdivision 3; 256B.064, subdivisions 1a, 1b, 1c, 2, and by adding a subdivision; 256B.0911, subdivision 6; 256B.0913, subdivisions 5, 10, 12, and 16; 256B.0917, subdivision 8; 256B.094, subdivisions 3, 5, and 6; 256B.37, subdivision 2; 256B.431, subdivisions 2i, 17, 26, and by adding a subdivision; 256B.434, subdivisions 3, 4, 13, and by adding a subdivision; 256B.435; 256B.48, subdivisions 1, 1a, 1b, and 6; 256B.50, subdivision 1e; 256B.501, subdivision 8a, and by adding a subdivision; 256B.5011, subdivisions 1 and 2; 256B.69, subdivisions 3a, 5b, 6a, 6b, and by adding subdivisions; 256B.692, subdivision 2; 256B.75; 256B.76; 256B.77, subdivisions 7a, 8, and by adding subdivisions; 256D.03, subdivisions 3, 4, and 8; 256D.051, subdivision 2a, and by adding a subdivision; 256D.053, subdivision 1; 256D.06, subdivision 5; 256F.03, subdivision 5; 256F.05, subdivision 8; 256F.10, subdivisions 1, 4, 6, 7, 8, 9, and 10; 256I.04, subdivision 3; 256I.05, subdivisions 1 and 1a; 256J.08, subdivisions 11, 24, 65, 82, 83, 86a, and by adding subdivisions; 256J.11, subdivisions 2 and 3; 256J.12, subdivisions 1a and 2; 256J.14; 256J.20, subdivision 3; 256J.21, subdivisions 2, 3, and 4; 256J.24, subdivisions 2, 3, 7, 8, 9, and by adding a subdivision; 256J.26, subdivision 1; 256J.30, subdivisions 2, 7, 8, and 9; 256J.31, subdivisions 5 and 12; 256J.32, subdivisions 4 and 6; 256J.33; 256J.34, subdivisions 1, 3, and 4; 256J.35; 256J.36; 256J.37, subdivisions 1, 1a, 2, 9, and 10; 256J.38, subdivision 4; 256J.42, subdivisions 1, 5, and by adding a subdivision; 256J.43; 256J.45, subdivision 1; 256J.46, subdivisions 1, 2, and 2a; 256J.47, subdivision 4; 256J.48, subdivisions 2 and 3; 256J.50, subdivision 1; 256J.515; 256J.52, subdivisions 1, 4, 8, and by adding a subdivision; 256J.55, subdivision 4; 256J.56; 256J.57, subdivision 1; 256J.62, subdivisions 1, 6, 7, 8, 9, and by adding a subdivision; 256J.67, subdivision 4; 256J.74, subdivision 2; 256J.76, subdivisions 1, 2, and 4; 256L.03, subdivisions 5 and 6; 256L.04, subdivisions 2, 7, 8, 11, and 13; 256L.05, subdivision 4, and by adding a subdivision; 256L.06, subdivision 3; 256L.07; 256L.15, subdivisions 1, 1b, 2, and 3; 257.071, subdivisions 1, 1a, 1c, 1d, 1e, 3, and 4; 257.66, subdivision 3; 257.75, subdivision 2; 257.85, subdivisions 2, 3, 4, 5, 6, 7, 9, and 11; 259.29, subdivision 2; 259.67, subdivisions 6 and 7; 259.73; 259.85, subdivisions 2, 3, and 5; 259.89, by adding a subdivision; 260.011, subdivision 2; 260.012; 260.015, subdivisions 2a, 13, and 29; 260.131, subdivision 1a; 260.133, subdivisions 1 and 2; 260.135, by adding a subdivision; 260.172, subdivision 1, and by adding a subdivision; 260.181, subdivision 3; 260.191, subdivisions 1, 1a, 1b, and 3b; 260.192; 260.221, subdivisions 1, 1a, 1b, 1c, 3, and 5; 326.40, subdivisions 2, 4, and 5; 518.10; 518.158, subdivisions 1 and 2; 518.551, by adding a subdivision; 518.5853, by adding a subdivision; 626.556, subdivisions 2, 3, 4, 7, 10, 10b, 10d, 10e, 10f, 10i, 10j, 11, 11b, 11c, and by adding a subdivision; and 626.558, subdivision 1; Laws 1995, chapter 178, article 2, section 46, subdivision 10; chapter 207, article 8, section 41, as amended; Laws 1997, chapter 203, article 9, section 19; Laws 1998, chapter 407, article 7, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 10; 62J; 116L; 137; 144; 144A; 144E; 148; 214; 245; 246; 252; 254A; 256; 256B; 256J; and 626; proposing coding for new law as Minnesota Statutes, chapter 256M; repealing Minnesota Statutes 1998, sections 62J.77; 62J.78; 62J.79; 144.0723; 144E.16, subdivisions 1, 2, 3, and 6; 144E.17; 144E.25; 144E.30, subdivisions 1, 2, and 6; 145.46; 256B.434, subdivision 17; 256B.501, subdivision 3g; 256B.5011, subdivision 3; 256B.74, subdivisions 2 and 5; 256D.051, subdivisions 6 and 19; 256D.053, subdivision 4; 256J.03; 256J.30, subdivision 6; 256J.53, subdivision 4; 256J.62, subdivisions 2, 3, and 5; 257.071, subdivisions 8 and 10; and 462A.208; Laws 1997, chapter 85, article 1, section 63; chapter 203, article 4, section 55; chapter 225, article 6, section 8; Laws 1998, chapter 407, article 2, section 104; Minnesota Rules, parts 4690.0100, subparts 4, 13, 15, 19, 20, 21, 22, 23, 24, 26, 27, and 29; 4690.0300; 4690.0400; 4690.0500; 4690.0600; 4690.0700; 4690.0800, subparts 1 and 2; 4690.0900; 4690.1000; 4690.1100; 4690.1200; 4690.1300; 4690.1600; 4690.1700; 4690.2100; 4690.2200,

subparts 1, 3, 4, and 5; 4690.2300; 4690.2400, subparts 1, 2, and 3; 4690.2500; 4690.2900; 4690.3000; 4690.3700; 4690.3900; 4690.4000; 4690.4100; 4690.4200; 4690.4300; 4690.4400; 4690.4500; 4690.4600; 4690.4700; 4690.4800; 4690.4900; 4690.5000; 4690.5100; 4690.5200; 4690.5300; 4690.5400; 4690.5500; 4690.5700; 4690.5800; 4690.5900; 4690.6000; 4690.6100; 4690.6200; 4690.6300; 4690.6400; 4690.6500; 4690.6600; 4690.6700; 4690.6800; 4690.7000; 4690.7100; 4690.7200; 4690.7300; 4690.7400; 4690.7500; 4690.7600; 4690.7700; 4690.7800; 4690.8300, subparts 1, 2, 3, 4, and 5; and 4735.5000.

May 17, 1999

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2225, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2225 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [HEALTH AND HUMAN SERVICES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in the following sections of this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" where used in this article, mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively. Where a dollar amount appears in parentheses, it means a reduction of an appropriation.

SUMMARY BY FUND

APPROPRIATIONS	2000	2001	BIENNIAL TOTAL
General	$2,650,812,000	$2,774,558,000	$5,425,370,000
State Government Special Revenue	36,424,000	36,103,000	72,527,000
Health Care Access	146,224,000	175,017,000	321,241,000
Trunk Highway	1,726,000	1,773,000	3,499,000
Lottery Prize	1,300,000	1,300,000	2,600,000
TOTAL	$2,836,486,000	$2,988,751,000	$5,825,237,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Sec. 2. COMMISSIONER OF HUMAN SERVICES		
Subdivision 1. Total Appropriation	$2,694,991,000	$2,847,745,000
Summary by Fund		
General	2,556,927,000	2,680,977,000
State Government Special Revenue	485,000	507,000
Health Care Access	136,279,000	164,961,000
Lottery Prize	1,300,000	1,300,000

[INDIRECT COSTS NOT TO FUND PROGRAMS.] The commissioner shall not use indirect cost allocations to pay for the operational costs of any program for which the commissioner is responsible.

[FUND AND ACCOUNT REPORTING REQUIRED.] On December 1, 1999, and December 1, 2000, the commissioner shall provide the chairs of the house health and human services finance committee and the senate health and family security budget division with detailed fund balance statements for: (1) each fund or account used by the commissioner in the ongoing operations of the agency; (2) each state-operated computer system under Minnesota Statutes, section 256.014, including but not limited to MAXIS, the current Medicaid management information system (MMIS II), the child support enforcement system (PRISM), the electronic benefit transfer system (EBT), and the executive information system (EIS); and (3) the social services information system (SSIS).

Subd. 2. Agency Management		
General	28,311,000	28,345,000
State Government Special Revenue	371,000	392,000
Health Care Access	3,268,000	3,321,000

The amounts that may be spent from the appropriation for each purpose are as follows:

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
(a) Financial Operations		
General	7,471,000	7,647,000
Health Care Access	691,000	702,000

[RECEIPTS FOR SYSTEMS PROJECTS.] Appropriations and federal receipts for information system projects for MAXIS, electronic benefit system, social services information system, child support enforcement, and Minnesota Medicaid information system (MMIS II) must be deposited in the state system account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the Minnesota office of technology, funded by the legislature, and approved by the commissioner of finance may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

(b) Legal & Regulation Operations		
General	6,541,000	6,593,000
State Government Special Revenue	371,000	392,000
Health Care Access	141,000	145,000

[REIMBURSEMENT OF COUNTY COSTS.] Of the general fund appropriation, $10,000 is for the commissioner for the biennium beginning July 1, 1999, to reimburse counties for the legal and related costs of contesting through the administrative and judicial systems decisions that affect state spending but not county spending on programs administered or financed by the commissioner. The commissioner may reimburse expenses that occurred on or after January 1, 1998.

(c) Management Operations		
General	14,299,000	14,105,000
Health Care Access	2,436,000	2,474,000
Subd. 3. Children's Grants		
General	52,845,000	54,931,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

[ADOPTION ASSISTANCE.] Federal funds available during the biennium ending June 30, 2001, for adoption incentive grants, adoption and foster care recruitment, and other adoption services, are appropriated to the commissioner for these purposes.

Subd. 4. Children's Services Management

General	3,900,000	3,740,000

Subd. 5. Basic Health Care Grants

Summary by Fund

General	867,174,000	916,234,000
Health Care Access	116,490,000	145,469,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Minnesota Care Grants- Health Care Access

116,490,000	145,469,000

[HOSPITAL INPATIENT COPAYMENTS.] The commissioner of human services may require hospitals to refund hospital inpatient copayments paid by enrollees pursuant to Minnesota Statutes, section 256L.03, subdivision 5, between March 1, 1999, and December 31, 1999. If the commissioner requires hospitals to refund these copayments, the hospitals shall collect the copayment directly from the commissioner.

[MINNESOTACARE OUTREACH FEDERAL MATCHING FUNDS.] Any federal matching funds received as a result of the MinnesotaCare outreach activities authorized by Laws 1997, chapter 225, article 7, section 2, subdivision 1, shall be deposited in the health care access fund and dedicated to the commissioner to be used for those outreach purposes.

[FEDERAL RECEIPTS FOR ADMINISTRATION.] Receipts received as a result of federal participation pertaining to administrative costs of the Minnesota health care reform waiver shall be deposited as nondedicated revenue in the health care access fund. Receipts received as a result of federal participation pertaining to grants shall be deposited in the federal fund and shall offset health care access funds for payments to providers.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

[HEALTH CARE ACCESS FUND.] The commissioner may expend money appropriated from the health care access fund for MinnesotaCare in either fiscal year of the biennium.

(b) MA Basic Health Care Grants- Families and Children

General 307,053,000 320,112,000

[COMMUNITY DENTAL CLINICS.] Of this appropriation, $600,000 in fiscal year 2000 is for the commissioner to provide start-up grants to establish community dental clinics under Minnesota Statutes, section 256B.76, paragraph (b), clause (5). The commissioner shall award grants and shall require grant recipients to match the state grant with nonstate funding on a one-to-one basis. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(c) MA Basic Health Care Grants- Elderly & Disabled

General 404,814,000 451,928,000

[SURCHARGE COMPLIANCE.] In the event that federal financial participation in the Minnesota medical assistance program is reduced as a result of a determination that the surcharge and intergovernmental transfers governed by Minnesota Statutes, sections 256.9657 and 256B.19 are out of compliance with United States Code, title 42, section 1396b(w), or its implementing regulations or with any other federal law designed to restrict provider tax programs or intergovernmental transfers, the commissioner shall appeal the determination to the fullest extent permitted by law and may ratably reduce all medical assistance and general assistance medical care payments to providers other than the state of Minnesota in order to eliminate any shortfall resulting from the reduced federal funding. Any amount later recovered through the appeals process shall be used to reimburse providers for any ratable reductions taken.

[BLOOD PRODUCTS LITIGATION.] To the extent permitted by federal law, Minnesota Statutes, section 256.015, 256B.042, and 256B.15, are waived as necessary for the limited purpose of resolving the state's claims in connection with In re Factor VIII or IX Concentrate Blood Products Litigation, MDL-986, No. 93-C7452 (N.D.III.).

(d) General Assistance Medical Care

General 141,805,000 128,012,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

(e) Basic Health Care - Nonentitlement

General	13,502,000	16,182,000

[DENTAL ACCESS GRANT.] Of this appropriation, $75,000 is from the general fund to the commissioner in fiscal year 2000 for a grant to a nonprofit dental provider group operating a dental clinic in Clay county. The grant must be used to increase access to dental services for recipients of medical assistance, general assistance medical care, and the MinnesotaCare program in the northwest area of the state. This appropriation is available the day following final enactment.

Subd. 6. Basic Health Care Management

General	23,268,000	23,227,000
Health Care Access	15,208,000	14,853,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Health Care Policy Administration

General	3,109,000	3,008,000
Health Care Access	570,000	582,000

[TELEMEDICINE REPORT.] The commissioner shall report to the legislature by January 15, 2001, with an analysis of whether the expansion of medical assistance and general assistance medical care to cover certain telemedicine services resulted in cost savings or other benefits to the health care system and with a recommendation on whether coverage of telemedicine services should be continued beyond June 30, 2001.

(b) Health Care Operations

General	20,159,000	20,219,000
Health Care Access	14,638,000	14,271,000

[MINNESOTACARE STAFF.] Of this appropriation, $1,060,000 for fiscal year 2000 and $733,000 for fiscal year 2001 is from the health care access fund to the commissioner for staff and other administrative services associated with improving MinnesotaCare processing and caseload management. Of this appropriation, $483,000 shall become part of the base.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

[WORK INCENTIVES FOR DISABLED.] Of this appropriation, $28,000 each year is for the commissioner to provide the five percent state match that is required in order for the state to access federal funding in the amount of $550,000 annually in fiscal years 2000 to 2003, for the Social Security Administration's work incentives demonstration project. The commissioner shall transfer these matching funds to the commissioner of economic security. The base level funding for this activity must be established at $28,000 for the 2002-2003 biennium.

[SYSTEMS CONTINUITY.] In the event of disruption of technical systems or computer operations, the commissioner may use available grant appropriations to ensure continuity of payments for maintaining the health, safety, and well-being of clients served by programs administered by the department of human services. Grant funds must be used in a manner consistent with the original intent of the appropriation.

[PREPAID MEDICAL PROGRAMS.] The nonfederal share of the prepaid medical assistance program fund, which has been appropriated to fund county managed care advocacy and enrollment operating costs, shall be disbursed as grants using either a reimbursement or block grant mechanism and may also be transferred between grants and nongrant administration costs with approval of the commissioner of finance.

Subd. 7. State-Operated Services

General	206,929,000	212,002,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) SOS-Campus Based Programs

General	185,696,000	190,143,000

[DAY TRAINING SERVICES.] In order to ensure eligible individuals have access to day training and habilitation services, the regional treatment centers, the Minnesota extended treatment options program, and state-operated community services operating according to Minnesota Statutes, section 252.50, are exempt from the provisions of Minnesota Statutes, section 252.41, subdivision 9, clause (2). Notwithstanding section 13, this provision shall not expire.

[MITIGATION RELATED TO DEVELOPMENTAL DISABILITIES DOWNSIZING.] Money appropriated to finance mitigation expenses related to the downsizing of regional treatment center developmental disabilities programs may be transferred between fiscal years within the biennium.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

[REGIONAL TREATMENT CENTER CHEMICAL DEPENDENCY PROGRAMS.] When the operations of the regional treatment center chemical dependency fund created in Minnesota Statutes, section 246.18, subdivision 2, are impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may transfer general fund cash reserves into this account as necessary to meet cash demands. The cash flow transfers must be returned to the general fund in the fiscal year that the transfer was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not the regional treatment center chemical dependency fund.

[LEAVE LIABILITIES.] The accrued leave liabilities of state employees transferred to state-operated community services programs may be paid from the appropriation in this subdivision for state-operated services. Funds set aside for this purpose shall not exceed the amount of the actual leave liability calculated as of June 30, 2000, and shall be available until expended.

[REGIONAL TREATMENT CENTER RESTRUCTURING.] For purposes of restructuring the regional treatment centers and state nursing homes, any regional treatment center or state nursing home employee whose position is to be eliminated shall be afforded the options provided in applicable collective bargaining agreements. All salary and mitigation allocations from fiscal year 2000 shall be carried forward into fiscal year 2001. Provided there is no conflict with any collective bargaining agreement, any regional treatment center or state nursing home position reduction must only be accomplished through mitigation, attrition, transfer, and other measures as provided in state or applicable collective bargaining agreements and in Minnesota Statutes, section 252.50, subdivision 11, and not through layoff.

[REGIONAL TREATMENT CENTER POPULATION.] If the resident population at the regional treatment centers is projected to be higher than the estimates upon which the medical assistance forecast and budget recommendations for the 2000-2001 biennium is based, the amount of the medical assistance appropriation that is attributable to the cost of services that would have been provided as an alternative to regional treatment center services, including resources for community placements and waivered services for persons with mental retardation and related conditions, is transferred to the residential facilities appropriation.

[REPAIRS AND BETTERMENTS.] The commissioner may transfer unencumbered appropriation balances between fiscal years for the state residential facilities repairs and betterments account and special equipment.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

[PROJECT LABOR.] Wages for project labor may be paid by the commissioner out of repairs and betterments money if the individual is to be engaged in a construction project or a repair project of short-term and nonrecurring nature. Compensation for project labor shall be based on the prevailing wage rates, as defined in Minnesota Statutes, section 177.42, subdivision 6. Project laborers are excluded from the provisions of Minnesota Statutes, sections 43A.22 to 43A.30, and shall not be eligible for state-paid insurance and benefits.

[YEAR 2000 COSTS AT RTCS.] Of this appropriation, $44,000 is for the costs associated with addressing potential year 2000 problems. Of this amount, $19,000 is available the day following final enactment.

(b) State-Operated Community Services - Northeast Minnesota Mental Health Services

General	3,983,000	4,055,000

(c) State-Operated Community Services - Statewide DD Supports

General	15,493,000	16,047,000

(d) State-Operated Services - Enterprise Activities

General	1,757,000	1,757,000

Subd. 8. Continuing Care and Community Support Grants

General	1,174,195,000	1,259,767,000
Lottery Prize	1,158,000	1,158,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Community Social Services Block Grants

	42,597,000	43,498,000

[CSSA TRADITIONAL APPROPRIATION.] Notwithstanding Minnesota Statutes, section 256E.06, subdivisions 1 and 2, the appropriations available under that section in fiscal years 2000 and 2001 must be distributed to each county proportionately to the aid received by the county in calendar year 1998. The commissioner, in consultation with counties, shall study the formula limitations in subdivision 2 of that section, and report findings and any recommendations for revision of the CSSA formula and its formula limitation provisions to the legislature by January 15, 2000.

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(b) Consumer Support Grants

	1,123,000	1,123,000

(c) Aging Adult Service Grants

	7,965,000	7,765,000

[LIVING-AT-HOME/BLOCK NURSE PROGRAM.] Of the general fund appropriation, $120,000 in fiscal year 2000 and $120,000 in fiscal year 2001 is for the commissioner to provide funding to six additional living-at-home/block nurse programs. This appropriation shall become part of the base for the 2002-2003 biennium.

[MINNESOTA SENIOR SERVICE CORPS.] Of this appropriation, $160,000 for the biennium is from the general fund to the commissioner for the following purposes:

(a) $40,000 in fiscal year 2000 and $40,000 in fiscal year 2001 is to increase the hourly stipend by ten cents per hour in the foster grandparent program, the retired and senior volunteer program, and the senior companion program.

(b) $40,000 in fiscal year 2000 and $40,000 in fiscal year 2001 is for a grant to the tri-valley opportunity council in Crookston to expand services in the ten-county area of northwestern Minnesota.

(c) This appropriation shall become part of the base for the 2002-2003 biennium.

[HEALTH INSURANCE COUNSELING.] Of this appropriation, $100,000 in fiscal year 2000 and $100,000 in fiscal year 2001 is from the general fund to the commissioner to transfer to the board on aging for the purpose of awarding health insurance counseling and assistance grants to the area agencies on aging providing state-funded health insurance counseling services. Access to health insurance counseling programs shall be provided by the senior linkage line service of the board on aging and the area agencies on aging. The board on aging shall explore opportunities for obtaining alternative funding from nonstate sources, including contributions from individuals seeking health insurance counseling services. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(d) Deaf and Hard-of-Hearing Services Grants

	1,859,000	1,760,000

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[SERVICES TO DEAF PERSONS WITH MENTAL ILLNESS.] Of this appropriation, $100,000 each year is to the commissioner for a grant to a nonprofit agency that currently serves deaf and hard-of-hearing adults with mental illness through residential programs and supported housing outreach. The grant must be used to operate a community support program for persons with mental illness that is communicatively accessible for persons who are deaf or hard-of-hearing. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[DEAF-BLIND ORIENTATION AND MOBILITY SERVICES.] Of this appropriation, $120,000 for the biennium is to the commissioner for a grant to DeafBlind Services Minnesota to hire an orientation and mobility specialist to work with deaf-blind people. The specialist will provide services to deaf-blind Minnesotans, and training to teachers and rehabilitation counselors, on a statewide basis. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(e) Mental Health Grants

General	45,169,000	46,528,000
Lottery Prize	1,158,000	1,158,000

[CRISIS HOUSING.] Of the general fund appropriation, $126,000 in fiscal year 2000 and $150,000 in fiscal year 2001 is to the commissioner for the adult mental illness crisis housing assistance program under Minnesota Statutes, section 245.99. This appropriation shall become part of the base for the 2002-2003 biennium.

[ADOLESCENT COMPULSIVE GAMBLING GRANT.] $150,000 in fiscal year 2000 and $150,000 in fiscal year 2001 is appropriated from the lottery prize fund created under Minnesota Statutes, section 349A.10, subdivision 2, to the commissioner for the purposes of a grant to a compulsive gambling council located in St. Louis county for a statewide compulsive gambling prevention and education project for adolescents.

(f) Developmental Disabilities Community Support Grants

	9,323,000	10,958,000

[CRISIS INTERVENTION PROJECT.] Of this appropriation, $40,000 in fiscal year 2000 is to the commissioner for the action, support, and prevention project of southeastern Minnesota.

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[SILS FUNDING.] Of this appropriation, $1,000,000 each year is for semi-independent living services under Minnesota Statutes, section 252.275. This appropriation must be added to the base level funding for this activity for the 2002-2003 biennium. Unexpended funds for fiscal year 2000 do not cancel but are available to the commissioner for this purpose in fiscal year 2001.

[FAMILY SUPPORT GRANTS.] Of this appropriation, $1,000,000 in fiscal year 2000 and $2,500,000 in fiscal year 2001 is to increase the availability of family support grants under Minnesota Statutes, section 252.32. This appropriation must be added to the base level funding for this activity for the 2002-2003 biennium. Unexpended funds for fiscal year 2000 do not cancel but are available to the commissioner for this purpose in fiscal year 2001.

(g) Medical Assistance Long-Term Care Waivers and Home Care

349,052,000 414,240,000

[PROVIDER RATE INCREASES.] (a) The commissioner shall increase reimbursement rates by four percent the first year of the biennium and by three percent the second year for the providers listed in paragraph (b). The increases shall be effective for services rendered on or after July 1 of each year.

(b) The rate increases described in this section shall be provided to home and community-based waivered services for persons with mental retardation or related conditions under Minnesota Statutes, section 256B.501; home and community-based waivered services for the elderly under Minnesota Statutes, section 256B.0915; waivered services under community alternatives for disabled individuals under Minnesota Statutes, section 256B.49; community alternative care waivered services under Minnesota Statutes, section 256B.49; traumatic brain injury waivered services under Minnesota Statutes, section 256B.49; nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a; personal care services and nursing supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivision 19a; private-duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7; day training and habilitation services for adults with mental retardation or related conditions under Minnesota Statutes, sections 252.40 to 252.46; alternative care services under Minnesota Statutes, section 256B.0913; adult residential program grants under Minnesota Rules, parts 9535.2000 to 9535.3000; adult and family community support grants under Minnesota Rules, parts 9535.1700 to 9535.1760; semi-independent living services under Minnesota Statutes, section 252.275, including

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SILS funding under county social services grants formerly funded under Minnesota Statutes, chapter 256I; and community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication.

(c) The commissioner shall increase reimbursement rates by two percent for the group residential housing supplementary service rate under Minnesota Statutes, section 256I.05, subdivision 1a, for services rendered on or after January 1, 2000.

(d) Providers that receive a rate increase under this section shall use at least 80 percent of the additional revenue to increase the compensation paid to employees other than the administrator and central office staff.

(e) A copy of the provider's plan for complying with paragraph (d) must be made available to all employees. This must be done by giving each employee a copy or by posting it in an area of the provider's operation to which all employees have access. If an employee does not receive the salary adjustment described in the plan and is unable to resolve the problem with the provider, the employee may contact the employee's union representative. If the employee is not covered by a collective bargaining agreement, the employee may contact the commissioner at a phone number provided by the commissioner and included in the provider's plan.

(f) Section 13, sunset of uncodified language, does not apply to this provision.

[DEVELOPMENTAL DISABILITIES WAIVER SLOTS.] Of this appropriation, $1,746,000 in fiscal year 2000 and $4,683,000 in fiscal year 2001 is to increase the availability of home and community-based waiver services for persons with mental retardation or related conditions.

(h) Medical Assistance Long-Term Care Facilities

546,228,000 558,349,000

[MORATORIUM EXCEPTIONS.] Of this appropriation, $250,000 in fiscal year 2000 and $250,000 in fiscal year 2001 is from the general fund to the commissioner for the medical assistance costs of moratorium exceptions approved by the commissioner of health under Minnesota Statutes, section 144A.073. Unexpended money appropriated for fiscal year 2000 shall not cancel but shall be available for fiscal year 2001.

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[NURSING FACILITY OPERATED BY THE RED LAKE BAND OF CHIPPEWA INDIANS.] (1) The medical assistance payment rates for the 47-bed nursing facility operated by the Red Lake Band of Chippewa Indians must be calculated according to allowable reimbursement costs under the medical assistance program, as specified in Minnesota Statutes, section 246.50, and are subject to the facility-specific Medicare upper limits.

(2) In addition, the commissioner shall make available an operating payment rate adjustment effective July 1, 1999, and July 1, 2000, that is equal to the adjustment provided under Minnesota Statutes, section 256B.431, subdivision 28. The commissioner must use the facility's final 1998 and 1999 Medicare cost reports, respectively, to calculate the adjustment. The adjustment shall be available based on a plan submitted and approved according to Minnesota Statutes, section 256B.431, subdivision 28. Section 13, sunset of uncodified language, does not apply to this paragraph.

[ICF/MR DISALLOWANCES.] Of this appropriation, $65,000 in fiscal 2000 is to reimburse a four-bed ICF/MR in Ramsey county for disallowances resulting from field audit findings. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[COSTS RELATED TO FACILITY CERTIFICATION.] Of this appropriation, $168,000 is for the costs of providing one-half the state share of medical assistance reimbursement for residential and day habilitation services under article 3, section 39. This amount is available the day following final enactment.

(i) Alternative Care Grants

General	60,873,000	59,981,000

[ALTERNATIVE CARE TRANSFER.] Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

[PREADMISSION SCREENING AMOUNT.] The preadmission screening payment to all counties shall continue at the payment amount in effect for fiscal year 1999.

[ALTERNATIVE CARE APPROPRIATION.] The commissioner may expend the money appropriated for the alternative care program for that purpose in either year of the biennium.

(j) Group Residential Housing

General	66,477,000	70,390,000

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[GROUP RESIDENTIAL FACILITY FOR WOMEN IN RAMSEY COUNTY.] (a) Notwithstanding Minnesota Statutes 1998, section 256I.05, subdivision 1d, the new 23-bed group residential facility for women in Ramsey county, with approval by the county agency, may negotiate a supplementary service rate in addition to the board and lodging rate for facilities licensed and registered by the Minnesota department of health under Minnesota Statutes, section 15.17. The supplementary service rate shall not exceed $564 per person per month and the total rate may not exceed $1,177 per person per month.

(b) Of the general fund appropriation, $19,000 in fiscal year 2000 and $38,000 in fiscal year 2001 is to the commissioner for the costs associated with paragraph (a). This appropriation shall become part of the base for the 2002-2003 biennium.

(k) Chemical Dependency Entitlement Grants

General	36,751,000	38,847,000

(l) Chemical Dependency Nonentitlement Grants

General	6,778,000	6,328,000

[CHEMICAL DEPENDENCY SERVICES.] Of this appropriation, $450,000 in fiscal year 2000 is to the commissioner for chemical dependency services to persons who qualify under Minnesota Statutes, section 254B.04, subdivision 1, paragraph (b).

[REPEAT DWI OFFENDER PROGRAM.] Of this appropriation, $100,000 in fiscal year 2000 and $100,000 in fiscal year 2001 is for the commissioner to pay for chemical dependency treatment for repeat DWI offenders at Brainerd regional human services center. Payment to the Brainerd regional human services center may only be authorized from this appropriation after all potential public and private third-party payers have been billed and a determination made that the offender is not eligible for reimbursement of the treatment costs. This appropriation shall not become part of the base for the 2002-2003 biennium.

Subd. 9. Continuing Care and Community Support Management

General	17,318,000	17,616,000
Lottery Prize	142,000	142,000
State Government Special Revenue	114,000	115,000

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[MINNESOTA SENIOR HEALTH OPTIONS PROJECT.] Of the general fund appropriation, up to $200,000 may be transferred to the Minnesota senior health options project special revenue account during the biennium ending June 30, 2001, to serve as matching funds.

[PERSONS WITH BRAIN INJURIES.] (a) The commissioner shall study and report to the legislature by January 15, 2000, on the status of persons with brain injuries residing in public and private institutions. The report shall include information on lengths of stay, ages of institutionalized persons, and on the supports and services needed to allow these persons to return to their communities.

(b) The commissioner shall apply to the Health Care Financing Administration for a grant to carry out a demonstration project to transition disabled persons out of nursing homes. The project must:

(1) identify persons with brain injuries and other disabled persons residing in nursing homes who could live successfully in the community with appropriate supports;

(2) develop community-based services and supports for institutionalized persons;

(3) eliminate incentives to keep these persons in institutions;

(4) foster the independence of institutionalized persons by involving them in the selection and management of community-based services, such as personal care assistance;

(5) develop innovative funding arrangements to enable funding to follow the individual; and

(6) empower disabled persons, families, and advocacy groups by including them in the design and implementation of service delivery models that maximize consumer choice and direction.

(c) Paragraph (b) is effective the day following final enactment.

[CAMP.] Of this appropriation, $15,000 each year is from the mental health special projects account, for adults and children with mental illness from across the state, for a camping program which utilizes the Boundary Waters Canoe Area and is cooperatively sponsored by client advocacy, mental health treatment, and outdoor recreation agencies.

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[DEMO PROJECT EXTERNAL ADVOCACY FUNDING CAP.] Of the appropriation for the demonstration project for people with disabilities under Minnesota Statutes, section 256B.77, no more than $79,000 per year may be paid for external advocacy under Minnesota Statutes, section 256B.77, subdivision 14.

[REGION 10 QUALITY ASSURANCE COMMISSION.] (1) Of this appropriation, $210,000 each year is appropriated to the commissioner for a grant to the region 10 quality assurance commission established under Minnesota Statutes, section 256B.0951, for the purposes specified in clauses (2) to (4). Unexpended funds for fiscal year 2000 do not cancel, but are available to the commission for fiscal year 2001.

(2) $180,000 each year is for the operating costs of the alternative quality assurance licensing system pilot project, and for the commission to provide grants to counties participating in the alternative quality assurance licensing system under Minnesota Statutes, section 256B.0953.

(3) $20,000 each year is for the commission to contract with an independent entity to conduct a financial review of the alternative quality assurance licensing system, including an evaluation of possible budgetary savings within the affected state agencies as the result of implementing the system.

(4) $10,000 each year is for the commission, in consultation with the commissioner of human services, to establish an ongoing review process for the alternative quality assurance licensing system.

(5) This appropriation shall not become part of the base for the 2002-2003 biennium.

Subd. 10. Economic Support Grants

General	142,037,000	124,758,000

[GIFTS.] Notwithstanding Minnesota Statutes, chapter 7, the commissioner may accept on behalf of the state additional funding from sources other than state funds for the purpose of financing the cost of assistance program grants or nongrant administration. All additional funding is appropriated to the commissioner for use as designated by the grantee of funding.

[CHILD SUPPORT PAYMENT CENTER RECOUPMENT ACCOUNT.] The child support payment center is authorized to establish an account to cover checks issued in error or in cases where insufficient funds are available to pay the checks. All

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recoupments against payments from the account must be deposited in the child support payment center recoupment account and are appropriated to the commissioner for the purposes of the account. Any unexpended balance in the account does not cancel, but is available until expended.

[FEDERAL TANF FUNDS.] (1) Federal Temporary Assistance for Needy Families block grant funds authorized under title I, Public Law Number 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and awarded in federal fiscal years 1997 to 2002 are appropriated to the commissioner in amounts up to $256,265,000 is fiscal year 2000 and $249,682,000 in fiscal year 2001. In addition to these funds, the commissioner may draw or transfer any other appropriations or transfers of federal TANF block grant funds that are enacted into state law.

(2) Of the amounts in clause (1), $15,000,000 is transferred each year of the biennium to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, in each year of the biennium the commissioner shall allocate $15,000,000 of the state's Title XX block grant funds based on the community social services aids formula in Minnesota Statutes, section 256E.06. The commissioner shall ensure that money allocated to counties under this provision is used according to the requirements of United States Code, title 42, section 604(d)(3)(B).

(3) Of the amounts in clause (1), $10,990,000 is transferred each year from the state's federal TANF block grant to the state's federal Title XX block grant. In each year $140,000 is for grants according to Minnesota Statutes, section 257.3571, subdivision 2a, to the Indian child welfare defense corporation to promote statewide compliance with the Indian Child Welfare Act of 1978; $4,650,000 is for grants to counties for concurrent permanency planning; and $6,200,000 is for the commissioner to distribute according to the formula in Minnesota Statutes, section 256E.07. The commissioner shall ensure that money allocated under this clause is used according to the requirements of United States Code, title 42, section 604(d)(3)(B). In fiscal years 2002 and 2003, $140,000 per year is for grants according to Minnesota Statutes, section 257.3571, subdivision 2a, to the Indian child welfare defense corporation to promote statewide compliance with the Indian Child Welfare Act of 1978. Section 13, sunset of uncodified language, does not apply to this provision.

(4) Of the amounts in clause (1), $13,360,000 each year is for increased employment and training efforts and shall be expended as follows:

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(a) $140,000 each year is for a grant to the new chance program. The new chance program shall provide comprehensive services through a private, nonprofit agency to young parents in Hennepin county who have dropped out of school and are receiving public assistance. The program administrator shall report annually to the commissioner on skills development, education, job training, and job placement outcomes for program participants. This appropriation is available for either year of the biennium.

(b) $260,000 each year is for grants to counties to operate the parents fair share program to assist unemployed, noncustodial parents with job search and parenting skills.

(c) $12,960,000 each year is to increase employment and training services grants for MFIP of which $750,000 each year is to be transferred to the job skills partnership board for the health care and human services worker training and retention program.

(d) $10,400,000 of these appropriations shall become part of the base for the 2002-2003 biennium.

(5) Of the amounts in clause (1), $1,094,000 in fiscal year 2000 and $1,676,000 in fiscal year 2001 is transferred from the state's federal TANF block grant to the state's federal child care and development fund block grant, and is appropriated to the commissioner of children, families, and learning for the purposes of Minnesota Statutes, section 119B.05.

(6) Of the amounts in clause (1), $1,000,000 for the biennium is for the purposes of creating and expanding adult-supervised supportive living arrangement services under Minnesota Statutes, section 256J.14. The commissioner shall request proposals from interested parties that have knowledge and experience in the area of adult-supervised adolescent housing and supportive services, and award grants for the purpose of either expanding existing or creating new living arrangements and supportive services. Minor parents who are MFIP participants shall be given priority for housing, and excess living arrangements may be used by minor parents who are not MFIP participants.

(7) In order to maximize transfers from Minnesota's 1998 and 1999 federal TANF block grant awards, the commissioner may implement the transfers of TANF funds in clauses (2), (3), and (5) in the first year of the biennium. This must only be done to the extent allowed by federal law and to the extent that program funding requirements can be met in the second year of the biennium.

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(8) The commissioner shall ensure that sufficient qualified state expenditures are made each year to meet the TANF basic maintenance of effort requirements. The commissioner may apply any allowable source of state expenditures toward these requirements, as necessary to meet minimum basic maintenance of effort requirements and to prevent the loss of federal funds.

[WORKER TRAINING AND RETENTION ELIGIBILITY PROCEDURES.] The commissioner shall develop eligibility procedures for TANF expenditures under Minnesota Statutes, section 256J.02, subdivision 2, clause (5).

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Assistance to Families Grants

General	64,870,000	66,117,000

[EMPLOYMENT SERVICES CARRYOVER.] General fund and federal TANF block grant appropriations for employment services that remain unexpended subsequent to the reallocation process required in Minnesota Statutes, section 256J.62, do not cancel but are available for these purposes in fiscal year 2001.

(b) Work Grants

General	10,731,000	10,731,000

(c) Aid to Families With Dependent Children and Other Assistance

General	1,053,000	374,000

(d) Child Support Enforcement

General	5,359,000	5,359,000

[CHILD SUPPORT PAYMENT CENTER.] Payments to the commissioner from other governmental units, private enterprises, and individuals for services performed by the child support payment center must be deposited in the state systems account authorized under Minnesota Statutes, section 256.014. These payments are appropriated to the commissioner for the operation of the child support payment center or system, according to Minnesota Statutes, section 256.014.

[CHILD SUPPORT EXPEDITED PROCESS.] Of this appropriation for child support enforcement, $2,340,000 for the biennium shall be transferred to the state court administrator to fund the child support expedited process, in accordance with a

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cooperative agreement to be negotiated between the parties. State funds transferred for this purpose in fiscal year 2000 may exceed the base funding amount of $1,170,000 to the extent that there is an increase in the number of orders issued in the expedited process, but may not exceed $1,420,000 in any case. Unexpended expedited process appropriations in fiscal year 2000 may be transferred to fiscal year 2001 for this purpose. Base funding for this program is set at $1,170,000 for each year of the 2002-2003 biennium. The commissioner shall include cost reimbursement claims from the state court administrator for the child support expedited process in the department of human services federal cost reimbursement claim process according to federal law. Federal dollars earned under these claims are appropriated to the commissioner and shall be disbursed to the state court administrator according to department procedures and schedules.

(e) General Assistance

General	33,927,000	14,973,000

[TRANSFERS FROM STATE TANF RESERVE.] $4,666,000 in fiscal year 2000 is transferred from the state TANF reserve account to the general fund.

[GENERAL ASSISTANCE STANDARD.] The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from his or her parents or a legal guardian at $203. The commissioner may reduce this amount in accordance with Laws 1997, chapter 85, article 3, section 54.

(f) Minnesota Supplemental Aid

General	25,767,000	26,874,000

(g) Refugee Services

General	330,000	330,000

Subd. 11. Economic Support Management

General	40,950,000	40,357,000
Health Care Access	1,313,000	1,318,000

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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Economic Support Policy Administration

General	7,100,000	6,951,000

[FOOD STAMP ADMINISTRATIVE REIMBURSEMENT.] The commissioner shall reduce quarterly food stamp administrative reimbursement to counties in fiscal years 1999, 2000, and 2001 by the amount that the United States Department of Health and Human Services determines to be the county random moment study share of the food stamp adjustment under Public Law Number 105-185. The reductions shall be allocated to each county in proportion to each county's contribution, if any, to the amount of the adjustment. Any adjustment to medical assistance administrative reimbursement that is based on the United States Department of Health and Human Services' determinations under Public Law Number 105-185 shall be distributed to counties in the same manner. This provision is effective the day following final enactment.

[SPENDING AUTHORITY FOR FOOD STAMP ENHANCED FUNDING.] In the event that Minnesota qualifies for United States Department of Agriculture Food and Nutrition Services Food Stamp Program enhanced funding beginning in federal fiscal year 1998, the money is appropriated to the commissioner for the purposes of the program. The commissioner may retain 25 percent of the enhanced funding, with the remaining 75 percent divided among the counties according to a formula that takes into account each county's impact on the statewide food stamp error rate.

[ELIGIBILITY DETERMINATION FUNDING.] Increased federal funds for the costs of eligibility determination and other permitted activities that are available to the state through section 114 of the Personal Responsibility and Work Opportunity Reconciliation Act, Public Law Number 104-193, are appropriated to the commissioner.

(b) Economic Support Operations

General	33,850,000	33,406,000
Health Care Access	1,313,000	1,318,000

[MAXIS BASE REDUCTION.] The base level appropriation for MAXIS shall be reduced by $2,500,000 each year of the biennium beginning July 1, 2001. Section 13, sunset of uncodified language, does not apply to this provision.

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[FRAUD PREVENTION AND CONTROL FUNDING.] Unexpended funds appropriated for the provision of program integrity activities for fiscal year 2000 are also available to the commissioner to fund fraud prevention and control initiatives, and do not cancel but are available to the commissioner for these purposes for fiscal year 2001. Unexpended funds may be transferred between the fraud prevention investigation program and fraud control programs to promote the provisions of Minnesota Statutes, sections 256.983 and 256.9861.

[TRANSFERS TO TITLE XX FOR CSSA.] When preparing the governor's budget for the 2002-2003 biennium, the commissioner of finance shall ensure that the base level funding for the community social services aids includes $11,000,000 in fiscal year 2002 and $11,000,000 in fiscal year 2003 in funding that is transferred from the state's federal TANF block grant to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, the commissioner shall allocate the portion of the state's community social services aids funding that is comprised of these transferred funds based on the community social services aids formula in Minnesota Statutes, section 256E.06. The commissioner shall ensure that money allocated under this provision is used in accordance with the requirements of United States Code, title 42, section 604(d)(3)(B). Any reductions to the amount of the state community social services (CSSA) block grant funding in fiscal year 2002 or 2003 shall not reduce the base for the CSSA block grant for the 2004-2005 biennial budget. Section 13, sunset of uncodified language, does not apply to this provision.

Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total Appropriation			100,424,000	98,641,000
Summary by Fund				
General	64,916,000	63,565,000		
State Government Special Revenue	25,563,000	25,020,000		
Health Care Access	9,945,000	10,056,000		

[INDIRECT COSTS NOT TO FUND PROGRAMS.] The commissioner shall not use indirect cost allocations to pay for the operational costs of any program for which the commissioner is responsible.

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[GENERAL FUND GRANT REDUCTIONS.] The commissioner may not reduce general fund appropriations for grants without specific legislative authority.

Subd. 2. Health Systems and Special Populations	66,999,000	66,269,000

Summary by Fund

General	46,593,000	46,299,000
State Government Special Revenue	10,557,000	10,012,000
Health Care Access	9,849,000	9,958,000

[WIC TRANSFERS.] The general fund appropriation for the women, infants, and children (WIC) food supplement program is available for either year of the biennium. Transfers of these funds between fiscal years must either be to maximize federal funds or to minimize fluctuations in the number of program participants.

[MINNESOTA CHILDREN WITH SPECIAL HEALTH NEEDS CARRYOVER.] General fund appropriations for treatment services in the services for Minnesota children with special health needs program are available for either year of the biennium.

[SUICIDE PREVENTION STUDY.] Of the general fund appropriation, $100,000 in fiscal year 2000 is for the commissioner to study suicide issues and develop a suicide prevention plan. The study must be conducted in consultation with local community health boards, mental health professionals, schools, and other interested parties. The plan must be reported to the legislature by January 15, 2000.

[FAMILY PRACTICE RESIDENCY PROGRAM.] Of the general fund appropriation, $300,000 in fiscal year 2000 is to the commissioner to make a grant to the city of Duluth for a family practice residency program for northeastern Minnesota.

[UNCOMPENSATED CARE.] The commissioner shall study and report to the legislature by January 15, 2000, with:

(1) statistical information on the amount of uncompensated health care provided in Minnesota, the types of care provided, the settings in which the care is provided, and, if known, the most common reasons why the care is uncompensated; and

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(2) recommendations for reducing the level of uncompensated care, including, but not limited to, methods to enroll eligible persons in public health care programs through simplification of the application process and other efforts.

[RURAL HOSPITAL CAPITAL IMPROVEMENT GRANT PROGRAM.] (a) Of this appropriation, $2,800,000 for each fiscal year is from the health care access fund to the commissioner for the rural hospital capital improvement grant program described in Minnesota Statutes, section 144.148. This appropriation shall not become part of the base for the 2002-2003 biennium.

(b) The commissioner may provide up to $300,000 for the Westbrook health center for hospital and clinic improvements, upon receipt of information from the Westbrook health center indicating how it has fulfilled the requirements of Minnesota Statutes, section 144.148, and evidence that it has raised at least a dollar-for-dollar match from nonstate sources.

[ACCESS TO SUMMARY MINIMUM DATA SET (MDS).] The commissioner, in cooperation with the commissioner of administration, shall work to obtain access to Minimum Data Set (MDS) data that is electronically transmitted by nursing facilities to the health department. The MDS data shall be made available on a quarterly basis to industry trade associations for use in quality improvement efforts and comparative analysis. The MDS data shall be provided to the industry trade associations in the form of summary aggregate data, without patient identifiers, to ensure patient privacy. The commissioner may charge for the actual cost of production of these documents.

[NURSING HOME MORATORIUM REPORT.] In preparing the report required by Minnesota Statutes, section 144A.071, subdivision 5, the commissioner and the commissioner of human services shall analyze the adequacy of the supply of nursing home beds by measuring the ability of hospitals to promptly discharge patients to a nursing home within the hospital's primary service area. If it is determined that a shortage of beds exists, the report shall present a plan to correct the service deficits. The report shall also analyze the impact of assisted living services on the medical assistance utilization of nursing homes.

[HEALTH CARE PURCHASING ALLIANCES.] Of the health care access fund appropriation, $100,000 each year is to the commissioner for grants to two local organizations to develop health care purchasing alliances under Minnesota Statutes, section 62T.02, to negotiate the purchase of health care services from licensed entities. Of this amount, $50,000 each year is for a grant to the Southwest Regional Development Commissioner to

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

coordinate purchasing alliance development in the southwest area of the state, and $50,000 each year is for a grant to the University of Minnesota extension services in Crookston to coordinate purchasing alliance development in the northwest area of the state. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[GENERAL FUND TOBACCO BASE REDUCTION.] The general fund base level appropriation for tobacco prevention and control programs and activities shall be reduced by $1,100,000 each year of the biennium beginning July 1, 2001. Section 13, sunset of uncodified language, does not apply to this provision.

[STANDARDS FOR SPECIAL CASE AUTOPSIES.] Of this general fund appropriation, $20,000 for the biennium is for a grant to a professional association representing coroners and medical examiners in Minnesota to conduct case studies, and develop and disseminate guidelines, for autopsy practice in special cases. This is a one-time appropriation and shall not become part of base level funding for the 2002-2003 biennium.

Subd. 3. Health Protection	27,046,000	27,240,000
Summary by Fund		
General	12,221,000	12,417,000
State Government Special Revenue	14,825,000	14,823,000

[PORTABLE WADING POOLS.] (a) Portable wading pools used in the following settings are defined as private residential pools, and not public pools, for purposes of public swimming pool regulation under Minnesota Rules, chapter 4717, provided they have a maximum depth of 24 inches and are capable of being manually emptied and moved:

(1) a portable wading pool operated at a family day care or group family day care home that is licensed under Minnesota Rules, chapter 9502; and

(2) a portable wading pool operated at a home at which child care services are provided under Minnesota Statutes, section 245A.03, subdivision 2, clause (2), or under Laws 1997, chapter 248, section 46, including subsequent amendments.

(b) Portable wading pools may not be used by a child at a setting specified in paragraph (a), clause (1) or (2), unless the parent or legal guardian for the child in care has provided written consent.

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The written consent shall include a statement that the parent or legal guardian has received and read material provided by the department of health to the department of human services for distribution to all child care facilities, related to the use of portable wading pools concerning the risk of disease transmission as well as other health risks.

(c) This provision is effective the day following final enactment.

Subd. 4. Management and Support Services	6,379,000	5,132,000

Summary by Fund

General	6,102,000	4,849,000
State Government Special Revenue	181,000	185,000
Health Care Access	96,000	98,000

[HEALTH NEEDS OF SPECIAL POPULATIONS.] Of the general fund appropriation, $400,000 in fiscal year 2000 is for grants to local health agencies to conduct a health needs assessment that is specific to populations of color. Any portion of this appropriation that is unspent does not cancel but shall be available for these purposes in fiscal year 2001. This appropriation shall not become part of the base for the 2002-2003 biennium.

[YEAR 2000 SURVEY OF FACILITIES AND WATER SYSTEMS.] Of this general fund appropriation, $100,000 is for the costs associated with surveying by July 1, 1999, all hospitals, nursing homes, nontransient community water systems operated by a public entity, and community water supply systems for year 2000 problems and proposed solutions. Of this amount, $50,000 is available the day following final enactment.

[SINGLE POINT OF ENTRY.] The commissioner, in consultation with the commissioners of commerce and human services, the ombudsman for mental health and mental retardation, and the board on aging, shall report to the chairs of the senate health and family security committee and the house health and human services committee by January 15, 2000, with a plan to:

(1) create a single point of entry for health care consumer assistance and advocacy services;

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

(2) integrate state offices of health care consumer assistance; and

(3) coordinate and collaborate with other state agencies and nongovernmental entities to provide consumers with assistance and advocacy services related to health insurance and health services.

The report shall also discuss the feasibility of obtaining grants and other revenue to provide these services.

Sec. 4. VETERANS NURSING HOMES BOARD	26,121,000	27,103,000

[ALLOWANCE FOR FOOD.] The allowance for food may be adjusted annually to reflect changes in the producer price index, as prepared by the United States Bureau of Labor Statistics, with the approval of the commissioner of finance. Adjustments for fiscal year 2000 and fiscal year 2001 must be based on the June 1998 and June 1999 producer price index respectively, but the adjustment must be prorated if it would require money in excess of the appropriation.

[IMPROVEMENTS USING DONATED MONEY.] Notwithstanding Minnesota Statutes, section 16B.30, the board may make and maintain the following improvements to the veterans homes using money donated for those purposes:

(1) a picnic pavilion at the Minneapolis veterans home;

(2) walking trails at the Hastings veterans home;

(3) walking trails and landscaping at the Silver Bay veterans home;

(4) an entrance canopy at the Fergus Falls veterans home; and

(5) a suspended wooden dining deck at the Luverne veterans home.

[ASSET PRESERVATION; FACILITY REPAIR.] Of the general fund appropriation, $1,190,000 each year is for asset preservation and facility repair. The appropriations are available in either year of the biennium and may be used for abatement and repair at the Luverne home. This appropriation shall become part of the board's base level funding for the 2002-2003 biennium.

[VETERANS HOMES SPECIAL REVENUE ACCOUNT.] The general fund appropriations made to the board shall be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the board for the operation of board facilities and programs.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

[SETTING COST OF CARE.] (a) The board may set the cost of care at the Fergus Falls facility for fiscal year 2000 based on the cost of average skilled nursing care provided to residents of the Minneapolis veterans home for fiscal year 2000.

(b) The cost of care for the domiciliary residents at the Minneapolis veterans home and the skilled nursing care residents at the Luverne veterans home for fiscal year 2000 and fiscal year 2001 shall be calculated based on 100 percent occupancy at each facility.

[LICENSED BED CAPACITY FOR MINNEAPOLIS VETERANS HOME.] The commissioner of health shall not reduce the licensed bed capacity for the Minneapolis veterans home pending completion of the project authorized by Laws 1990, chapter 610, article 1, section 9, subdivision 3.

[LUVERNE ENVIRONMENTAL QUALITY.] Of this appropriation, $591,000 in fiscal year 2000 is from the general fund to the board to ensure an adequate staffing complement during the repairs at the Luverne home. Of that amount, $229,000 is available the day following final enactment.

Sec. 5. HEALTH-RELATED BOARDS

Subdivision 1. Total Appropriation	10,376,000	10,576,000

[STATE GOVERNMENT SPECIAL REVENUE FUND.] The appropriations in this section are from the state government special revenue fund.

[NO SPENDING IN EXCESS OF REVENUES.] The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues or accumulated surplus revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account.

Subd. 2. Board of Chiropractic Examiners	350,000	361,000
Subd. 3. Board of Dentistry	783,000	806,000
Subd. 4. Board of Dietetic and Nutrition Practice	92,000	95,000
Subd. 5. Board of Marriage and Family Therapy	107,000	111,000
Subd. 6. Board of Medical Practice	3,469,000	3,593,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Subd. 7. Board of Nursing	2,202,000	2,245,000
Subd. 8. Board of Nursing Home Administrators	548,000	566,000

[HEALTH PROFESSIONAL SERVICES ACTIVITY.] Of these appropriations, $368,000 the first year and $380,000 the second year are for the Health Professional Services Activity.

Subd. 9. Board of Optometry	87,000	90,000
Subd. 10. Board of Pharmacy	1,125,000	1,137,000

[ADMINISTRATIVE SERVICES UNIT.] Of this appropriation, $259,000 the first year and $270,000 the second year are for the health boards administrative services unit. The administrative services unit may receive and expend reimbursements for services performed for other agencies.

Subd. 11. Board of Physical Therapy	227,000	185,000
Subd. 12. Board of Podiatry	41,000	42,000
Subd. 13. Board of Psychology	556,000	534,000

[PART-TIME POSITIONS FUNDING.] Of this appropriation, $34,000 in fiscal year 2000 is from the state government special revenue fund to the board to fund two part-time positions previously funded through the legislative advisory commission and for a budget shortage due to position reallocations. This appropriation is available the day following final enactment.

Subd. 14. Board of Social Work	641,000	658,000
Subd. 15. Board of Veterinary Medicine	148,000	153,000
Sec. 6. EMERGENCY MEDICAL SERVICES BOARD	2,420,000	2,467,000

Summary by Fund

General	694,000	694,000
Trunk Highway	1,726,000	1,773,000

[COMPREHENSIVE ADVANCED LIFE SUPPORT (CALS).] Of the general fund appropriation, $108,000 each year is for the board to establish a comprehensive advanced life support educational program under Minnesota Statutes, section 144E.37.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
[EMERGENCY MEDICAL SERVICES GRANTS.] Of the appropriation from the trunk highway fund, $18,000 in fiscal year 2000 and $36,000 in fiscal year 2001 is to the board for grants to regional emergency medical services programs. This appropriation shall become part of the base for the 2002-2003 biennium.		
Sec. 7. COUNCIL ON DISABILITY	650,000	670,000
Sec. 8. OMBUDSMAN FOR MENTAL HEALTH AND MENTAL RETARDATION	1,338,000	1,378,000
Sec. 9. OMBUDSMAN FOR FAMILIES	166,000	171,000

Sec. 10. TRANSFERS

Subdivision 1. Grant Programs

The commissioner of human services, with the approval of the commissioner of finance, and after notification of the chair of the senate health and family security budget division and the chair of the house health and human services finance committee, may transfer unencumbered appropriation balances for the biennium ending June 30, 2001, within fiscal years among the MFIP, general assistance, general assistance medical care, medical assistance, Minnesota supplemental aid, and group residential housing programs, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium.

Subd. 2. Approval Required

Positions, salary money, and nonsalary administrative money may be transferred within the departments of human services and health and within the programs operated by the veterans nursing homes board as the commissioners and the board consider necessary, with the advance approval of the commissioner of finance. The commissioner or the board shall inform the chairs of the house health and human services finance committee and the senate health and family security budget division quarterly about transfers made under this provision.

Sec. 11. PROVISIONS

(a) Money appropriated to the commissioner of human services for the purchase of provisions must be used solely for that purpose. Money provided and not used for the purchase of provisions must be canceled into the fund from which appropriated, except that money provided and not used for the purchase of provisions because of population decreases may be transferred and used for

the purchase of drugs and medical and hospital supplies and equipment with the approval of the commissioner of finance after notification of the chairs of the house health and human services finance committee and the senate health and family security budget division.

(b) For fiscal year 2000, the allowance for food may be adjusted to the equivalent of the 75th percentile of the comparable raw food costs for community nursing homes as reported to the commissioner of human services. For fiscal year 2001, an adjustment may be made to reflect the annual change in the United States Bureau of Labor Statistics producer price index as of June 2000 with the approval of the commissioner of finance. The adjustments for either year must be prorated if they would require money in excess of this appropriation.

Sec. 12. CARRYOVER LIMITATION

None of the appropriations in this act which are allowed to be carried forward from fiscal year 2000 to fiscal year 2001 shall become part of the base level funding for the 2002-2003 biennial budget, unless specifically directed by the legislature.

Sec. 13. SUNSET OF UNCODIFIED LANGUAGE

All uncodified language contained in this article expires on June 30, 2001, unless a different expiration date is explicit.

Sec. 14. Minnesota Statutes 1998, section 144.05, is amended by adding a subdivision to read:

Subd. 3. [APPROPRIATION TRANSFERS TO BE REPORTED.] When the commissioner transfers operational money between programs under section 16A.285, in addition to the requirements of that section the commissioner must provide the chairs of the legislative committees that have jurisdiction over the agency's budget with sufficient detail to identify the account to which the money was originally appropriated, and the account to which the money is being transferred.

Sec. 15. Minnesota Statutes 1998, section 198.003, is amended by adding a subdivision to read:

Subd. 5. [APPROPRIATION TRANSFERS TO BE REPORTED.] When the board transfers operational money between programs under section 16A.285, in addition to the requirements of that section the board must provide the chairs of the legislative committees that have jurisdiction over the board's budget with sufficient detail to identify the account to which the money was originally appropriated, and the account to which the money is being transferred.

Sec. 16. 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.

(22) Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. A communications account may also be established for each regional treatment center which operates communications systems. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account, and is appropriated to the commissioner for purposes of this section.

(23) Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

(24) Incorporate cost reimbursement claims from First Call Minnesota into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Any reimbursement received is appropriated to the commissioner and shall be disbursed to First Call Minnesota according to normal department payment schedules.

Sec. 17. Minnesota Statutes 1998, section 256.01, is amended by adding a subdivision to read:

Subd. 18. [APPROPRIATION TRANSFERS TO BE REPORTED.] When the commissioner transfers operational money between programs under section 16A.285, in addition to the requirements of that section the commissioner must provide the chairs of the legislative committees that have jurisdiction over the agency's budget with sufficient detail to identify the account to which the money was originally appropriated, and the account to which the money is being transferred.

Sec. 18. Minnesota Statutes 1998, section 256.014, is amended by adding a subdivision to read:

Subd. 4. [ISSUANCE OPERATIONS CENTER.] Payments to the commissioner from other governmental units and private enterprises for: services performed by the issuance operations center; or reports generated by the payment and eligibility systems must be deposited in the account created under subdivision 2. These payments are appropriated to the commissioner for the operation of the issuance center or system, according to the provisions of this section.

Sec. 19. Minnesota Statutes 1998, section 256J.39, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT POLICY.] The following policies apply to monthly assistance payments and corrective payments:

(1) Grant payments may be issued in the form of warrants immediately redeemable in cash, electronic benefits transfer, or by direct deposit into the recipient's account in a financial institution.

(2) The commissioner shall mail assistance payment checks to the address where a caregiver lives unless the county agency approves an alternate arrangement.

(3) The commissioner shall mail monthly assistance payment checks within time to allow postal service delivery to occur no later than the first day of each month. Monthly assistance payment checks must be dated the first day of the month. The commissioner shall issue electronic benefits transfer payments so that caregivers have access to the payments no later than the first of the month.

(4) The commissioner shall issue replacement checks promptly, but no later than seven calendar days after the provisions of sections 16A.46; 256.01, subdivision 11; and 471.415 have been met.

(5) The commissioner, with the advance approval of the commissioner of finance, may issue cash assistance grant payments up to three days before the first day of each month, including three days before the start of each state fiscal year. Of the money appropriated for cash assistance grant payments for each fiscal year, up to three percent of the annual state appropriation is available to the commissioner in the previous fiscal year. If that amount is insufficient for the costs incurred, an additional amount of the appropriation as needed may be transferred with the advance approval of the commissioner of finance.

Sec. 20. [REPEALER.]

Minnesota Statutes 1998, section 256J.03, is repealed effective July 2, 1999. Section 13, sunset of uncodified language, does not apply to this section.

Sec. 21. [EFFECTIVE DATE.]

Section 19 is effective the day following final enactment.

ARTICLE 2

HEALTH DEPARTMENT

Section 1. Minnesota Statutes 1998, section 15.059, subdivision 5a, is amended to read:

Subd. 5a. [LATER EXPIRATION.] Notwithstanding subdivision 5, the advisory councils and committees listed in this subdivision do not expire June 30, 1997. These groups expire June 30, 2001, unless the law creating the group or this subdivision specifies an earlier expiration date.

Investment advisory council, created in section 11A.08;

Intergovernmental information systems advisory council, created in section 16B.42, expires June 30, 1999;

Feedlot and manure management advisory committee, created in section 17.136;

Aquaculture advisory committee, created in section 17.49;

Dairy producers board, created in section 17.76;

Pesticide applicator education and examination review board, created in section 18B.305;

Advisory seed potato certification task force, created in section 21.112;

Food safety advisory committee, created in section 28A.20;

Minnesota organic advisory task force, created in section 31.95;

Public programs risk adjustment work group, created in section 62Q.03~~, expires June 30, 1999~~;

Workers' compensation self-insurers' advisory committee, created in section 79A.02;

Youth corps advisory committee, created in section 84.0887;

Iron range off-highway vehicle advisory committee, created in section 85.013;

Mineral coordinating committee, created in section 93.002;

Game and fish fund citizen advisory committees, created in section 97A.055;

Wetland heritage advisory committee, created in section 103G.2242;

Wastewater treatment technical advisory committee, created in section 115.54;

Solid waste management advisory council, created in section 115A.12;

Nuclear waste council, created in section 116C.711;

Genetically engineered organism advisory committee, created in section 116C.93;

Environment and natural resources trust fund advisory committee, created in section 116P.06;

Child abuse prevention advisory council, created in section 119A.13;

Chemical abuse and violence prevention council, created in section 119A.27;

Youth neighborhood services advisory board, created in section 119A.29;

Interagency coordinating council, created in section 125A.28, expires June 30, 1999;

Desegregation/integration advisory board, created in section 124D.892;

Nonpublic education council, created in section 123B.445;

Permanent school fund advisory committee, created in section 127A.30;

Indian scholarship committee, created in section 124D.84, subdivision 2;

American Indian education committees, created in section 124D.80;

Summer scholarship advisory committee, created in section 124D.95;

Multicultural education advisory committee, created in section 124D.894;

Male responsibility and fathering grants review committee, created in section 124D.33;

Library for the blind and physically handicapped advisory committee, created in section 134.31;

Higher education advisory council, created in section 136A.031;

Student advisory council, created in section 136A.031;

Cancer surveillance advisory committee, created in section 144.672;

Maternal and child health task force, created in section 145.881;

State community health advisory committee, created in section 145A.10;

Mississippi River Parkway commission, created in section 161.1419;

School bus safety advisory committee, created in section 169.435;

Advisory council on workers' compensation, created in section 175.007;

Code enforcement advisory council, created in section 175.008;

Medical services review board, created in section 176.103;

Apprenticeship advisory council, created in section 178.02;

OSHA advisory council, created in section 182.656;

Health professionals services program advisory committee, created in section 214.32;

Rehabilitation advisory council for the blind, created in section 248.10;

American Indian advisory council, created in section 254A.035;

Alcohol and other drug abuse advisory council, created in section 254A.04;

Medical assistance drug formulary committee, created in section 256B.0625;

Home care advisory committee, created in section 256B.071;

Preadmission screening, alternative care, and home and community-based services advisory committee, created in section 256B.0911;

Traumatic brain injury advisory committee, created in section 256B.093;

Minnesota commission serving deaf and hard-of-hearing people, created in section 256C.28;

American Indian child welfare advisory council, created in section 257.3579;

Juvenile justice advisory committee, created in section 268.29;

Northeast Minnesota economic development fund technical advisory committees, created in section 298.2213;

Iron range higher education committee, created in section 298.2214;

Northeast Minnesota economic protection trust fund technical advisory committee, created in section 298.297;

Pipeline safety advisory committee, created in section 299J.06, expires June 30, 1998;

Battered women's advisory council, created in section 611A.34.

Sec. 2. Minnesota Statutes 1998, section 62J.04, subdivision 3, is amended to read:

Subd. 3. [COST CONTAINMENT DUTIES.] ~~After obtaining the advice and recommendations of the Minnesota health care commission,~~ The commissioner shall:

(1) establish statewide and regional cost containment goals for total health care spending under this section and collect data as described in sections 62J.38 to 62J.41 to monitor statewide achievement of the cost containment goals;

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

(3) ~~provide technical assistance to regional coordinating boards;~~

~~(4)~~ monitor the quality of health care throughout the state and take action as necessary to ensure an appropriate level of quality;

~~(5)~~ (4) issue recommendations regarding uniform billing forms, uniform electronic billing procedures and data interchanges, patient identification cards, and other uniform claims and administrative procedures for health care providers and private and public sector payers. In developing the recommendations, the commissioner shall review the work of the work group on electronic data interchange (WEDI) and the American National Standards Institute (ANSI) at the national level, and the work being done at the state and local level. The commissioner may adopt rules requiring the use of the Uniform Bill 82/92 form, the National Council of Prescription Drug Providers (NCPDP) 3.2 electronic version, the Health Care Financing Administration 1500 form, or other standardized forms or procedures;

~~(6)~~ (5) undertake health planning responsibilities as provided in section 62J.15;

~~(7)~~ (6) authorize, fund, or promote research and experimentation on new technologies and health care procedures;

~~(8)~~ (7) within the limits of appropriations for these purposes, administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services, undertake prevention programs including initiatives to improve birth outcomes, expand childhood immunization efforts, and provide start-up grants for worksite wellness programs;

~~(9)~~ (8) undertake other activities to monitor and oversee the delivery of health care services in Minnesota with the goal of improving affordability, quality, and accessibility of health care for all Minnesotans; and

~~(10)~~ (9) make the cost containment goal data available to the public in a consumer-oriented manner.

Sec. 3. Minnesota Statutes 1998, section 62J.06, is amended to read:

62J.06 [IMMUNITY FROM LIABILITY.]

No member of ~~the regional coordinating boards established under section 62J.09, or~~ the health technology advisory committee established under section 62J.15, shall be held civilly or criminally liable for an act or omission by that person if the act or omission was in good faith and within the scope of the member's responsibilities under this chapter.

Sec. 4. Minnesota Statutes 1998, section 62J.07, subdivision 1, is amended to read:

Subdivision 1. [LEGISLATIVE OVERSIGHT.] The legislative commission on health care access reviews the activities of the commissioner of health, ~~the regional coordinating boards,~~ the health technology advisory committee, and all other state agencies involved in the implementation and administration of this chapter, including efforts to obtain federal approval through waivers and other means.

Sec. 5. Minnesota Statutes 1998, section 62J.07, subdivision 3, is amended to read:

Subd. 3. [REPORTS TO THE COMMISSION.] The commissioner of health~~, the regional coordinating boards,~~ and the health technology advisory committee shall report on their activities annually and at other times at the request of the legislative commission on health care access. The commissioners of health, commerce, and human services shall provide periodic reports to the legislative commission on the progress of rulemaking that is authorized or required under this chapter and shall notify members of the commission when a draft of a proposed rule has been completed and scheduled for publication in the State Register. At the request of a member of the commission, a commissioner shall provide a description and a copy of a proposed rule.

Sec. 6. Minnesota Statutes 1998, section 62J.09, subdivision 8, is amended to read:

Subd. 8. [REPEALER.] This section is repealed effective July 1, ~~2000~~ 1999.

Sec. 7. Minnesota Statutes 1998, section 62J.2930, subdivision 3, is amended to read:

Subd. 3. [CONSUMER INFORMATION.] The information clearinghouse or another entity designated by the commissioner shall provide consumer information to health plan company enrollees to:

(1) assist enrollees in understanding their rights;

(2) explain and assist in the use of all available complaint systems, including internal complaint systems within health carriers, community integrated service networks, and the departments of health and commerce;

(3) provide information on coverage options in each ~~regional coordinating board~~ region of the state;

(4) provide information on the availability of purchasing pools and enrollee subsidies; and

(5) help consumers use the health care system to obtain coverage.

The information clearinghouse or other entity designated by the commissioner for the purposes of this subdivision shall not:

(1) provide legal services to consumers;

(2) represent a consumer or enrollee; or

(3) serve as an advocate for consumers in disputes with health plan companies.

Nothing in this subdivision shall interfere with the ombudsman program established under section 256B.031, subdivision 6, or other existing ombudsman programs.

Sec. 8. [62J.535] [UNIFORM BILLING REQUIREMENTS.]

Subdivision 1. [DEVELOPMENT OF UNIFORM BILLING TRANSACTIONS.] The commissioner of health, after consultation with the commissioner of commerce, shall adopt uniform billing standards that comply with United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time. The uniform billing standards shall apply to all paper and electronic claim transactions and shall apply to all Minnesota payers, including government programs.

Subd. 2. [COMPLIANCE.] (a) Concurrent with the effective dates established under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, for uniform electronic billing standards, all health care providers must conform to the uniform billing standards developed under subdivision 1.

(b) Notwithstanding paragraph (a), the requirements for the uniform remittance advice report shall be effective 12 months after the date of the required compliance of the standards for the electronic remittance advice transaction are effective under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time.

Sec. 9. [62J.691] [PURPOSE.]

The legislature finds that medical education and research are important to the health and economic well being of Minnesotans. The legislature further finds that, as a result of competition in the health care marketplace, these teaching and research institutions are facing increased difficulty funding medical education and research. The purpose of sections 62J.692 and 62J.693 is to help offset lost patient care revenue for those teaching institutions affected by increased competition in the health care marketplace and to help ensure the continued excellence of health care research in Minnesota.

Sec. 10. [62J.692] [MEDICAL EDUCATION.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following definitions apply:

(a) "Accredited clinical training" means the clinical training provided by a medical education program that is accredited through an organization recognized by the department of education or the health care financing administration as the official accrediting body for that program.

(b) "Commissioner" means the commissioner of health.

(c) "Clinical medical education program" means the accredited clinical training of physicians (medical students and residents), doctor of pharmacy practitioners, doctors of chiropractic, dentists, advanced practice nurses (clinical nurse specialists, certified registered nurse anesthetists, nurse practitioners, and certified nurse midwives), and physician assistants.

(d) "Sponsoring institution" means a hospital, school, or consortium located in Minnesota that sponsors and maintains primary organizational and financial responsibility for a clinical medical education program in Minnesota and which is accountable to the accrediting body.

(e) "Teaching institution" means a hospital, medical center, clinic, or other organization that conducts a clinical medical education program in Minnesota.

(f) "Trainee" means a student or resident involved in a clinical medical education program.

(g) "Eligible trainee FTEs" means the number of trainees, as measured by full-time equivalent counts, that are at training sites located in Minnesota with a medical assistance provider number where training occurs in either an inpatient or ambulatory patient care setting and where the training is funded, in part, by patient care revenues.

Subd. 2. [MEDICAL EDUCATION AND RESEARCH ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee to provide advice and oversight on the distribution of funds appropriated for distribution under this section. In appointing the members, the commissioner shall:

(1) consider the interest of all stakeholders;

(2) appoint members that represent both urban and rural interests; and

(3) appoint members that represent ambulatory care as well as inpatient perspectives.

The commissioner shall appoint to the advisory committee representatives of the following groups to ensure appropriate representation of all eligible provider groups and other stakeholders: public and private medical researchers; public and private academic medical centers, including representatives from academic centers offering accredited training programs for physicians, pharmacists, chiropractors, dentists, nurses, and physician assistants; managed care organizations; employers; consumers and other relevant stakeholders. The advisory committee is governed by section 15.059 for membership terms and removal of members and expires on June 30, 2001.

Subd. 3. [APPLICATION PROCESS.] (a) A clinical medical education program conducted in Minnesota by a teaching institution is eligible for funds under subdivision 4 if the program:

(1) is funded, in part, by patient care revenues;

(2) occurs in patient care settings that face increased financial pressure as a result of competition with nonteaching patient care entities; and

(3) emphasizes primary care or specialties that are in undersupply in Minnesota.

(b) Applications must be submitted to the commissioner by a sponsoring institution on behalf of an eligible clinical medical education program and must be received by September 30 of each year for distribution in the following year. An application for funds must contain the following information:

(1) the official name and address of the sponsoring institution and the official name and site address of the clinical medical education programs on whose behalf the sponsoring institution is applying;

(2) the name, title, and business address of those persons responsible for administering the funds;

(3) for each clinical medical education program for which funds are being sought; the type and specialty orientation of trainees in the program; the name, site address, and medical assistance provider number of each training site used in the program; the total number of trainees at each training site; and the total number of eligible trainee FTEs at each site;

(4) audited clinical training costs per trainee for each clinical medical education program where available or estimates of clinical training costs based on audited financial data;

(5) a description of current sources of funding for clinical medical education costs, including a description and dollar amount of all state and federal financial support, including Medicare direct and indirect payments;

(6) other revenue received for the purposes of clinical training; and

(7) other supporting information the commissioner deems necessary to determine program eligibility based on the criteria in paragraph (a) and to ensure the equitable distribution of funds.

(c) An applicant that does not provide information requested by the commissioner shall not be eligible for funds for the current funding cycle.

Subd. 4. [DISTRIBUTION OF FUNDS.] (a) The commissioner shall annually distribute medical education funds to all qualifying applicants based on the following criteria:

(1) total medical education funds available for distribution;

(2) total number of eligible trainee FTEs in each clinical medical education program; and

(3) the statewide average cost per trainee, by type of trainee, in each clinical medical education program.

(b) Funds distributed shall not be used to displace current funding appropriations from federal or state sources.

(c) Funds shall be distributed to the sponsoring institutions indicating the amount to be distributed to each of the sponsor's clinical medical education programs based on the criteria in this subdivision and in accordance with the commissioner's approval letter. Each clinical medical education program must distribute funds to the training sites as specified in the commissioner's approval letter. Sponsoring institutions, which are accredited through an organization recognized by the department of education or the health care financing administration, may contract directly with training sites to provide clinical training. To ensure the quality of clinical training, those accredited sponsoring institutions must:

(1) develop contracts specifying the terms, expectations, and outcomes of the clinical training conducted at sites; and

(2) take necessary action if the contract requirements are not met. Action may include the withholding of payments under this section or the removal of students from the site.

(d) Any funds not distributed in accordance with the commissioner's approval letter must be returned to the medical education and research fund within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites in accordance with the commissioner's approval letter.

Subd. 5. [REPORT.] (a) Sponsoring institutions receiving funds under this section must sign and submit a medical education grant verification report (GVR) to verify that the correct grant amount was forwarded to each eligible training site. If the sponsoring institution fails to submit the GVR by the stated deadline, or to request and meet the deadline for an extension, the sponsoring institution is required to return the full amount of funds received to the commissioner within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites in accordance with the commissioner's approval letter.

(b) The reports must provide verification of the distribution of the funds and must include:

(1) the total number of eligible trainee FTEs in each clinical medical education program;

(2) the name of each funded program and, for each program, the dollar amount distributed to each training site;

(3) documentation of any discrepancies between the initial grant distribution notice included in the commissioner's approval letter and the actual distribution;

(4) a statement by the sponsoring institution stating that the completed grant verification report is valid and accurate; and

(5) other information the commissioner, with advice from the advisory committee, deems appropriate to evaluate the effectiveness of the use of funds for medical education.

(c) By February 15 of each year, the commissioner, with advice from the advisory committee, shall provide an annual summary report to the legislature on the implementation of this section.

Subd. 6. [OTHER AVAILABLE FUNDS.] The commissioner is authorized to distribute, in accordance with subdivision 4, funds made available through:

(1) voluntary contributions by employers or other entities;

(2) allocations for the commissioner of human services to support medical education and research; and

(3) other sources as identified and deemed appropriate by the legislature for inclusion in the fund.

Subd. 7. [TRANSFERS FROM THE COMMISSIONER OF HUMAN SERVICES.] (a) The amount transferred according to section 256B.69, subdivision 5c, shall be distributed by the commissioner to clinical medical education programs that meet the qualifications of subdivision 3 based on a distribution formula that reflects a summation of two factors:

(1) an education factor, which is determined by the total number of eligible trainee FTEs and the total statewide average costs per trainee, by type of trainee, in each clinical medical education program; and

(2) a public program volume factor, which is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the fund pool created under this subdivision.

In this formula, the education factor shall be weighted at 50 percent and the public program volume factor shall be weighted at 50 percent.

(b) Public program revenue for the formula in paragraph (a) shall include revenue from medical assistance, prepaid medical assistance, general assistance medical care, and prepaid general assistance medical care.

(c) Training sites that receive no public program revenue shall be ineligible for funds available under this subdivision.

Subd. 8. [FEDERAL FINANCIAL PARTICIPATION.] The commissioner of human services shall seek to maximize federal financial participation in payments for medical education and research costs. If the commissioner of human services determines that federal financial participation is available for the medical education and research, the commissioner of health shall transfer to the commissioner of human services the amount of state funds necessary to maximize the federal funds available. The amount transferred to the commissioner of human services, plus the amount of federal financial participation, shall be distributed to medical assistance providers in accordance with the distribution methodology described in subdivision 4.

Subd. 9. [REVIEW OF ELIGIBLE PROVIDERS.] The commissioner and the medical education and research costs advisory committee may review provider groups included in the definition of a clinical medical education program to assure that the distribution of the funds continue to be consistent with the purpose of this section. The results of any such reviews must be reported to the legislative commission on health care access.

Sec. 11. [62J.693] [MEDICAL RESEARCH.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, health care research means approved clinical, outcomes, and health services investigations.

Subd. 2. [GRANT APPLICATION PROCESS.] (a) The commissioner of health shall make recommendations for a process for the submission, review, and approval of research grant applications. The process shall give priority for grants to applications that are intended to gather preliminary data for submission for a subsequent proposal for funding from a federal agency or foundation, which awards research money on a competitive, peer-reviewed basis. Grant recipients must be able to demonstrate the ability to comply with federal regulations on human subjects research in accordance with Code of Federal Regulations, title 45, section 46, and shall conduct the proposed research. Grants may be awarded to the University of Minnesota, the Mayo clinic, or any other public or private organization in the state involved in medical research. The commissioner shall report to the legislature by January 15, 2000, with recommendations.

(b) The commissioner may consult with the medical education and research advisory committee established in section 62J.692 in developing these recommendations or may appoint a research advisory committee to provide advice and oversight on the grant application process. If the commissioner appoints a research advisory committee, the committee shall be governed by section 15.059 for membership terms and removal of members.

Sec. 12. Minnesota Statutes 1998, section 62Q.03, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC PROGRAMS.] (a) A separate risk adjustment system must be developed for state-run public programs, including medical assistance, general assistance medical care, and MinnesotaCare. The system must be developed in accordance with the general risk adjustment methodologies described in this section, must include factors in addition to age and sex adjustment, and may include additional demographic factors, different targeted conditions, and/or different payment amounts for conditions. The risk adjustment system for public programs must attempt to reflect the special needs related to poverty, cultural, or language barriers and other needs of the public program population.

(b) The commissioners of health and human services shall jointly convene a public programs risk adjustment work group responsible for advising the commissioners in the design of the public programs risk adjustment system. The public programs risk adjustment work group is governed by section 15.059 for purposes of membership terms, expiration, and removal of members ~~and shall terminate on June 30, 1999~~. The work group shall meet at the discretion of the commissioners of health and human services. The commissioner of health shall work with the risk adjustment association to ensure coordination between the risk adjustment systems for the public and private sectors. The commissioner of human services shall seek any needed federal approvals necessary for the inclusion of the medical assistance program in the public programs risk adjustment system.

(c) The public programs risk adjustment work group must be representative of the persons served by publicly paid health programs and providers and health plans that meet their needs. To the greatest extent possible, the appointing authorities shall attempt to select representatives that have historically served a significant number of persons in publicly paid health programs or the uninsured. Membership of the work group shall be as follows:

(1) one provider member appointed by the Minnesota Medical Association;

(2) two provider members appointed by the Minnesota Hospital Association, at least one of whom must represent a major disproportionate share hospital;

(3) five members appointed by the Minnesota Council of HMOs, one of whom must represent an HMO with fewer than 50,000 enrollees located outside the metropolitan area and one of whom must represent an HMO with at least 50 percent of total membership enrolled through a public program;

(4) two representatives of counties appointed by the Association of Minnesota Counties;

(5) three representatives of organizations representing the interests of families, children, childless adults, and elderly persons served by the various publicly paid health programs appointed by the governor;

(6) two representatives of persons with mental health, developmental or physical disabilities, chemical dependency, or chronic illness appointed by the governor; and

(7) three public members appointed by the governor, at least one of whom must represent a community health board. The risk adjustment association may appoint a representative, if a representative is not otherwise appointed by an appointing authority.

(d) The commissioners of health and human services, with the advice of the public programs risk adjustment work group, shall develop a work plan and time frame and shall coordinate their efforts with the private sector risk adjustment association's activities and other state initiatives related to public program managed care reimbursement.

(e) Before including risk adjustment in a contract for the prepaid medical assistance program, the prepaid general assistance medical care program, or the MinnesotaCare program, the commissioner of human services shall provide to the contractor an analysis of the expected impact on the contractor of the implementation of risk adjustment. This analysis may be limited by the available data and resources, as determined by the commissioner, and shall not be binding on future contract periods. This paragraph shall not apply if the contractor has not supplied information to the commissioner related to the risk adjustment analysis.

(f) The commissioner of human services shall report to the public program risk adjustment work group on the methodology the department will use for risk adjustment prior to implementation of the risk adjustment payment methodology. Upon completion of the report to the work group, the commissioner shall phase in risk adjustment according to the following schedule:

(1) for the first contract year, no more than ten percent of reimbursements shall be risk adjusted; and

(2) for the second contract year, no more than 30 percent of reimbursements shall be risk adjusted.

Sec. 13. Minnesota Statutes 1998, section 62Q.075, is amended to read:

62Q.075 [LOCAL PUBLIC ACCOUNTABILITY AND COLLABORATION PLAN.]

Subdivision 1. [DEFINITION.] For purposes of this section, "managed care organization" means a health maintenance organization or community integrated service network.

Subd. 2. [REQUIREMENT.] Beginning October 31, 1997, all managed care organizations shall file biennially with the action plans required under section 62Q.07 a plan describing the actions the managed care organization has taken and those it intends to take to contribute to achieving public health goals for each service area in which an enrollee of the managed care organization resides. This plan must be jointly developed in collaboration with the local public health units, ~~appropriate regional coordinating boards,~~ and other community organizations providing health services within the same service area as the managed care organization. Local government units with responsibilities and authority defined under chapters 145A and 256E may designate individuals to participate in the collaborative planning with the managed care organization to provide expertise and represent community needs and goals as identified under chapters 145A and 256E.

Subd. 3. [CONTENTS.] The plan must address the following:

(a) specific measurement strategies and a description of any activities which contribute to public health goals and needs of high risk and special needs populations as defined and developed under chapters 145A and 256E;

(b) description of the process by which the managed care organization will coordinate its activities with the community health boards, ~~regional coordinating boards,~~ and other relevant community organizations servicing the same area;

(c) documentation indicating that local public health units and local government unit designees were involved in the development of the plan;

(d) documentation of compliance with the plan filed the previous year, including data on the previously identified progress measures.

Subd. 4. [REVIEW.] Upon receipt of the plan, the appropriate commissioner shall provide a copy to the ~~regional coordinating boards,~~ local community health boards, and other relevant community organizations within the managed care organization's service area. After reviewing the plan, these community groups may submit written comments on the plan to either the commissioner of health or commerce, as applicable, and may advise the commissioner of the managed care organization's effectiveness in assisting to achieve regional public health goals. The plan may be reviewed by the county boards, or city councils acting as a local board of health in accordance with chapter 145A, within the managed care organization's service area to determine whether the plan is consistent with the goals and objectives of the plans required under chapters 145A and 256E and whether the plan meets the needs of the community. The county board, or applicable city council, may also review and make recommendations on the availability and accessibility of services provided by the managed care organization. The county board, or applicable city council, may submit written comments to the appropriate commissioner, and may advise the commissioner of the managed care organization's effectiveness in assisting to meet the needs and goals as defined under the responsibilities of chapters 145A and 256E. The commissioner of health shall develop recommendations to utilize the written comments submitted as part of the licensure process to ensure local public accountability. These recommendations shall be reported to the legislative commission on health care access by January 15, 1996. Copies of these written comments must be provided to the managed care organization. The plan and any comments submitted must be filed with the information clearinghouse to be distributed to the public.

Sec. 14. Minnesota Statutes 1998, section 62R.06, subdivision 1, is amended to read:

Subdivision 1. [PROVIDER CONTRACTS.] A health provider cooperative and its licensed members may execute marketing and service contracts requiring the provider members to provide some or all of their health care services through the provider cooperative to the enrollees, members, subscribers, or insureds, of a health care network cooperative, community integrated service network, nonprofit health service plan, health maintenance organization, accident and health insurance company, or any other purchaser, including the state of Minnesota and its agencies, instruments, or units of local government. Each purchasing entity is authorized to execute contracts for the purchase of health care services from a health provider cooperative in accordance with this section. ~~Any~~ A contract between a provider cooperative and a purchaser ~~must~~ may provide for payment by the purchaser to the health provider cooperative on a ~~substantially~~ capitated or similar risk-sharing basis, by fee-for-service arrangements, or by other financial arrangements authorized under state law. Each contract between a provider cooperative and a purchaser shall be filed by the provider network cooperative with the commissioner of health and is subject to the provisions of section 62D.19.

Sec. 15. Minnesota Statutes 1998, section 144.065, is amended to read:

144.065 [~~VENEREAL DISEASE TREATMENT CENTERS~~ PREVENTION AND TREATMENT OF SEXUALLY TRANSMITTED INFECTIONS.]

The state commissioner of health shall assist local health agencies and organizations throughout the state with the development and maintenance of services for the detection and treatment of ~~venereal diseases~~ sexually transmitted infections. These services shall provide for research, screening and diagnosis, treatment, case finding,

investigation, and the dissemination of appropriate educational information. The state commissioner of health shall ~~promulgate rules relative to~~ determine the composition of such services and shall establish a method of providing funds to ~~local health agencies~~ boards of health as defined in section 145A.02, subdivision 2, state agencies, state councils, and ~~organizations~~ nonprofit corporations, which offer such services. The state commissioner of health shall provide technical assistance to such agencies and organizations in accordance with the needs of the local area. Planning and implementation of services, and technical assistance may be conducted in collaboration with boards of health; state agencies, including the University of Minnesota and the department of children, families, and learning; state councils; nonprofit organizations; and representatives of affected populations.

Sec. 16. [144.1201] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of sections 144.1201 to 144.1204, the terms defined in this section have the meanings given to them.

Subd. 2. [BY-PRODUCT NUCLEAR MATERIAL.] "By-product nuclear material" means a radioactive material, other than special nuclear material, yielded in or made radioactive by exposure to radiation created incident to the process of producing or utilizing special nuclear material.

Subd. 3. [RADIATION.] "Radiation" means ionizing radiation and includes alpha rays; beta rays; gamma rays; x-rays; high energy neutrons, protons, or electrons; and other atomic particles.

Subd. 4. [RADIOACTIVE MATERIAL.] "Radioactive material" means a matter that emits radiation. Radioactive material includes special nuclear material, source nuclear material, and by-product nuclear material.

Subd. 5. [SOURCE NUCLEAR MATERIAL.] "Source nuclear material" means uranium or thorium, or a combination thereof, in any physical or chemical form; or ores that contain by weight 1/20 of one percent (0.05 percent) or more of uranium, thorium, or a combination thereof. Source nuclear material does not include special nuclear material.

Subd. 6. [SPECIAL NUCLEAR MATERIAL.] "Special nuclear material" means:

(1) plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material that the Nuclear Regulatory Commission determines to be special nuclear material according to United States Code, title 42, section 2071, except that source nuclear material is not included; and

(2) a material artificially enriched by any of the materials listed in clause (1), except that source nuclear material is not included.

Sec. 17. [144.1202] [UNITED STATES NUCLEAR REGULATORY COMMISSION AGREEMENT.]

Subdivision 1. [AGREEMENT AUTHORIZED.] In order to have a comprehensive program to protect the public from radiation hazards, the governor, on behalf of the state, is authorized to enter into agreements with the United States Nuclear Regulatory Commission under the Atomic Energy Act of 1954, section 274b, as amended. The agreement shall provide for the discontinuance of portions of the Nuclear Regulatory Commission's licensing and related regulatory authority over by-product, source, and special nuclear materials, and the assumption of regulatory authority over these materials by the state.

Subd. 2. [HEALTH DEPARTMENT DESIGNATED LEAD.] The department of health is designated as the lead agency to pursue an agreement on behalf of the governor and for any assumption of specified licensing and regulatory authority from the Nuclear Regulatory Commission under an agreement with the commission. The commissioner of health shall establish an advisory group to assist in preparing the state to meet the requirements for reaching an agreement. The commissioner may adopt rules to allow the state to assume regulatory authority under an agreement under this section, including the licensing and regulation of radioactive materials. Any regulatory authority assumed by the state includes the ability to set and collect fees.

Subd. 3. [TRANSITION.] A person who, on the effective date of an agreement under this section, possesses a Nuclear Regulatory Commission license that is subject to the agreement is deemed to possess a similar license issued by the department of health. A department of health license obtained under this subdivision expires on the expiration date specified in the federal license.

Subd. 4. [AGREEMENT; CONDITIONS OF IMPLEMENTATION.] (a) An agreement entered into before August 2, 2002, must remain in effect until terminated under the Atomic Energy Act of 1954, United States Code, title 42, section 2021, paragraph (j). The governor may not enter into an initial agreement with the Nuclear Regulatory Commission after August 1, 2002. If an agreement is not entered into by August 1, 2002, any rules adopted under this section are repealed effective August 1, 2002.

(b) An agreement authorized under subdivision 1 must be approved by law before it may be implemented.

Sec. 18. [144.1203] [TRAINING; RULEMAKING.]

The commissioner shall adopt rules to ensure that individuals handling or utilizing radioactive materials under the terms of a license issued by the commissioner under section 144.1202 have proper training and qualifications to do so. The rules adopted must be at least as stringent as federal regulations on proper training and qualifications adopted by the Nuclear Regulatory Commission. Rules adopted under this section may incorporate federal regulations by reference.

Sec. 19. [144.1204] [SURETY REQUIREMENTS.]

Subdivision 1. [FINANCIAL ASSURANCE REQUIRED.] The commissioner may require an applicant for a license under section 144.1202, or a person who was formerly licensed by the Nuclear Regulatory Commission and is now subject to sections 144.1201 to 144.1204, to post financial assurances to ensure the completion of all requirements established by the commissioner for the decontamination, closure, decommissioning, and reclamation of sites, structures, and equipment used in conjunction with activities related to licensure. The financial assurances posted must be sufficient to restore the site to unrestricted future use and must be sufficient to provide for surveillance and care when radioactive materials remain at the site after the licensed activities cease. The commissioner may establish financial assurance criteria by rule. In establishing such criteria, the commissioner may consider:

(1) the chemical and physical form of the licensed radioactive material;

(2) the quantity of radioactive material authorized;

(3) the particular radioisotopes authorized and their subsequent radiotoxicity;

(4) the method in which the radioactive material is held, used, stored, processed, transferred, or disposed of; and

(5) the potential costs of decontamination, treatment, or disposal of a licensee's equipment and facilities.

Subd. 2. [ACCEPTABLE FINANCIAL ASSURANCES.] The commissioner may, by rule, establish types of financial assurances that meet the requirements of this section. Such financial assurances may include bank letters of credit, deposits of cash, or deposits of government securities.

Subd. 3. [TRUST AGREEMENTS.] Financial assurances must be established together with trust agreements. Both the financial assurances and the trust agreements must be in a form and substance that meet requirements established by the commissioner.

Subd. 4. [EXEMPTIONS.] The commissioner is authorized to exempt from the requirements of this section, by rule, any category of licensee upon a determination by the commissioner that an exemption does not result in a significant risk to the public health or safety or to the environment and does not pose a financial risk to the state.

Subd. 5. [OTHER REMEDIES UNAFFECTED.] Nothing in this section relieves a licensee of a civil liability incurred, nor may this section be construed to relieve the licensee of obligations to prevent or mitigate the consequences of improper handling or abandonment of radioactive materials.

Sec. 20. Minnesota Statutes 1998, section 144.121, is amended by adding a subdivision to read:

Subd. 8. [EXEMPTION FROM EXAMINATION REQUIREMENTS; OPERATORS OF CERTAIN BONE DENSITOMETERS.] (a) This subdivision applies to a bone densitometer that is used on humans to estimate bone mineral content and bone mineral density in a region of a finger on a person's nondominant hand, gives an x-ray dose equivalent of less than 0.001 microsieverts per scan, and has an x-ray leakage exposure rate of less than two milliroentgens per hour at a distance of one meter, provided that the bone densitometer is operating in accordance with manufacturer specifications.

(b) An individual who operates a bone densitometer that satisfies the definition in paragraph (a) and the facility in which an individual operates such a bone densitometer are exempt from the requirements of subdivisions 5 and 6.

Sec. 21. Minnesota Statutes 1998, section 144.148, is amended to read:

144.148 [RURAL HOSPITAL CAPITAL IMPROVEMENT GRANT ~~AND LOAN~~ PROGRAM.]

Subdivision 1. [DEFINITION.] (a) For purposes of this section, the following definitions apply.

(b) "Eligible rural hospital" means ~~a~~ any nonfederal, general acute care hospital that:

(1) is either located in a rural area, as defined in the federal Medicare regulations, Code of Federal Regulations, title 42, section 405.1041, or located in a community with a population of less than 5,000, according to United States Census Bureau Statistics, outside the seven-county metropolitan area;

(2) has 50 or fewer ~~licensed hospital~~ beds ~~with a net hospital operating margin not greater than two percent in the two fiscal years prior to application~~; and

(3) is ~~25 miles or more from another hospital~~ not for profit.

(c) "Eligible project" means a modernization project to update, remodel, or replace aging hospital facilities and equipment necessary to maintain the operations of a hospital.

Subd. 2. [PROGRAM.] The commissioner of health shall award rural hospital capital improvement grants ~~or loans~~ to eligible rural hospitals. A grant ~~or loan~~ shall not exceed ~~$1,500,000~~ $300,000 per hospital. ~~Grants or loans shall be interest free. An eligible rural hospital may apply the funds retroactively to capital improvements made during the two fiscal years preceding the fiscal year in which the grant or loan was received, provided the hospital met the eligibility criteria during that time period~~ Prior to the receipt of any grant, the hospital must certify to the commissioner that at least one-quarter of the grant amount, which may include in-kind services, is available for the same purposes from nonstate resources.

Subd. 3. [APPLICATIONS.] Eligible hospitals seeking a grant ~~or loan~~ shall apply to the commissioner. Applications must include a description of the problem that the proposed project will address, a description of the project including construction and remodeling drawings or specifications, sources of funds for the project, uses of funds for the project, the results expected, and a plan to maintain or operate any facility or equipment included in the project. The applicant must describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organization. Applicants must submit to the commissioner evidence that competitive bidding was used to select contractors for the project.

Subd. 4. [CONSIDERATION OF APPLICATIONS.] The commissioner shall review each application to determine whether or not the hospital's application is complete and whether the hospital and the project are eligible for a grant ~~or loan~~. In evaluating applications, the commissioner shall score each application on a 100 point scale, assigning: a maximum of 40 points for an applicant's clarity and thoroughness in describing the problem and the project; a maximum of 40 points for the extent to which the applicant has demonstrated that it has made adequate provisions to assure proper and efficient operation of the facility once the project is completed; and a maximum of 20 points for the extent to which the proposed project is consistent with the hospital's capital improvement plan or strategic plan. The commissioner may also take into account other relevant factors. During application review, the commissioner may request additional information about a proposed project, including information on project cost. Failure to provide the information requested disqualifies ~~a loan~~ an applicant.

Subd. 5. [PROGRAM OVERSIGHT.] ~~The commissioner of health shall review audited financial information of the hospital to assess eligibility.~~ The commissioner shall determine the amount of a grant ~~or loan~~ to be given to an eligible rural hospital based on the relative score of each eligible hospital's application and the funds available to the commissioner. The grant ~~or loan~~ shall be used to update, remodel, or replace aging facilities and equipment necessary to maintain the operations of the hospital. The commissioner may collect, from the hospitals receiving grants, any information necessary to evaluate the program.

~~Subd. 6. [LOAN PAYMENT.] Loans shall be repaid as provided in this subdivision over a period of 15 years. In those years when an eligible rural hospital experiences a positive net operating margin in excess of two percent, the eligible rural hospital shall pay to the state one-half of the excess above two percent, up to the yearly payment amount based upon a loan period of 15 years. If the amount paid back in any year is less than the yearly payment amount, or if no payment is required because the eligible rural hospital does not experience a positive net operating margin in excess of two percent, the amount unpaid for that year shall be forgiven by the state without any financial penalty. As a condition of receiving an award through this program, eligible hospitals must agree to any and all collection activities the commissioner finds necessary to collect loan payments in those years a payment is due.~~

~~Subd. 7. [ACCOUNTING TREATMENT.] The commissioner of finance shall record as grants in the state accounting system funds obligated by this section. Loan payments received under this section shall be deposited in the health care access fund.~~

Subd. 8. [EXPIRATION.] This section expires June 30, ~~1999~~ 2001.

Sec. 22. Minnesota Statutes 1998, section 144.1483, is amended to read:

144.1483 [RURAL HEALTH INITIATIVES.]

The commissioner of health, through the office of rural health, and consulting as necessary with the commissioner of human services, the commissioner of commerce, the higher education services office, and other state agencies, shall:

(1) develop a detailed plan regarding the feasibility of coordinating rural health care services by organizing individual medical providers and smaller hospitals and clinics into referral networks with larger rural hospitals and clinics that provide a broader array of services;

(2) develop and implement a program to assist rural communities in establishing community health centers, as required by section 144.1486;

(3) administer the program of financial assistance established under section 144.1484 for rural hospitals in isolated areas of the state that are in danger of closing without financial assistance, and that have exhausted local sources of support;

(4) develop recommendations regarding health education and training programs in rural areas, including but not limited to a physician assistants' training program, continuing education programs for rural health care providers, and rural outreach programs for nurse practitioners within existing training programs;

(5) develop a statewide, coordinated recruitment strategy for health care personnel and maintain a database on health care personnel as required under section 144.1485;

(6) develop and administer technical assistance programs to assist rural communities in: (i) planning and coordinating the delivery of local health care services; and (ii) hiring physicians, nurse practitioners, public health nurses, physician assistants, and other health personnel;

(7) study and recommend changes in the regulation of health care personnel, such as nurse practitioners and physician assistants, related to scope of practice, the amount of on-site physician supervision, and dispensing of medication, to address rural health personnel shortages;

(8) support efforts to ensure continued funding for medical and nursing education programs that will increase the number of health professionals serving in rural areas;

(9) support efforts to secure higher reimbursement for rural health care providers from the Medicare and medical assistance programs;

(10) coordinate the development of a statewide plan for emergency medical services, in cooperation with the emergency medical services advisory council;

(11) establish a Medicare rural hospital flexibility program pursuant to section 1820 of the federal Social Security Act, United States Code, title 42, section 1395i-4, by developing a state rural health plan and designating, consistent with the rural health plan, rural nonprofit or public hospitals in the state as critical access hospitals. Critical access hospitals shall include facilities that are certified by the state as necessary providers of health care services to residents in the area. Necessary providers of health care services are designated as critical access hospitals on the basis of being more than 20 miles, defined as official mileage as reported by the Minnesota department of transportation, from the next nearest hospital or being the sole hospital in the county or being a hospital located in a designated medical underserved area or health professional shortage area. A critical access hospital located in a designated medical underserved area or a health professional shortage area shall continue to be recognized as a critical access hospital in the event the medical underserved area or health professional shortage area designation is subsequently withdrawn; and

(12) carry out other activities necessary to address rural health problems.

Sec. 23. Minnesota Statutes 1998, section 144.1492, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE APPLICANTS AND CRITERIA FOR AWARDING OF GRANTS TO RURAL COMMUNITIES.] (a) Funding which the department receives to award grants to rural communities to establish health care networks shall be awarded through a request for proposals process. Planning grant funds may be used for community facilitation and initial network development activities including incorporation as a nonprofit organization or cooperative, assessment of network models, and determination of the best fit for the community. Implementation grant funds can be used to enable incorporated nonprofit organizations and cooperatives to purchase technical services needed for further network development such as legal, actuarial, financial, marketing, and administrative services.

(b) In order to be eligible to apply for a planning or implementation grant under the federally funded health care network reform program, an organization must be located in a rural area of Minnesota excluding the seven-county Twin Cities metropolitan area and the census-defined urbanized areas of Duluth, Rochester, St. Cloud, and Moorhead. The proposed network organization must also meet or plan to meet the criteria for a community integrated service network.

(c) In determining which organizations will receive grants, the commissioner may consider the following factors:

(1) the applicant's description of their plans for health care network development, their need for technical assistance, and other technical assistance resources available to the applicant. The applicant must clearly describe the service area to be served by the network, how the grant funds will be used, what will be accomplished, and the expected results. The applicant should describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organizations;

(2) the extent of community support for the applicant and the health care network. The applicant should demonstrate support from private and public health care providers in the service area~~,~~ and local community and government leaders~~, and the regional coordinating board for the area~~. Evidence of such support may include a commitment of financial support, in-kind services, or cash, for development of the network;

(3) the size and demographic characteristics of the population in the service area for the proposed network and the distance of the service area from the nearest metropolitan area; and

(4) the technical assistance resources available to the applicant from nonstate sources and the financial ability of the applicant to purchase technical assistance services with nonstate funds.

Sec. 24. Minnesota Statutes 1998, section 144.413, subdivision 2, is amended to read:

Subd. 2. [PUBLIC PLACE.] "Public place" means any enclosed, indoor area used by the general public or serving as a place of work, including, but not limited to, restaurants, retail stores, offices and other commercial establishments, public conveyances, educational facilities other than public schools, as defined in section 120A.05, ~~subdivision~~ subdivisions 9, 11, and 13, hospitals, nursing homes, auditoriums, arenas, meeting rooms, and common areas of rental apartment buildings, but excluding private, enclosed offices occupied exclusively by smokers even though such offices may be visited by nonsmokers.

Sec. 25. Minnesota Statutes 1998, section 144.414, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC PLACES.] No person shall smoke in a public place or at a public meeting except in designated smoking areas. This prohibition does not apply in cases in which an entire room or hall is used for a private social function and seating arrangements are under the control of the sponsor of the function and not of the proprietor or person in charge of the place. Furthermore, this prohibition shall not apply to ~~factories, warehouses, and similar~~ places of work not usually frequented by the general public, except that the state commissioner of health shall establish rules to restrict or prohibit smoking in factories, warehouses, and those places of work where the close proximity of workers or the inadequacy of ventilation causes smoke pollution detrimental to the health and comfort of nonsmoking employees.

Sec. 26. Minnesota Statutes 1998, section 144.4165, is amended to read:

144.4165 [TOBACCO PRODUCTS PROHIBITED IN PUBLIC SCHOOLS.]

No person shall at any time smoke, chew, or otherwise ingest tobacco or a tobacco product in a public school, as defined in section 120A.05, ~~subdivision~~ subdivisions 9, 11, and 13. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls. Nothing in this section shall prohibit the lighting of tobacco by an adult as a part of a traditional Indian spiritual or cultural ceremony. For purposes of this section, an Indian is a person who is a member of an Indian tribe as defined in section 257.351, subdivision 9.

Sec. 27. Minnesota Statutes 1998, section 144.56, subdivision 2b, is amended to read:

Subd. 2b. [BOARDING CARE HOMES.] The commissioner shall not adopt or enforce any rule that limits:

(1) a certified boarding care home from providing nursing services in accordance with the home's Medicaid certification; or

(2) a noncertified boarding care home registered under chapter 144D from providing home care services in accordance with the home's registration.

Sec. 28. Minnesota Statutes 1998, section 144.99, subdivision 1, is amended to read:

Subdivision 1. [REMEDIES AVAILABLE.] The provisions of chapters 103I and 157 and sections 115.71 to 115.77; 144.12, subdivision 1, paragraphs (1), (2), (5), (6), (10), (12), (13), (14), and (15); 144.1201 to 144.1204; 144.121; 144.1222; 144.35; 144.381 to 144.385; 144.411 to 144.417; 144.495; 144.71 to 144.74; 144.9501 to 144.9509; 144.992; 326.37 to 326.45; 326.57 to 326.785; 327.10 to 327.131; and 327.14 to 327.28 and all rules, orders, stipulation agreements, settlements, compliance agreements, licenses, registrations, certificates, and permits adopted or issued by the department or under any other law now in force or later enacted for the preservation of public health may, in addition to provisions in other statutes, be enforced under this section.

Sec. 29. Minnesota Statutes 1998, section 144.99, is amended by adding a subdivision to read:

Subd. 12. [SECURING RADIOACTIVE MATERIALS.] (a) In the event of an emergency that poses a danger to the public health, the commissioner shall have the authority to impound radioactive materials and the associated shielding in the possession of a person who fails to abide by the provisions of the statutes, rules, and any other item listed in subdivision 1. If impounding the source of these materials is impractical, the commissioner shall have the authority to lock or otherwise secure a facility that contains the source of such materials, but only the portions of the facility as is necessary to protect the public health. An action taken under this paragraph is effective for up to 72 hours. The commissioner must seek an injunction or take other administrative action to secure radioactive materials beyond the initial 72-hour period.

(b) The commissioner may release impounded radioactive materials and the associated shielding to the owner of the radioactive materials and associated shielding, upon terms and conditions that are in accordance with the provisions of statutes, rules, and other items listed in subdivision 1. In the alternative, the commissioner may bring an action in a court of competent jurisdiction for an order directing the disposal of impounded radioactive materials and associated shielding or directing other disposition as necessary to protect the public health and safety and the environment. The costs of decontamination, transportation, burial, disposal, or other disposition shall be borne by the owner or licensee of the radioactive materials and shielding or by any other person who has used the radioactive materials and shielding for business purposes.

Sec. 30. Minnesota Statutes 1998, section 144A.4605, subdivision 2, is amended to read:

Subd. 2. [ASSISTED LIVING HOME CARE LICENSE ESTABLISHED.] A home care provider license category entitled assisted living home care provider is hereby established. A home care provider may obtain an assisted living license if the program meets the following requirements:

(a) nursing services, delegated nursing services, other services performed by unlicensed personnel, or central storage of medications under the assisted living license are provided solely for residents of one or more housing with services establishments registered under chapter 144D;

(b) unlicensed personnel perform home health aide and home care aide tasks identified in Minnesota Rules, parts 4668.0100, subparts 1 and 2, and 4668.0110, subpart 1. Qualifications to perform these tasks shall be established in accordance with subdivision 3;

(c) periodic supervision of unlicensed personnel is provided as required by rule;

(d) notwithstanding Minnesota Rules, part 4668.0160, subpart 6, item D, client records shall include:

(1) daily records or a weekly summary of ~~the client's status and~~ home care services provided;

(2) documentation each time medications are administered to a client; and

(3) documentation on the day of occurrence of any significant change in the client's status or any significant incident, such as a fall or refusal to take medications.

All entries must be signed by the staff providing the services and entered into the record no later than two weeks after the end of the service day, except as specified in clauses (2) and (3);

(e) medication and treatment orders, if any, are included in the client record and are renewed at least every 12 months, or more frequently when indicated by a clinical assessment;

(f) the central storage of medications in a housing with services establishment registered under chapter 144D is managed under a system that is established by a registered nurse and addresses the control of medications, handling of medications, medication containers, medication records, and disposition of medications; and

(g) in other respects meets the requirements established by rules adopted under sections 144A.45 to 144A.48.

Sec. 31. Minnesota Statutes 1998, section 145.924, is amended to read:

145.924 [AIDS PREVENTION GRANTS.]

(a) The commissioner may award grants to boards of health as defined in section 145A.02, subdivision 2, state agencies, state councils, or nonprofit corporations to provide evaluation and counseling services to populations at risk for acquiring human immunodeficiency virus infection, including, but not limited to, minorities, adolescents, intravenous drug users, and homosexual men.

(b) The commissioner may award grants to agencies experienced in providing services to communities of color, for the design of innovative outreach and education programs for targeted groups within the community who may be at risk of acquiring the human immunodeficiency virus infection, including intravenous drug users and their partners, adolescents, gay and bisexual individuals and women. Grants shall be awarded on a request for proposal basis and shall include funds for administrative costs. Priority for grants shall be given to agencies or organizations that have experience in providing service to the particular community which the grantee proposes to serve; that have policymakers representative of the targeted population; that have experience in dealing with issues relating to HIV/AIDS; and that have the capacity to deal effectively with persons of differing sexual orientations. For purposes of this paragraph, the "communities of color" are: the American-Indian community; the Hispanic community; the African-American community; and the Asian-Pacific community.

(c) All state grants awarded under this section for programs targeted to adolescents shall include the promotion of abstinence from sexual activity and drug use.

Sec. 32. Minnesota Statutes 1998, section 145.9255, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The commissioner of health, in consultation with a representative from Minnesota planning, the commissioner of human services, and the commissioner of children, families, and learning, shall develop and implement the Minnesota education now and babies later (MN ENABL) program, targeted to adolescents ages 12 to 14, with the goal of reducing the incidence of adolescent pregnancy in the state and promoting abstinence until marriage. The program must provide a multifaceted, primary prevention, community health promotion approach to educating and supporting adolescents in the decision to postpone sexual involvement modeled after the ENABL program in California. The commissioner of health shall consult with the chief of the health education section of the California department of health services for general guidance in developing and implementing the program.

Sec. 33. Minnesota Statutes 1998, section 145.9255, subdivision 4, is amended to read:

Subd. 4. [PROGRAM COMPONENTS.] The program must include the following four major components:

(a) A community organization component in which the community-based local contractors shall include:

(1) use of a postponing sexual involvement education curriculum targeted to boys and girls ages 12 to 14 in schools and/or community settings;

(2) planning and implementing community organization strategies to convey and reinforce the MN ENABL message of postponing sexual involvement, including activities promoting awareness and involvement of parents and other primary caregivers/significant adults, schools, and community; and

(3) development of local media linkages.

(b) A statewide, comprehensive media and public relations campaign to promote changes in sexual attitudes and behaviors, and reinforce the message of postponing adolescent sexual involvement and promoting abstinence from sexual activity until marriage. Nothing in this paragraph shall be construed to prevent the commissioner from targeting populations that historically have had a high incidence of adolescent pregnancy with culturally appropriate messages on abstinence from sexual activity.

The commissioner of health, in consultation with the commissioner of children, families, and learning, shall ~~contract with the attorney general's office to~~ develop and implement the media and public relations campaign. In developing the campaign, the ~~attorney general's office~~ commissioner of health shall coordinate and consult with representatives from ethnic and local communities to maximize effectiveness of the social marketing approach to health promotion among the culturally diverse population of the state. ~~The development and implementation of the campaign is subject to input and approval by the commissioner of health.~~ The commissioner may continue to use any campaign materials or media messages developed or produced prior to July 1, 1999.

The local community-based contractors shall collaborate and coordinate efforts with other community organizations and interested persons to provide school and community-wide promotional activities that support and reinforce the message of the MN ENABL curriculum.

(c) An evaluation component which evaluates the process and the impact of the program.

The "process evaluation" must provide information to the state on the breadth and scope of the program. The evaluation must identify program areas that might need modification and identify local MN ENABL contractor strategies and procedures which are particularly effective. Contractors must keep complete records on the demographics of clients served, number of direct education sessions delivered and other appropriate statistics, and must document exactly how the program was implemented. The commissioner may select contractor sites for more in-depth case studies.

The "impact evaluation" must provide information to the state on the impact of the different components of the MN ENABL program and an assessment of the impact of the program on adolescents' related sexual knowledge, attitudes, and risk-taking behavior.

The commissioner shall compare the MN ENABL evaluation information and data with similar evaluation data from other states pursuing a similar adolescent pregnancy prevention program modeled after ENABL and use the information to improve MN ENABL and build on aspects of the program that have demonstrated a delay in adolescent sexual involvement.

(d) A training component requiring the commissioner of health, in consultation with the commissioner of children, families, and learning, to provide comprehensive uniform training to the local MN ENABL community-based local contractors and the direct education program staff.

The local community-based contractors may use adolescent leaders slightly older than the adolescents in the program to impart the message to postpone sexual involvement provided:

(1) the contractor follows a protocol for adult mentors/leaders and older adolescent leaders established by the commissioner of health;

(2) the older adolescent leader is accompanied by an adult leader; and

(3) the contractor uses the curriculum as directed and required by the commissioner of the department of health to implement this part of the program. The commissioner of health shall provide technical assistance to community-based local contractors.

Sec. 34. Minnesota Statutes 1998, section 148.5194, subdivision 2, is amended to read:

Subd. 2. [BIENNIAL REGISTRATION FEE.] The fee for initial registration and biennial registration, temporary registration, or renewal is ~~$160~~ $200.

Sec. 35. Minnesota Statutes 1998, section 148.5194, subdivision 3, is amended to read:

Subd. 3. [BIENNIAL REGISTRATION FEE FOR DUAL REGISTRATION AS A SPEECH-LANGUAGE PATHOLOGIST AND AUDIOLOGIST.] The fee for initial registration and biennial registration, temporary registration, or renewal is ~~$160~~ $200.

Sec. 36. Minnesota Statutes 1998, section 148.5194, is amended by adding a subdivision to read:

Subd. 3a. [SURCHARGE FEE.] Notwithstanding section 16A.1285, subdivision 2, for a period of four years following the effective date of this subdivision, an applicant for registration or registration renewal must pay a surcharge fee of $25 in addition to any other fees due upon registration or registration renewal. This subdivision expires June 30, 2003.

Sec. 37. Minnesota Statutes 1998, section 148.5194, subdivision 4, is amended to read:

Subd. 4. [PENALTY FEE FOR LATE RENEWALS.] The penalty fee for late submission of a renewal application is ~~$15~~ $45.

Sec. 38. Minnesota Statutes 1998, section 256B.69, subdivision 5c, is amended to read:

Subd. 5c. [MEDICAL EDUCATION AND RESEARCH ~~TRUST~~ FUND.] (a) Beginning in January 1999 and each year thereafter:

(1) the commissioner of human services shall transfer an amount equal to the reduction in the prepaid medical assistance and prepaid general assistance medical care payments resulting from clause (2), excluding nursing facility and elderly waiver payments, to the medical education and research ~~trust~~ fund established under section ~~62J.69~~ 62J.692;

(2) the county medical assistance and general assistance medical care capitation base rate prior to plan specific adjustments shall be reduced 6.3 percent for Hennepin county, two percent for the remaining metropolitan counties, and 1.6 percent for nonmetropolitan Minnesota counties; and

(3) the amount calculated under clause (1) shall not be adjusted for subsequent changes to the capitation payments for periods already paid.

(b) This subdivision shall be effective upon approval of a federal waiver which allows federal financial participation in the medical education and research ~~trust~~ fund.

Sec. 39. Minnesota Statutes 1998, section 326.40, subdivision 2, is amended to read:

Subd. 2. [~~MASTER PLUMBER'S LICENSE;~~ BOND ~~AND~~; INSURANCE ~~REQUIREMENTS~~.] ~~The applicant for a master plumber license may give bond to the state in the total penal sum of $2,000 conditioned upon the faithful and lawful performance of all work entered upon within the state.~~ Any person contracting to do plumbing work must give bond to the state in the amount of $25,000 for all work entered into within the state. The bond shall be for the benefit of persons injured or suffering financial loss by reason of failure ~~of performance~~ to comply with the

requirements of the plumbing code. ~~The term of the bond shall be concurrent with the term of the license. The~~ A bond given to the state shall be filed with the secretary of state and shall be in lieu of all other ~~license~~ bonds to any political subdivision required for plumbing work. The bond shall be written by a corporate surety licensed to do business in the state.

In addition, each applicant for a master plumber license or renewal thereof, may provide evidence of public liability insurance, including products liability insurance with limits of at least $50,000 per person and $100,000 per occurrence and property damage insurance with limits of at least $10,000. The insurance shall be written by an insurer licensed to do business in the state of Minnesota and each licensed master plumber shall maintain on file with the state commissioner of health a certificate evidencing the insurance providing that the insurance shall not be canceled without the insurer first giving 15 days written notice to the commissioner. The term of the insurance shall be concurrent with the term of the license. The certificate shall be in lieu of all other certificates required by any political subdivision for licensing purposes.

Sec. 40. Minnesota Statutes 1998, section 326.40, subdivision 4, is amended to read:

Subd. 4. [ALTERNATIVE COMPLIANCE.] Compliance with the local bond requirements of a locale within which work is to be performed shall be deemed to satisfy the bond and insurance requirements of subdivision 2, provided the local ordinance requires at least a $25,000 bond.

Sec. 41. Minnesota Statutes 1998, section 326.40, subdivision 5, is amended to read:

Subd. 5. [FEE.] The state commissioner of health may charge each ~~applicant for a master plumber license or for a renewal of a master plumber license and an additional fee~~ person giving bond an annual bond filing fee commensurate with the cost of administering the bond and insurance requirements of subdivision 2.

Sec. 42. [STUDY REGARDING THE EXPANSION OF PLUMBER LICENSURE AND PLUMBING INSPECTION REQUIREMENTS.]

(a) The commissioner of health, in consultation with representatives of the plumbing industry and other interested individuals, shall study and make recommendations to the legislature on the following issues:

(1) whether licensure requirements for plumbers should be expanded to require all persons and firms working as master plumbers or journeyman plumbers in any home rule city or statutory city to be licensed by the commissioner;

(2) whether any modifications are necessary to the education requirements for licensure for master plumbers and journeyman plumbers;

(3) whether the commissioner may charge fees to fund the hiring of inspectors and plan reviewers to inspect and review all new plumbing installations, and the amounts of such fees; and

(4) whether the commissioner's authority to inspect new plumbing installations should be expanded to require inspections of all new plumbing installations for new construction and additions, regardless of location or the population of the city or town in which the installation is located.

(b) These recommendations, and draft legislation if appropriate, must be presented to the legislature by January 15, 2000.

Sec. 43. [CASE STUDIES TO DEVELOP STANDARDS FOR AUTOPSY PRACTICE IN SPECIAL CASES.]

Subdivision 1. [CASE STUDIES.] (a) If a professional association representing coroners and medical examiners in Minnesota accepts a grant from the commissioner of health for purposes of this section, it must comply with the terms of this section. A professional association representing coroners and medical examiners in Minnesota may conduct a series of case studies to examine cases in which performing autopsies are controversial or in which

autopsies are opposed by a decedent's relative or friend based on the decedent's religious beliefs. The cases to be examined may be cases in which it is not immediately apparent that an autopsy is needed to determine the person's cause of death but that, upon further investigation, the coroner or medical examiner determines that an autopsy is necessary to determine the cause of death and that the cause of death must be determined. Using these case studies, the professional association may develop:

(1) guidelines for coroners and medical examiners regarding when to perform autopsies in controversial situations or in situations in which autopsies are opposed based on a decedent's religious beliefs; and

(2) special autopsy methods and procedures, if appropriate, for autopsies in controversial situations or situations in which autopsies are opposed based on a decedent's religious beliefs.

(b) The professional association may conduct 12 case studies or more for the purposes in paragraph (a). Upon completion of the case studies, the professional association may disseminate the guidelines and procedures developed to all coroners and medical examiners conducting autopsies in Minnesota.

Subd. 2. [REPORT TO LEGISLATURE.] The professional association may report to the legislature by January 15, 2000, on the results of the case studies, the guidelines developed for autopsy practice, the special autopsy methods and procedures developed, and efforts or plans to disseminate the guidelines and procedures developed to coroners and medical examiners conducting autopsies in Minnesota.

Subd. 3. [DATA PRIVACY.] All records held by the professional association for purposes of completing the case studies must be held in confidence. The guidelines for autopsies and special autopsy methods and procedures that are disseminated to coroners and medical examiners shall contain no individually identifiable information.

Sec. 44. [AMENDMENT TO RULES.]

The commissioner of health shall amend Minnesota Rules, chapter 4730 to conform with Minnesota Statutes, section 144.121, subdivision 8. The amendments required by this section may be done in the manner specified in Minnesota Statutes, section 14.388, under the authority of clause (3) of that section. Minnesota Statutes, section 14.386, paragraph (b), does not apply to amendments to rules made under this section.

Sec. 45. [REPEALER.]

(a) Minnesota Statutes 1998, sections 13.99, subdivision 19m; 62J.77; 62J.78; and 62J.79, are repealed.

(b) Minnesota Statutes 1998, sections 62J.69; 144.9507, subdivision 4; 144.9511; and 145.46, are repealed.

(c) Laws 1998, chapter 407, article 2, section 104, is repealed.

Sec. 46. [EFFECTIVE DATE.]

(a) Sections 33 to 35 are effective January 1, 2000.

(b) Sections 16, 20 to 22, and 37 are effective the day following final enactment.

ARTICLE 3

LONG-TERM CARE

Section 1. Minnesota Statutes 1998, section 144A.073, subdivision 5, is amended to read:

Subd. 5. [REPLACEMENT RESTRICTIONS.] (a) Proposals submitted or approved under this section involving replacement must provide for replacement of the facility on the existing site except as allowed in this subdivision.

(b) Facilities located in a metropolitan statistical area other than the Minneapolis-St. Paul seven-county metropolitan area may relocate to a site within the same census tract or a contiguous census tract.

(c) Facilities located in the Minneapolis-St. Paul seven-county metropolitan area may relocate to a site within the same or contiguous health planning area as adopted in March 1982 by the metropolitan council.

(d) Facilities located outside a metropolitan statistical area may relocate to a site within the same city or township, or within a contiguous township.

(e) A facility relocated to a different site under paragraph (b), (c), or (d) must not be relocated to a site more than six miles from the existing site.

(f) The relocation of part of an existing first facility to a second location, under paragraphs (d) and (e), may include the relocation to the second location of up to four beds from part of an existing third facility located in a township contiguous to the location of the first facility. The six-mile limit in paragraph (e) does not apply to this relocation from the third facility.

(g) For proposals approved on January 13, 1994, under this section involving the replacement of 102 licensed and certified beds, the relocation of the existing first facility to the ~~second and third locations~~ new location under paragraphs (d) and (e) may include the relocation of up to ~~50 percent of the~~ 75 beds of the existing ~~first~~ facility ~~to each of the locations~~. The six-mile limit in paragraph (e) does not apply to this relocation ~~to the third location. Notwithstanding subdivision 3, construction of this project may be commenced any time prior to January 1, 1996~~.

Sec. 2. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 1a. [TRAINING AND EDUCATION FOR NURSING FACILITY PROVIDERS.] The commissioner of health must establish and implement a prescribed process and program for providing training and education to providers licensed by the department of health, either by itself or in conjunction with the industry trade associations, before using any new regulatory guideline, regulation, interpretation, program letter or memorandum, or any other materials used in surveyor training to survey licensed providers. The process should include, but is not limited to, the following key components:

(1) facilitate the implementation of immediate revisions to any course curriculum for nursing assistants which reflect any new standard of care practice that has been adopted or referenced by the health department concerning the issue in question;

(2) conduct training of long-term care providers and health department survey inspectors either jointly or during the same time frame on the department's new expectations; and

(3) within available resources the commissioner shall cooperate in the development of clinical standards, work with vendors of supplies and services regarding hazards, and identify research of interest to the long-term care community.

Sec. 3. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 11. [DATA ON FOLLOW-UP SURVEYS.] (a) If requested, and not prohibited by federal law, the commissioner shall make available to the nursing home associations and the public photocopies of statements of deficiencies and related letters from the department pertaining to federal certification surveys. The commissioner may charge for the actual cost of reproduction of these documents.

(b) The commissioner shall also make available on a quarterly basis aggregate data for all statements of deficiencies issued after federal certification follow-up surveys related to surveys that were conducted in the quarter prior to the immediately preceding quarter. The data shall include the number of facilities with deficiencies, the total

number of deficiencies, the number of facilities that did not have any deficiencies, the number of facilities for which a resurvey or follow-up survey was not performed, and the average number of days between the follow-up or resurvey and the exit date of the preceding survey.

Sec. 4. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 12. [NURSE AIDE TRAINING WAIVERS.] Because any disruption or delay in the training and registration of nurse aides may reduce access to care in certified facilities, the commissioner shall grant all possible waivers for the continuation of an approved nurse aide training and competency evaluation program or nurse aide training program or competency evaluation program conducted by or on the site of any certified nursing facility or skilled nursing facility that would otherwise lose approval for the program or programs. The commissioner shall take into consideration the distance to other training programs, the frequency of other training programs, and the impact that the loss of the onsite training will have on the nursing facility's ability to recruit and train nurse aides.

Sec. 5. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 13. [IMMEDIATE JEOPARDY.] When conducting survey certification and enforcement activities related to regular, expanded, or extended surveys under Code of Federal Regulations, title 42, part 488, the commissioner may not issue a finding of immediate jeopardy unless the specific event or omission that constitutes the violation of the requirements of participation poses an imminent risk of life-threatening or serious injury to a resident. The commissioner may not issue any findings of immediate jeopardy after the conclusion of a regular, expanded, or extended survey unless the survey team identified the deficient practice or practices that constitute immediate jeopardy and the residents at risk prior to the close of the exit conference.

Sec. 6. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 14. [INFORMAL DISPUTE RESOLUTION.] The commissioner shall respond in writing to a request from a nursing facility certified under the federal Medicare and Medicaid programs for an informal dispute resolution within 30 days of the exit date of the facility's survey. The commissioner's response shall identify the commissioner's decision regarding the continuation of each deficiency citation challenged by the nursing facility, as well as a statement of any changes in findings, level of severity or scope, and proposed remedies or sanctions for each deficiency citation.

Sec. 7. [144A.102] [USE OF CIVIL MONEY PENALTIES; WAIVER FROM STATE AND FEDERAL RULES AND REGULATIONS.]

By January 2000, the commissioner of health shall work with providers to examine state and federal rules and regulations governing the provision of care in licensed nursing facilities and apply for federal waivers and identify necessary changes in state law to:

(1) allow the use of civil money penalties imposed upon nursing facilities to abate any deficiencies identified in a nursing facility's plan of correction; and

(2) stop the accrual of any fine imposed by the health department when a follow-up inspection survey is not conducted by the department within the regulatory deadline.

Sec. 8. Minnesota Statutes 1998, section 144D.01, subdivision 4, is amended to read:

Subd. 4. [HOUSING WITH SERVICES ESTABLISHMENT OR ESTABLISHMENT.] "Housing with services establishment" or "establishment" means an establishment providing sleeping accommodations to one or more adult residents, at least 80 percent of which are 55 years of age or older, and offering or providing, for a fee, one or more regularly scheduled health-related services or two or more regularly scheduled supportive services, whether offered or provided directly by the establishment or by another entity arranged for by the establishment.

Housing with services establishment does not include:

(1) a nursing home licensed under chapter 144A;

(2) a hospital, certified boarding care home, or supervised living facility licensed under sections 144.50 to 144.56;

(3) a board and lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, 9525.0215 to 9525.0355, 9525.0500 to 9525.0660, or 9530.4100 to 9530.4450, or under chapter 245B;

(4) a board and lodging establishment which serves as a shelter for battered women or other similar purpose;

(5) a family adult foster care home licensed by the department of human services;

(6) private homes in which the residents are related by kinship, law, or affinity with the providers of services;

(7) residential settings for persons with mental retardation or related conditions in which the services are licensed under Minnesota Rules, parts 9525.2100 to 9525.2140, or applicable successor rules or laws;

(8) a home-sharing arrangement such as when an elderly or disabled person or single-parent family makes lodging in a private residence available to another person in exchange for services or rent, or both;

(9) a duly organized condominium, cooperative, common interest community, or owners' association of the foregoing where at least 80 percent of the units that comprise the condominium, cooperative, or common interest community are occupied by individuals who are the owners, members, or shareholders of the units; or

(10) services for persons with developmental disabilities that are provided under a license according to Minnesota Rules, parts 9525.2000 to 9525.2140 in effect until January 1, 1998, or under chapter 245B.

Sec. 9. Minnesota Statutes 1998, section 252.28, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATIONS; REDETERMINATIONS.] In conjunction with the appropriate county boards, the commissioner of human services shall determine, and shall redetermine at least every four years, the need, location, size, and program of public and private ~~residential services and~~ day training and habilitation services for persons with mental retardation or related conditions. This subdivision does not apply to semi-independent living services and residential-based habilitation services provided to four or fewer persons at a single site funded as home and community-based services. A determination of need shall not be required for a change in ownership.

Sec. 10. [252.282] [ICF/MR LOCAL SYSTEM NEEDS PLANNING.]

Subdivision 1. [HOST COUNTY RESPONSIBILITY.] (a) For purposes of this section, "local system needs planning" means the determination of need for ICF/MR services by program type, location, demographics, and size of licensed services for persons with developmental disabilities or related conditions.

(b) This section does not apply to semi-independent living services and residential-based habilitation services funded as home and community-based services.

(c) In collaboration with the commissioner and ICF/MR providers, counties shall complete a local system needs planning process for each ICF/MR facility. Counties shall evaluate the preferences and needs of persons with developmental disabilities to determine resource demands through a systematic assessment and planning process by May 15, 2000, and by July 1 every two years thereafter beginning in 2001.

(d) A local system needs planning process shall be undertaken more frequently when the needs or preferences of consumers change significantly to require reformation of the resources available to persons with developmental disabilities.

(e) A local system needs plan shall be amended anytime recommendations for modifications to existing ICF/MR services are made to the host county, including recommendations for:

(1) closure;

(2) relocation of services;

(3) downsizing;

(4) rate adjustments exceeding 90 days duration to address access; or

(5) modification of existing services for which a change in the framework of service delivery is advocated.

Subd. 2. [CONSUMER NEEDS AND PREFERENCES.] In conducting the local system needs planning process, the host county must use information from the individual service plans of persons for whom the county is financially responsible and of persons from other counties for whom the county has agreed to be the host county. The determination of services and supports offered within the county shall be based on the preferences and needs of consumers. The host county shall also consider the community social services plan, waiting lists, and other sources that identify unmet needs for services. A review of ICF/MR facility licensing and certification surveys, substantiated maltreatment reports, and established service standards shall be employed to assess the performance of providers and shall be considered in the county's recommendations. Consumer satisfaction surveys may also be considered in this process.

Subd. 3. [RECOMMENDATIONS.] (a) Upon completion of the local system needs planning assessment, the host county shall make recommendations by May 15, 2000, and by July 1 every two years thereafter beginning in 2001. If no change is recommended, a copy of the assessment along with corresponding documentation shall be provided to the commissioner by July 1 prior to the contract year.

(b) Except as provided in section 252.292, subdivision 4, recommendations regarding closures, relocations, or downsizings that include a rate increase and recommendations regarding rate adjustments exceeding 90 days shall be submitted to the statewide advisory committee for review and determination, along with the assessment, plan, and corresponding budget.

(c) Recommendations for closures, relocations, and downsizings that do not include a rate increase and for modification of existing services for which a change in the framework of service delivery is necessary shall be provided to the commissioner by July 1 prior to the contract year or at least 90 days prior to the anticipated change, along with the assessment and corresponding documentation.

Subd. 4. [THE STATEWIDE ADVISORY COMMITTEE.] (a) The commissioner shall appoint a five-member statewide advisory committee. The advisory committee shall include representatives of providers and counties and the commissioner or the commissioner's designee.

(b) The criteria for ranking proposals, already developed in 1997 by a task force authorized by the legislature, shall be adopted and incorporated into the decision-making process. Specific guidelines, including time frame for submission of requests, shall be established and announced through the State Register, and all requests shall be considered in comparison to each other and the ranking criteria. The advisory committee shall review and recommend requests for facility rate adjustments to address closures, downsizing, relocation, or access needs within the county and shall forward recommendations and documentation to the commissioner. The committee shall ensure that:

(1) applications are in compliance with applicable state and federal law and with the state plan; and

(2) cost projections for the proposed service are within fiscal limitations.

(c) The advisory committee shall review proposals and submit recommendations to the commissioner within 60 days following the published deadline for submission under subdivision 5.

Subd. 5. [RESPONSIBILITIES OF THE COMMISSIONER.] (a) In collaboration with counties, providers, and the statewide advisory committee, the commissioner shall ensure that services recognize the preferences and needs of persons with developmental disabilities and related conditions through a recurring systemic review and assessment of ICF/MR facilities within the state.

(b) The commissioner shall publish a notice in the State Register twice each calendar year to announce the opportunity for counties or providers to submit requests for rate adjustments associated with plans for downsizing, relocation, and closure of ICF/MR facilities.

(c) The commissioner shall designate funding parameters to counties and to the statewide advisory committee for the overall implementation of system needs within the fiscal resources allocated by the legislature.

(d) The commissioner shall contract with ICF/MR providers. The initial contracts shall cover the period from October 1, 2000, to December 31, 2001. Subsequent contracts shall be for two-year periods beginning January 1, 2002.

Sec. 11. Minnesota Statutes 1998, section 252.291, is amended by adding a subdivision to read:

Subd. 2a. [EXCEPTION FOR LAKE OWASSO PROJECT.] (a) The commissioner shall authorize and grant a license under chapter 245A to a new intermediate care facility for persons with mental retardation effective January 1, 2000, under the following circumstances:

(1) the new facility replaces an existing 64-bed intermediate care facility for the mentally retarded located in Ramsey county;

(2) the new facility is located upon a parcel of land contiguous to the parcel upon which the existing 64-bed facility is located;

(3) the new facility is comprised of no more than eight twin home style buildings and an administration building;

(4) the total licensed bed capacity of the facility does not exceed 64 beds; and

(5) the existing 64-bed facility is demolished.

(b) The medical assistance payment rate for the new facility shall be the higher of the rate specified in paragraph (c) or as otherwise provided by law.

(c) The new facility shall be considered a newly established facility for rate setting purposes, and shall be eligible for the investment per bed limit specified in section 256B.501, subdivision 11, paragraph (c), and the interest expense limitation specified in section 256B.501, subdivision 11, paragraph (d). Notwithstanding section 256B.5011, the newly established facility's initial payment rate shall be set according to Minnesota Rules, part 9553.0075, and shall not be subject to the provisions of section 256B.501, subdivision 5b.

(d) During the construction of the new facility, Ramsey county shall work with residents, families, and service providers to explore all service options open to current residents of the facility.

Sec. 12. Minnesota Statutes 1998, section 256B.0911, subdivision 6, is amended to read:

Subd. 6. [PAYMENT FOR PREADMISSION SCREENING.] (a) The total screening payment for each county must be paid monthly by certified nursing facilities in the county. The monthly amount to be paid by each nursing facility for each fiscal year must be determined by dividing the county's annual allocation for screenings by 12 to determine the monthly payment and allocating the monthly payment to each nursing facility based on the number of licensed beds in the nursing facility.

(b) The commissioner shall include the total annual payment for screening for each nursing facility according to section 256B.431, subdivision 2b, paragraph (g), or 256B.435.

(c) Payments for screening activities are available to the county or counties to cover staff salaries and expenses to provide the screening function. The lead agency shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to conduct the preadmission screening activity while meeting the state's long-term care outcomes and objectives as defined in section 256B.0917, subdivision 1. The local agency shall be accountable for meeting local objectives as approved by the commissioner in the CSSA biennial plan.

~~(c)~~ (d) Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility.

~~(d)~~ (e) The commissioner of human services shall amend the Minnesota medical assistance plan to include reimbursement for the local screening teams.

Sec. 13. Minnesota Statutes 1998, section 256B.0913, subdivision 5, is amended to read:

Subd. 5. [SERVICES COVERED UNDER ALTERNATIVE CARE.] (a) Alternative care funding may be used for payment of costs of:

(1) adult foster care;

(2) adult day care;

(3) home health aide;

(4) homemaker services;

(5) personal care;

(6) case management;

(7) respite care;

(8) assisted living;

(9) residential care services;

(10) care-related supplies and equipment;

(11) meals delivered to the home;

(12) transportation;

(13) skilled nursing;

(14) chore services;

(15) companion services;

(16) nutrition services;

(17) training for direct informal caregivers; ~~and~~

(18) telemedicine devices to monitor recipients in their own homes as an alternative to hospital care, nursing home care, or home visits.; and

(19) other services including direct cash payments to clients, approved by the county agency, subject to the provisions of paragraph (m). Total annual payments for other services for all clients within a county may not exceed either ten percent of that county's annual alternative care program base allocation or $5,000, whichever is greater. In no case shall this amount exceed the county's total annual alternative care program base allocation.

(b) The county agency must ensure that the funds are used only to supplement and not supplant services available through other public assistance or services programs.

(c) Unless specified in statute, the service standards for alternative care services shall be the same as the service standards defined in the elderly waiver. Except for the county agencies' approval of direct cash payments to clients, persons or agencies must be employed by or under a contract with the county agency or the public health nursing agency of the local board of health in order to receive funding under the alternative care program.

(d) The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board. The adult foster care daily rate shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed 75 percent of the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, and it must allow for other alternative care services to be authorized by the case manager.

(e) Personal care services may be provided by a personal care provider organization. A county agency may contract with a relative of the client to provide personal care services, but must ensure nursing supervision. Covered personal care services defined in section 256B.0627, subdivision 4, must meet applicable standards in Minnesota Rules, part 9505.0335.

(f) A county may use alternative care funds to purchase medical supplies and equipment without prior approval from the commissioner when: (1) there is no other funding source; (2) the supplies and equipment are specified in the individual's care plan as medically necessary to enable the individual to remain in the community according to the criteria in Minnesota Rules, part 9505.0210, item A; and (3) the supplies and equipment represent an effective and appropriate use of alternative care funds. A county may use alternative care funds to purchase supplies and equipment from a non-Medicaid certified vendor if the cost for the items is less than that of a Medicaid vendor. A county is not required to contract with a provider of supplies and equipment if the monthly cost of the supplies and equipment is less than $250.

(g) For purposes of this section, residential care services are services which are provided to individuals living in residential care homes. Residential care homes are currently licensed as board and lodging establishments and are registered with the department of health as providing special services. Residential care services are defined as "supportive services" and "health-related services." "Supportive services" means the provision of up to 24-hour supervision and oversight. Supportive services includes: (1) transportation, when provided by the residential care center only; (2) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature; (3) assisting clients in setting up meetings and appointments; (4) assisting clients in setting up medical and social services; (5) providing assistance with personal laundry, such as carrying the client's laundry to the laundry room. Assistance with personal laundry does not include any laundry, such as bed linen, that is included in the room and board rate. Health-related services are limited to minimal assistance with dressing, grooming, and bathing and providing reminders to residents to take medications that are self-administered or providing storage for medications, if requested. Individuals receiving residential care services cannot receive both personal care services and residential care services.

(h) For the purposes of this section, "assisted living" refers to supportive services provided by a single vendor to clients who reside in the same apartment building of three or more units which are not subject to registration under chapter 144D. Assisted living services are defined as up to 24-hour supervision, and oversight, supportive services as defined in clause (1), individualized home care aide tasks as defined in clause (2), and individualized home

management tasks as defined in clause (3) provided to residents of a residential center living in their units or apartments with a full kitchen and bathroom. A full kitchen includes a stove, oven, refrigerator, food preparation counter space, and a kitchen utensil storage compartment. Assisted living services must be provided by the management of the residential center or by providers under contract with the management or with the county.

(1) Supportive services include:

(i) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature;

(ii) assisting clients in setting up meetings and appointments; and

(iii) providing transportation, when provided by the residential center only.

Individuals receiving assisted living services will not receive both assisted living services and homemaking or personal care services. Individualized means services are chosen and designed specifically for each resident's needs, rather than provided or offered to all residents regardless of their illnesses, disabilities, or physical conditions.

(2) Home care aide tasks means:

(i) preparing modified diets, such as diabetic or low sodium diets;

(ii) reminding residents to take regularly scheduled medications or to perform exercises;

(iii) household chores in the presence of technically sophisticated medical equipment or episodes of acute illness or infectious disease;

(iv) household chores when the resident's care requires the prevention of exposure to infectious disease or containment of infectious disease; and

(v) assisting with dressing, oral hygiene, hair care, grooming, and bathing, if the resident is ambulatory, and if the resident has no serious acute illness or infectious disease. Oral hygiene means care of teeth, gums, and oral prosthetic devices.

(3) Home management tasks means:

(i) housekeeping;

(ii) laundry;

(iii) preparation of regular snacks and meals; and

(iv) shopping.

Assisted living services as defined in this section shall not be authorized in boarding and lodging establishments licensed according to sections 157.011 and 157.15 to 157.22.

(i) For establishments registered under chapter 144D, assisted living services under this section means the services described and licensed under section 144A.4605.

(j) For the purposes of this section, reimbursement for assisted living services and residential care services shall be a monthly rate negotiated and authorized by the county agency based on an individualized service plan for each resident. The rate shall not exceed the nonfederal share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class

to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, unless the services are provided by a home care provider licensed by the department of health and are provided in a building that is registered as a housing with services establishment under chapter 144D and that provides 24-hour supervision.

(k) For purposes of this section, companion services are defined as nonmedical care, supervision and oversight, provided to a functionally impaired adult. Companions may assist the individual with such tasks as meal preparation, laundry and shopping, but do not perform these activities as discrete services. The provision of companion services does not entail hands-on medical care. Providers may also perform light housekeeping tasks which are incidental to the care and supervision of the recipient. This service must be approved by the case manager as part of the care plan. Companion services must be provided by individuals or ~~nonprofit~~ organizations who are under contract with the local agency to provide the service. Any person related to the waiver recipient by blood, marriage or adoption cannot be reimbursed under this service. Persons providing companion services will be monitored by the case manager.

(l) For purposes of this section, training for direct informal caregivers is defined as a classroom or home course of instruction which may include: transfer and lifting skills, nutrition, personal and physical cares, home safety in a home environment, stress reduction and management, behavioral management, long-term care decision making, care coordination and family dynamics. The training is provided to an informal unpaid caregiver of a 180-day eligible client which enables the caregiver to deliver care in a home setting with high levels of quality. The training must be approved by the case manager as part of the individual care plan. Individuals, agencies, and educational facilities which provide caregiver training and education will be monitored by the case manager.

(m) A county agency may make payment from their alternative care program allocation for other services provided to an alternative care program recipient if those services prevent, shorten, or delay institutionalization. These services may include direct cash payments to the recipient for the purpose of purchasing the recipient's services. The following provisions apply to payments under this paragraph:

(1) a cash payment to a client under this provision cannot exceed 80 percent of the monthly payment limit for that client as specified in subdivision 4, paragraph (a), clause (7);

(2) a county may not approve any cash payment for a client who has been assessed as having a dependency in orientation, unless the client has an authorized representative under section 256.476, subdivision 2, paragraph (g), or for a client who is concurrently receiving adult foster care, residential care, or assisted living services;

(3) any service approved under this section must be a service which meets the purpose and goals of the program as listed in subdivision 1;

(4) cash payments must also meet the criteria in section 256.476, subdivision 4, paragraph (b), and recipients of cash grants must meet the requirements in section 256.476, subdivision 10; and

(5) the county shall report client outcomes, services, and costs under this paragraph in a manner prescribed by the commissioner.

Upon implementation of direct cash payments to clients under this section, any person determined eligible for the alternative care program who chooses a cash payment approved by the county agency shall receive the cash payment under this section and not under section 256.476 unless the person was receiving a consumer support grant under section 256.476 before implementation of direct cash payments under this section.

Sec. 14. Minnesota Statutes 1998, section 256B.0913, subdivision 10, is amended to read:

Subd. 10. [ALLOCATION FORMULA.] (a) The alternative care appropriation for fiscal years 1992 and beyond shall cover only 180-day eligible clients.

(b) Prior to July 1 of each year, the commissioner shall allocate to county agencies the state funds available for alternative care for persons eligible under subdivision 2. The allocation for fiscal year 1992 shall be calculated using a base that is adjusted to exclude the medical assistance share of alternative care expenditures. The adjusted base is calculated by multiplying each county's allocation for fiscal year 1991 by the percentage of county alternative care expenditures for 180-day eligible clients. The percentage is determined based on expenditures for services rendered in fiscal year 1989 or calendar year 1989, whichever is greater.

(c) If the county expenditures for 180-day eligible clients are 95 percent or more of its adjusted base allocation, the allocation for the next fiscal year is 100 percent of the adjusted base, plus inflation to the extent that inflation is included in the state budget.

(d) If the county expenditures for 180-day eligible clients are less than 95 percent of its adjusted base allocation, the allocation for the next fiscal year is the adjusted base allocation less the amount of unspent funds below the 95 percent level.

(e) For fiscal year 1992 only, a county may receive an increased allocation if annualized service costs for the month of May 1991 for 180-day eligible clients are greater than the allocation otherwise determined. A county may apply for this increase by reporting projected expenditures for May to the commissioner by June 1, 1991. The amount of the allocation may exceed the amount calculated in paragraph (b). The projected expenditures for May must be based on actual 180-day eligible client caseload and the individual cost of clients' care plans. If a county does not report its expenditures for May, the amount in paragraph (c) or (d) shall be used.

(f) Calculations for paragraphs (c) and (d) are to be made as follows: for each county, the determination of expenditures shall be based on payments for services rendered from April 1 through March 31 in the base year, to the extent that claims have been submitted by June 1 of that year. Calculations for paragraphs (c) and (d) must also include the funds transferred to the consumer support grant program for clients who have transferred to that program from April 1 through March 31 in the base year.

(g) For the biennium ending June 30, 2001, the allocation of state funds to county agencies shall be calculated as described in paragraphs (c) and (d). If the annual legislative appropriation for the alternative care program is inadequate to fund the combined county allocations for fiscal year 2000 or 2001, the commissioner shall distribute to each county the entire annual appropriation as that county's percentage of the computed base as calculated in paragraph (f).

Sec. 15. Minnesota Statutes 1998, section 256B.0913, subdivision 12, is amended to read:

Subd. 12. [CLIENT PREMIUMS.] (a) A premium is required for all 180-day eligible clients to help pay for the cost of participating in the program. The amount of the premium for the alternative care client shall be determined as follows:

(1) when the alternative care client's income less recurring and predictable medical expenses is greater than the medical assistance income standard but less than 150 percent of the federal poverty guideline, and total assets are less than ~~$6,000~~ $10,000, the fee is zero;

(2) when the alternative care client's income less recurring and predictable medical expenses is greater than 150 percent of the federal poverty guideline, and total assets are less than ~~$6,000~~ $10,000, the fee is 25 percent of the cost of alternative care services or the difference between 150 percent of the federal poverty guideline and the client's income less recurring and predictable medical expenses, whichever is less; and

(3) when the alternative care client's total assets are greater than ~~$6,000~~ $10,000, the fee is 25 percent of the cost of alternative care services.

For married persons, total assets are defined as the total marital assets less the estimated community spouse asset allowance, under section 256B.059, if applicable. For married persons, total income is defined as the client's income less the monthly spousal allotment, under section 256B.058.

All alternative care services except case management shall be included in the estimated costs for the purpose of determining 25 percent of the costs.

The monthly premium shall be calculated based on the cost of the first full month of alternative care services and shall continue unaltered until the next reassessment is completed or at the end of 12 months, whichever comes first. Premiums are due and payable each month alternative care services are received unless the actual cost of the services is less than the premium.

(b) The fee shall be waived by the commissioner when:

(1) a person who is residing in a nursing facility is receiving case management only;

(2) a person is applying for medical assistance;

(3) a married couple is requesting an asset assessment under the spousal impoverishment provisions;

(4) a person is a medical assistance recipient, but has been approved for alternative care-funded assisted living services;

(5) a person is found eligible for alternative care, but is not yet receiving alternative care services; or

(6) a person's fee under paragraph (a) is less than $25.

(c) The county agency must collect the premium from the client and forward the amounts collected to the commissioner in the manner and at the times prescribed by the commissioner. Money collected must be deposited in the general fund and is appropriated to the commissioner for the alternative care program. The client must supply the county with the client's social security number at the time of application. If a client fails or refuses to pay the premium due, the county shall supply the commissioner with the client's social security number and other information the commissioner requires to collect the premium from the client. The commissioner shall collect unpaid premiums using the Revenue Recapture Act in chapter 270A and other methods available to the commissioner. The commissioner may require counties to inform clients of the collection procedures that may be used by the state if a premium is not paid.

(d) The commissioner shall begin to adopt emergency or permanent rules governing client premiums within 30 days after July 1, 1991, including criteria for determining when services to a client must be terminated due to failure to pay a premium.

Sec. 16. Minnesota Statutes 1998, section 256B.0913, subdivision 16, is amended to read:

Subd. 16. [CONVERSION OF ENROLLMENT.] Upon approval of the elderly waiver amendments described in section 256B.0915, subdivision 1d, persons currently receiving services shall have their eligibility for the elderly waiver program determined under section 256B.0915. Persons currently receiving alternative care services whose income is under the special income standard according to Code of Federal Regulations, title 42, section 435.236, who are eligible for the elderly waiver program shall be transferred to that program and shall receive priority access to elderly waiver slots for six months after implementation of this subdivision, except that persons whose income is above the maintenance needs amount described in section 256B.0915, subdivision 1d, paragraph (a), shall have the option of remaining in the alternative care program. Persons currently enrolled in the alternative care program who are not eligible for the elderly waiver program shall continue to be eligible for the alternative care program ~~as long as continuous eligibility is maintained. Continued eligibility for the alternative care program shall be reviewed every six months. Persons who apply for the alternative care program after approval of the elderly waiver amendments in section 256B.0915, subdivision 1d, are not eligible for alternative care if they would qualify for the elderly waiver, with or without a spenddown~~. Persons who apply for the alternative care program after approval of the elderly waiver amendments in section 256B.0915, subdivision 1d, whose income is under the special income standard according to Code of Federal Regulations, title 42, section 435.236, are not eligible for alternative care if they would

qualify for the elderly waiver, except that persons whose income is above the maintenance needs amount described in section 256B.0915, subdivision 1d, paragraph (a), shall have the option of remaining in the alternative care program.

Sec. 17. Minnesota Statutes 1998, section 256B.431, subdivision 2i, is amended to read:

Subd. 2i. [OPERATING COSTS AFTER JULY 1, 1988.] (a) [OTHER OPERATING COST LIMITS.] ~~For the rate year beginning July 1, 1988, the commissioner shall increase the other operating cost limits established in Minnesota Rules, part 9549.0055, subpart 2, item E, to 110 percent of the median of the array of allowable historical other operating cost per diems and index these limits as in Minnesota Rules, part 9549.0056, subparts 3 and 4. The limits must be established in accordance with subdivision 2b, paragraph (d).~~ For rate years beginning on or after July 1, 1989, the adjusted other operating cost limits must be indexed as in Minnesota Rules, part 9549.0056, subparts 3 and 4. For the rate period beginning October 1, 1992, and for rate years beginning after June 30, 1993, the amount of the surcharge under section 256.9657, subdivision 1, shall be included in the plant operations and maintenance operating cost category. The surcharge shall be an allowable cost for the purpose of establishing the payment rate.

(b) [CARE-RELATED OPERATING COST LIMITS.] ~~For the rate year beginning July 1, 1988, the commissioner shall increase the care-related operating cost limits established in Minnesota Rules, part 9549.0055, subpart 2, items A and B, to 125 percent of the median of the array of the allowable historical case mix operating cost standardized per diems and the allowable historical other care-related operating cost per diems and index those limits as in Minnesota Rules, part 9549.0056, subparts 1 and 2. The limits must be established in accordance with subdivision 2b, paragraph (d).~~ For rate years beginning on or after July 1, 1989, the adjusted care-related limits must be indexed as in Minnesota Rules, part 9549.0056, subparts 1 and 2.

(c) [SALARY ADJUSTMENT PER DIEM.] Effective July 1, 1998, to June 30, 2000, the commissioner shall make available the salary adjustment per diem calculated in clause (1) or (2) to the total operating cost payment rate of each nursing facility reimbursed under this section or section 256B.434. The salary adjustment per diem for each nursing facility must be determined as follows:

(1) For each nursing facility that reports salaries for registered nurses, licensed practical nurses, and aides, orderlies and attendants separately, the commissioner shall determine the salary adjustment per diem by multiplying the total salaries, payroll taxes, and fringe benefits allowed in each operating cost category, except management fees and administrator and central office salaries and the related payroll taxes and fringe benefits, by 3.0 percent and then dividing the resulting amount by the nursing facility's actual resident days.

(2) For each nursing facility that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the salary adjustment per diem is the weighted average salary adjustment per diem increase determined under clause (1).

(3) A nursing facility may apply for the salary adjustment per diem calculated under clauses (1) and (2). The application must be made to the commissioner and contain a plan by which the nursing facility will distribute the salary adjustment to employees of the nursing facility. In order to apply for a salary adjustment, a nursing facility reimbursed under section 256B.434, must report the information required by clause (1) or (2) in the application, in the manner specified by the commissioner. For nursing facilities in which the employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative, after July 1, 1998, may constitute the plan for the salary distribution. The commissioner shall review the plan to ensure that the salary adjustment per diem is used solely to increase the compensation of nursing home facility employees. To be eligible, a facility must submit its plan for the salary distribution by December 31, 1998. If a facility's plan for salary distribution is effective for its employees after July 1, 1998, the salary adjustment cost per diem shall be effective the same date as its plan.

(4) Additional costs incurred by nursing facilities as a result of this salary adjustment are not allowable costs for purposes of the September 30, 1998, cost report.

~~(d) [NEW BASE YEAR.] The commissioner shall establish new base years for both the reporting year ending September 30, 1989, and the reporting year ending September 30, 1990. In establishing new base years, the commissioner must take into account:~~

~~(1) statutory changes made in geographic groups;~~

~~(2) redefinitions of cost categories; and~~

~~(3) reclassification, pass-through, or exemption of certain costs such as Public Employee Retirement Act contributions.~~

~~(e)~~ (d) [NEW BASE YEAR.] The commissioner shall establish a new base year for the reporting years ending September 30, 1991, and September 30, 1992. In establishing a new base year, the commissioner must take into account:

(1) statutory changes made in geographic groups;

(2) redefinitions of cost categories; and

(3) reclassification, pass-through, or exemption of certain costs.

Sec. 18. Minnesota Statutes 1998, section 256B.431, subdivision 17, is amended to read:

Subd. 17. [SPECIAL PROVISIONS FOR MORATORIUM EXCEPTIONS.] (a) Notwithstanding Minnesota Rules, part 9549.0060, subpart 3, for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility that (1) has completed a construction project approved under section 144A.071, subdivision 4a, clause (m); (2) has completed a construction project approved under section 144A.071, subdivision 4a, and effective after June 30, 1995; or (3) has completed a renovation, replacement, or upgrading project approved under the moratorium exception process in section 144A.073 shall be reimbursed for costs directly identified to that project as provided in subdivision 16 and this subdivision.

(b) Notwithstanding Minnesota Rules, part 9549.0060, subparts 5, item A, subitems (1) and (3), and 7, item D, allowable interest expense on debt shall include:

(1) interest expense on debt related to the cost of purchasing or replacing depreciable equipment, excluding vehicles, not to exceed six percent of the total historical cost of the project; and

(2) interest expense on debt related to financing or refinancing costs, including costs related to points, loan origination fees, financing charges, legal fees, and title searches; and issuance costs including bond discounts, bond counsel, underwriter's counsel, corporate counsel, printing, and financial forecasts. Allowable debt related to items in this clause shall not exceed seven percent of the total historical cost of the project. To the extent these costs are financed, the straight-line amortization of the costs in this clause is not an allowable cost; and

(3) interest on debt incurred for the establishment of a debt reserve fund, net of the interest earned on the debt reserve fund.

(c) Debt incurred for costs under paragraph (b) is not subject to Minnesota Rules, part 9549.0060, subpart 5, item A, subitem (5) or (6).

(d) The incremental increase in a nursing facility's rental rate, determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, resulting from the acquisition of allowable capital assets, and allowable debt and interest expense under this subdivision shall be added to its property-related payment rate and shall be effective on the first day of the month following the month in which the moratorium project was completed.

(e) Notwithstanding subdivision 3f, paragraph (a), for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, the replacement-costs-new per bed limit to be used in Minnesota Rules, part 9549.0060, subpart 4, item B, for a nursing facility that has completed a renovation, replacement, or upgrading project that has been approved under the moratorium exception process in section 144A.073, or that has completed an addition to or replacement of buildings, attached fixtures, or land improvements for which the total historical cost exceeds the lesser of $150,000 or ten percent of the most recent appraised value, must be $47,500 per licensed bed in multiple-bed rooms and $71,250 per licensed bed in a single-bed room. These amounts must be adjusted annually as specified in subdivision 3f, paragraph (a), beginning January 1, 1993.

(f) A nursing facility that completes a project identified in this subdivision and, as of April 17, 1992, has not been mailed a rate notice with a special appraisal for a completed project, or completes a project after April 17, 1992, but before September 1, 1992, may elect either to request a special reappraisal with the corresponding adjustment to the property-related payment rate under the laws in effect on June 30, 1992, or to submit their capital asset and debt information after that date and obtain the property-related payment rate adjustment under this section, but not both.

(g) For purposes of this paragraph, a total replacement means the complete replacement of the nursing facility's physical plant through the construction of a new physical plant or the transfer of the nursing facility's license from one physical plant location to another. For total replacement projects completed on or after July 1, 1992, the commissioner shall compute the incremental change in the nursing facility's rental per diem, for rate years beginning on or after July 1, 1995, by replacing its appraised value, including the historical capital asset costs, and the capital debt and interest costs with the new nursing facility's allowable capital asset costs and the related allowable capital debt and interest costs. If the new nursing facility has decreased its licensed capacity, the aggregate investment per bed limit in subdivision 3a, paragraph (d), shall apply. If the new nursing facility has retained a portion of the original physical plant for nursing facility usage, then a portion of the appraised value prior to the replacement must be retained and included in the calculation of the incremental change in the nursing facility's rental per diem. For purposes of this part, the original nursing facility means the nursing facility prior to the total replacement project. The portion of the appraised value to be retained shall be calculated according to clauses (1) to (3):

(1) The numerator of the allocation ratio shall be the square footage of the area in the original physical plant which is being retained for nursing facility usage.

(2) The denominator of the allocation ratio shall be the total square footage of the original nursing facility physical plant.

(3) Each component of the nursing facility's allowable appraised value prior to the total replacement project shall be multiplied by the allocation ratio developed by dividing clause (1) by clause (2).

In the case of either type of total replacement as authorized under section 144A.071 or 144A.073, the provisions of this subdivision shall also apply. For purposes of the moratorium exception authorized under section 144A.071, subdivision 4a, paragraph (s), if the total replacement involves the renovation and use of an existing health care facility physical plant, the new allowable capital asset costs and related debt and interest costs shall include first the allowable capital asset costs and related debt and interest costs of the renovation, to which shall be added the allowable capital asset costs of the existing physical plant prior to the renovation, and if reported by the facility, the related allowable capital debt and interest costs.

(h) Notwithstanding Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), for a total replacement, as defined in paragraph (g), authorized under section 144A.071 or 144A.073 after July 1, 1999, the replacement-costs-new per bed limit shall be $74,280 per licensed bed in multiple-bed rooms, $92,850 per licensed bed in semiprivate rooms with a fixed partition separating the resident beds, and $111,420 per licensed bed in single rooms. Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), does not apply. These amounts must be adjusted annually as specified in subdivision 3f, paragraph (a), beginning January 1, 2000.

(i) For a total replacement, as defined in paragraph (g), authorized under section 144A.073 for a 96-bed nursing home in Carlton county, the replacement costs new per bed limit shall be $74,280 per licensed bed in multiple-bed rooms, $92,850 per licensed bed in semiprivate rooms with a fixed partition separating the resident's beds, and

$111,420 per licensed bed in a single room. Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), does not apply. The resulting maximum allowable replacement costs new multiplied by 1.25 shall constitute the project's dollar threshold for purposes of application of the limit set forth in section 144A.071, subdivision 2. The commissioner of health may waive the requirements of section 144A.073, subdivision 3b, paragraph (b), clause (2), on the condition that the other requirements of that paragraph are met.

Sec. 19. Minnesota Statutes 1998, section 256B.431, subdivision 26, is amended to read:

Subd. 26. [CHANGES TO NURSING FACILITY REIMBURSEMENT BEGINNING JULY 1, 1997.] The nursing facility reimbursement changes in paragraphs (a) to (f) shall apply in the sequence specified in Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, beginning July 1, 1997.

(a) For rate years beginning on or after July 1, 1997, the commissioner shall limit a nursing facility's allowable operating per diem for each case mix category for each rate year. The commissioner shall group nursing facilities into two groups, freestanding and nonfreestanding, within each geographic group, using their operating cost per diem for the case mix A classification. A nonfreestanding nursing facility is a nursing facility whose other operating cost per diem is subject to the hospital attached, short length of stay, or the rule 80 limits. All other nursing facilities shall be considered freestanding nursing facilities. The commissioner shall then array all nursing facilities in each grouping by their allowable case mix A operating cost per diem. In calculating a nursing facility's operating cost per diem for this purpose, the commissioner shall exclude the raw food cost per diem related to providing special diets that are based on religious beliefs, as determined in subdivision 2b, paragraph (h). For those nursing facilities in each grouping whose case mix A operating cost per diem:

(1) is at or below the median of the array, the commissioner shall limit the nursing facility's allowable operating cost per diem for each case mix category to the lesser of the prior reporting year's allowable operating cost per diem as specified in Laws 1996, chapter 451, article 3, section 11, paragraph (h), plus the inflation factor as established in paragraph (d), clause (2), increased by two percentage points, or the current reporting year's corresponding allowable operating cost per diem; or

(2) is above the median of the array, the commissioner shall limit the nursing facility's allowable operating cost per diem for each case mix category to the lesser of the prior reporting year's allowable operating cost per diem as specified in Laws 1996, chapter 451, article 3, section 11, paragraph (h), plus the inflation factor as established in paragraph (d), clause (2), increased by one percentage point, or the current reporting year's corresponding allowable operating cost per diem.

For purposes of paragraph (a), if a nursing facility reports on its cost report a reduction in cost due to a refund or credit for a rate year beginning on or after July 1, 1998, the commissioner shall increase that facility's spend-up limit for the rate year following the current rate year by the amount of the cost reduction divided by its resident days for the reporting year preceding the rate year in which the adjustment is to be made.

(b) For rate years beginning on or after July 1, 1997, the commissioner shall limit the allowable operating cost per diem for high cost nursing facilities. After application of the limits in paragraph (a) to each nursing facility's operating cost per diem, the commissioner shall group nursing facilities into two groups, freestanding or nonfreestanding, within each geographic group. A nonfreestanding nursing facility is a nursing facility whose other operating cost per diem are subject to hospital attached, short length of stay, or rule 80 limits. All other nursing facilities shall be considered freestanding nursing facilities. The commissioner shall then array all nursing facilities within each grouping by their allowable case mix A operating cost per diem. In calculating a nursing facility's operating cost per diem for this purpose, the commissioner shall exclude the raw food cost per diem related to providing special diets that are based on religious beliefs, as determined in subdivision 2b, paragraph (h). For those nursing facilities in each grouping whose case mix A operating cost per diem exceeds 1.0 standard deviation above the median, the commissioner shall reduce their allowable operating cost per diem by three percent. For those nursing facilities in each grouping whose case mix A operating cost per diem exceeds 0.5 standard deviation above the median but is less than or equal to 1.0 standard deviation above the median, the commissioner shall reduce their allowable operating cost per diem by two percent. However, in no case shall a nursing facility's operating cost per diem be reduced below its grouping's limit established at 0.5 standard deviations above the median.

(c) For rate years beginning on or after July 1, 1997, the commissioner shall determine a nursing facility's efficiency incentive by first computing the allowable difference, which is the lesser of $4.50 or the amount by which the facility's other operating cost limit exceeds its nonadjusted other operating cost per diem for that rate year. The commissioner shall compute the efficiency incentive by:

(1) subtracting the allowable difference from $4.50 and dividing the result by $4.50;

(2) multiplying 0.20 by the ratio resulting from clause (1), and then;

(3) adding 0.50 to the result from clause (2); and

(4) multiplying the result from clause (3) times the allowable difference.

The nursing facility's efficiency incentive payment shall be the lesser of $2.25 or the product obtained in clause (4).

(d) For rate years beginning on or after July 1, 1997, the forecasted price index for a nursing facility's allowable operating cost per diem shall be determined under clauses (1) and (2) using the change in the Consumer Price Index-All Items (United States city average) (CPI-U) as forecasted by Data Resources, Inc. The commissioner shall use the indices as forecasted in the fourth quarter of the calendar year preceding the rate year, subject to subdivision 2l, paragraph (c).

(1) The CPI-U forecasted index for allowable operating cost per diem shall be based on the 21-month period from the midpoint of the nursing facility's reporting year to the midpoint of the rate year following the reporting year.

(2) For rate years beginning on or after July 1, 1997, the forecasted index for operating cost limits referred to in subdivision 21, paragraph (b), shall be based on the CPI-U for the 12-month period between the midpoints of the two reporting years preceding the rate year.

(e) After applying these provisions for the respective rate years, the commissioner shall index these allowable operating cost per diem by the inflation factor provided for in paragraph (d), clause (1), and add the nursing facility's efficiency incentive as computed in paragraph (c).

(f) For rate years beginning on or after July 1, 1997, the total operating cost payment rates for a nursing facility shall be the greater of the total operating cost payment rates determined under this section or the total operating cost payment rates in effect on June 30, 1997, subject to rate adjustments due to field audit or rate appeal resolution. This provision shall not apply to subsequent field audit adjustments of the nursing facility's operating cost rates for rate years beginning on or after July 1, 1997.

(g) For the rate years beginning on July 1, 1997, July 1, 1998, and July 1, 1999, a nursing facility licensed for 40 beds effective May 1, 1992, with a subsequent increase of 20 Medicare/Medicaid certified beds, effective January 26, 1993, in accordance with an increase in licensure is exempt from paragraphs (a) and (b).

(h) For a nursing facility whose construction project was authorized according to section 144A.073, subdivision 5, paragraph (g), the operating cost payment rates for the ~~third~~ new location shall be determined based on Minnesota Rules, part 9549.0057. The relocation allowed under section 144A.073, subdivision 5, paragraph (g), and the rate determination allowed under this paragraph must meet the cost neutrality requirements of section 144A.073, subdivision 3c. Paragraphs (a) and (b) shall not apply until the second rate year after the settle-up cost report is filed. Notwithstanding subdivision 2b, paragraph (g), real estate taxes and special assessments payable by the ~~third~~ new location, a 501(c)(3) nonprofit corporation, shall be included in the payment rates determined under this subdivision for all subsequent rate years.

(i) For the rate year beginning July 1, 1997, the commissioner shall compute the payment rate for a nursing facility licensed for 94 beds on September 30, 1996, that applied in October 1993 for approval of a total replacement under the moratorium exception process in section 144A.073, and completed the approved replacement in June 1995,

with other operating cost spend-up limit under paragraph (a), increased by $3.98, and after computing the facility's payment rate according to this section, the commissioner shall make a one-year positive rate adjustment of $3.19 for operating costs related to the newly constructed total replacement, without application of paragraphs (a) and (b). The facility's per diem, before the $3.19 adjustment, shall be used as the prior reporting year's allowable operating cost per diem for payment rate calculation for the rate year beginning July 1, 1998. A facility described in this paragraph is exempt from paragraph (b) for the rate years beginning July 1, 1997, and July 1, 1998.

(j) For the purpose of applying the limit stated in paragraph (a), a nursing facility in Kandiyohi county licensed for 86 beds that was granted hospital-attached status on December 1, 1994, shall have the prior year's allowable care-related per diem increased by $3.207 and the prior year's other operating cost per diem increased by $4.777 before adding the inflation in paragraph (d), clause (2), for the rate year beginning on July 1, 1997.

(k) For the purpose of applying the limit stated in paragraph (a), a 117 bed nursing facility located in Pine county shall have the prior year's allowable other operating cost per diem increased by $1.50 before adding the inflation in paragraph (d), clause (2), for the rate year beginning on July 1, 1997.

(l) For the purpose of applying the limit under paragraph (a), a nursing facility in Hibbing licensed for 192 beds shall have the prior year's allowable other operating cost per diem increased by $2.67 before adding the inflation in paragraph (d), clause (2), for the rate year beginning July 1, 1997.

Sec. 20. Minnesota Statutes 1998, section 256B.431, is amended by adding a subdivision to read:

Subd. 28. [NURSING FACILITY RATE INCREASES BEGINNING JULY 1, 1999, AND JULY 1, 2000.] (a) For the rate years beginning July 1, 1999, and July 1, 2000, the commissioner shall make available to each nursing facility reimbursed under this section or section 256B.434 an adjustment to the total operating payment rate. For each facility, total operating costs shall be separated into costs that are compensation related and all other costs. Compensation related costs include salaries, payroll taxes, and fringe benefits for all employees except management fees, the administrator, and central office staff.

(b) For the rate year beginning July 1, 1999, the commissioner shall make available a rate increase for compensation related costs of 4.843 percent and a rate increase for all other operating costs of 3.446 percent.

(c) For the rate year beginning July 1, 2000, the commissioner shall make available a rate increase for compensation related costs of 3.632 percent and a rate increase for all other operating costs of 2.585 percent.

(d) The payment rate adjustment for each nursing facility must be determined under clause (1) or (2):

(1) for each nursing facility that reports salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the commissioner shall determine the payment rate adjustment using the categories specified in paragraph (a) multiplied by the rate increases specified in paragraph (b) or (c), and then dividing the resulting amount by the nursing facility's actual resident days. In determining the amount of a payment rate adjustment for a nursing facility reimbursed under section 256B.434, the commissioner shall determine the proportions of the facility's rates that are compensation related costs and all other operating costs based on the facility's most recent cost report; and

(2) for each nursing facility that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the payment rate adjustment shall be computed using the facility's total operating costs, separated into the categories specified in paragraph (a) in proportion to the weighted average of all facilities determined under clause (1), multiplied by the rate increases specified in paragraph (b) or (c), and then dividing the resulting amount by the nursing facility's actual resident days.

(e) A nursing facility may apply for the compensation-related payment rate adjustment calculated under this subdivision. The application must be made to the commissioner and contain a plan by which the nursing facility will distribute the compensation-related portion of the payment rate adjustment to employees of the nursing facility.

For nursing facilities in which the employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative constitutes the plan. The commissioner shall review the plan to ensure that the payment rate adjustment per diem is used as provided in paragraphs (a) to (c). To be eligible, a facility must submit its plan for the compensation distribution by December 31 each year. A facility may amend its plan for the second rate year by submitting a revised plan by December 31, 2000. If a facility's plan for compensation distribution is effective for its employees after July 1 of the year that the funds are available, the payment rate adjustment per diem shall be effective the same date as its plan.

(f) A copy of the approved distribution plan must be made available to all employees. This must be done by giving each employee a copy or by posting it in an area of the nursing facility to which all employees have access. If an employee does not receive the compensation adjustment described in their facility's approved plan and is unable to resolve the problem with the facility's management or through the employee's union representative, the employee may contact the commissioner at an address or phone number provided by the commissioner and included in the approved plan.

(g) If the reimbursement system under section 256B.435 is not implemented until July 1, 2001, the salary adjustment per diem authorized in subdivision 2i, paragraph (c), shall continue until June 30, 2001.

(h) For the rate year beginning July 1, 1999, the following nursing facilities shall be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if subdivision 26, paragraph (a), was not applied:

(1) a nursing facility in Carver county licensed for 33 nursing home beds and four boarding care beds;

(2) a nursing facility in Faribault county licensed for 159 nursing home beds on September 30, 1998; and

(3) a nursing facility in Houston county licensed for 68 nursing home beds on September 30, 1998.

(i) For the rate year beginning July 1, 1999, the following nursing facilities shall be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if subdivision 26, paragraphs (a) and (b), were not applied:

(1) a nursing facility in Chisago county licensed for 135 nursing home beds on September 30, 1998; and

(2) a nursing facility in Murray county licensed for 62 nursing home beds on September 30, 1998.

(j) For the rate year beginning July 1, 1999, a nursing facility in Hennepin county licensed for 134 beds on September 30, 1998, shall:

(1) have the prior year's allowable care-related per diem increased by $3.93 and the prior year's other operating cost per diem increased by $1.69 before adding the inflation in subdivision 26, paragraph (d), clause (2); and

(2) be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if subdivision 26, paragraphs (a) and (b), were not applied.

Sec. 21. Minnesota Statutes 1998, section 256B.434, subdivision 3, is amended to read:

Subd. 3. [DURATION AND TERMINATION OF CONTRACTS.] (a) Subject to available resources, the commissioner may begin to execute contracts with nursing facilities November 1, 1995.

(b) All contracts entered into under this section are for a term of one year. Either party may terminate a contract at any time without cause by providing ~~30~~ 90 calendar days advance written notice to the other party. The decision to terminate a contract is not appealable. ~~If neither party provides written notice of termination the contract shall be renegotiated for additional one-year terms, for up to a total of four consecutive one-year terms~~ Notwithstanding section 16C.05, subdivision 2, paragraph (a), clause (5), the contract shall be renegotiated for additional one-year terms, unless either party provides written notice of termination. The provisions of the contract shall be renegotiated annually by the parties prior to the expiration date of the contract. The parties may voluntarily renegotiate the terms of the contract at any time by mutual agreement.

(c) If a nursing facility fails to comply with the terms of a contract, the commissioner shall provide reasonable notice regarding the breach of contract and a reasonable opportunity for the facility to come into compliance. If the facility fails to come into compliance or to remain in compliance, the commissioner may terminate the contract. If a contract is terminated, the contract payment remains in effect for the remainder of the rate year in which the contract was terminated, but in all other respects the provisions of this section do not apply to that facility effective the date the contract is terminated. The contract shall contain a provision governing the transition back to the cost-based reimbursement system established under section 256B.431, subdivision 25, and Minnesota Rules, parts 9549.0010 to 9549.0080. A contract entered into under this section may be amended by mutual agreement of the parties.

Sec. 22. Minnesota Statutes 1998, section 256B.434, subdivision 4, is amended to read:

Subd. 4. [ALTERNATE RATES FOR NURSING FACILITIES.] (a) For nursing facilities which have their payment rates determined under this section rather than section 256B.431, subdivision 25, the commissioner shall establish a rate under this subdivision. The nursing facility must enter into a written contract with the commissioner.

(b) A nursing facility's case mix payment rate for the first rate year of a facility's contract under this section is the payment rate the facility would have received under section 256B.431, subdivision 25.

(c) A nursing facility's case mix payment rates for the second and subsequent years of a facility's contract under this section are the previous rate year's contract payment rates plus an inflation adjustment. The index for the inflation adjustment must be based on the change in the Consumer Price Index-All Items (United States City average) (CPI-U) forecasted by Data Resources, Inc., as forecasted in the fourth quarter of the calendar year preceding the rate year. The inflation adjustment must be based on the 12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined. For the rate years beginning on July 1, 1999, and July 1, 2000, this paragraph shall apply only to the property related payment rate. In determining the amount of the property related payment rate adjustment under this paragraph, the commissioner shall determine the proportion of the facility's rates that are property related based on the facility's most recent cost report.

(d) The commissioner shall develop additional incentive-based payments of up to five percent above the standard contract rate for achieving outcomes specified in each contract. The specified facility-specific outcomes must be measurable and approved by the commissioner. The commissioner may establish, for each contract, various levels of achievement within an outcome. After the outcomes have been specified the commissioner shall assign various levels of payment associated with achieving the outcome. Any incentive-based payment cancels if there is a termination of the contract. In establishing the specified outcomes and related criteria the commissioner shall consider the following state policy objectives:

(1) improved cost effectiveness and quality of life as measured by improved clinical outcomes;

(2) successful diversion or discharge to community alternatives;

(3) decreased acute care costs;

(4) improved consumer satisfaction;

(5) the achievement of quality; or

(6) any additional outcomes proposed by a nursing facility that the commissioner finds desirable.

Sec. 23. Minnesota Statutes 1998, section 256B.434, is amended by adding a subdivision to read:

Subd. 4a. [FACILITY RATE INCREASES.] For the rate year beginning July 1, 1999, the nursing facilities described in clauses (1) to (5) shall receive the rate increases indicated. The increases provided under this subdivision

shall be included in the facility's total payment rates for the purpose of determining future rates under this section or any other section:

(1) a nursing facility in Becker county licensed for 102 nursing home beds on September 30, 1998, shall receive an increase of $1.30 in its case mix class A payment rate; an increase of $1.33 in its case mix class B payment rate; an increase of $1.36 in its case mix class C payment rate; an increase of $1.39 in its case mix class D payment rate; an increase of $1.42 in its case mix class E payment rate; an increase of $1.42 in its case mix class F payment rate; an increase of $1.45 in its case mix class G payment rate; an increase of $1.49 in its case mix class H payment rate; an increase of $1.51 in its case mix class I payment rate; an increase of $1.54 in its case mix class J payment rate; and an increase of $1.59 in its case mix class K payment rate;

(2) a nursing facility in Chisago county licensed for 101 nursing home beds on September 30, 1998, shall receive an increase of $3.67 in each case mix payment rate;

(3) a nursing facility in Canby, licensed for 75 beds shall have its property-related per diem rate increased by $1.21. This increase shall be recognized in the facility's contract payment rate under this section;

(4) a nursing facility in Golden Valley with all its beds licensed to provide residential rehabilitative services to young adults under Minnesota Rules, parts 9570.2000 to 9570.3400, shall have the payment rate computed according to this section increased by $14.83; and

(5) a county-owned 130-bed nursing facility in Park Rapids shall have its per diem contract payment rate increased by $1.02 for costs related to compliance with comparable worth requirements.

Sec. 24. Minnesota Statutes 1998, section 256B.434, subdivision 13, is amended to read:

Subd. 13. [PAYMENT SYSTEM REFORM ADVISORY COMMITTEE.] ~~(a)~~ The commissioner, in consultation with an advisory committee, shall study options for reforming the regulatory and reimbursement system for nursing facilities to reduce the level of regulation, reporting, and procedural requirements, and to provide greater flexibility and incentives to stimulate competition and innovation. The advisory committee shall include, at a minimum, representatives from the long-term care provider community, the department of health, and consumers of long-term care services. ~~The advisory committee sunsets on June 30, 1997.~~ Among other things, the commissioner shall consider the feasibility and desirability of changing from a certification requirement to an accreditation requirement for participation in the medical assistance program, options to encourage early discharge of short-term residents through the provision of intensive therapy, and further modifications needed in rate equalization. The commissioner shall also include detailed recommendations for a permanent managed care payment system to replace the contractual alternative payment demonstration project authorized under this section. The commissioner shall submit a report with findings and recommendations to the legislature by January 15, 1997.

~~(b) If a permanent managed care payment system has not been enacted into law by July 1, 1997, the commissioner shall develop and implement a transition plan to enable nursing facilities under contract with the commissioner under this section to revert to the cost-based payment system at the expiration of the alternative payment demonstration project. The commissioner shall include in the alternative payment demonstration project contracts entered into under this section a provision to permit an amendment to the contract to be made after July 1, 1997, governing the transition back to the cost-based payment system. The transition plan and contract amendments are not subject to rulemaking requirements.~~

Sec. 25. Minnesota Statutes 1998, section 256B.435, is amended to read:

256B.435 [NURSING FACILITY REIMBURSEMENT SYSTEM EFFECTIVE JULY 1, ~~2000~~ 2001.]

Subdivision 1. [IN GENERAL.] Effective July 1, ~~2000~~ 2001, the commissioner shall implement a performance-based contracting system to replace the current method of setting operating cost payment rates under sections 256B.431 and 256B.434 and Minnesota Rules, parts 9549.0010 to 9549.0080. Operating cost payment rates

for newly established facilities under Minnesota Rules, part 9549.0057, shall be established using section 256B.431 and Minnesota Rules, parts 9549.0010 to 9549.0070. A nursing facility in operation on May 1, 1998, with payment rates not established under section 256B.431 or 256B.434 on that date, is ineligible for this performance-based contracting system. In determining prospective payment rates of nursing facility services, the commissioner shall distinguish between operating costs and property-related costs. The commissioner of finance shall include an annual inflationary adjustment in operating costs for nursing facilities using the inflation factor specified in subdivision 3 and funding for incentive-based payments as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11. Property related payment rates, including real estate taxes and special assessments, shall be determined under section 256B.431 or 256B.434 or under a new property-related reimbursement system, if one is implemented by the commissioner under subdivision 3. The commissioner shall present additional recommendations for performance-based contracting for nursing facilities to the legislature by February 15, 2000, in the following specific areas:

(1) development of an interim default payment mechanism for nursing facilities that do not respond to the state's request for proposal but wish to continue participation in the medical assistance program, and nursing facilities the state does not select in the request for proposal process, and nursing facilities whose contract has been canceled;

(2) development of criteria for facilities to earn performance-based incentive payments based on relevant outcomes negotiated by nursing facilities and the commissioner and that recognize both continuous quality efforts and quality improvement;

(3) development of criteria and a process under which nursing facilities can request rate adjustments for low base rates, geographic disparities, or other reasons;

(4) development of a dispute resolution mechanism for nursing facilities that are denied a contract, denied incentive payments, or denied a rate adjustment;

(5) development of a property payment system to address the capital needs of nursing facilities that will be funded with additional appropriations;

(6) establishment of a transitional plan to move from dual assessment instruments to the federally mandated resident assessment system, whereby the financial impact for each facility would be budget neutral;

(7) identification of net cost implications for facilities and to the department of preparing for and implementing performance-based contracting or any proposed alternative system;

(8) identification of facility financial and statistical reporting requirements; and

(9) identification of exemptions from current regulations and statutes applicable under performance-based contracting.

Subd. 1a. [REQUESTS FOR PROPOSALS.] (a) For nursing facilities with rates established under section 256B.434 on January 1, 2001, the commissioner shall renegotiate contracts without requiring a response to a request for proposal, notwithstanding the solicitation process described in chapter 16C.

(b) Prior to July 1, 2001, the commissioner shall publish in the State Register a request for proposals to provide nursing facility services according to this section. The commissioner will consider proposals from all nursing facilities that have payment rates established under section 256B.431. The commissioner must respond to all proposals in a timely manner.

(c) In issuing a request for proposals, the commissioner may develop reasonable requirements which, in the judgment of the commissioner, are necessary to protect residents or ensure that the performance-based contracting system furthers the interests of the state of Minnesota. The request for proposals may include, but need not be limited to:

(1) a requirement that a nursing facility make reasonable efforts to maximize Medicare payments on behalf of eligible residents;

(2) requirements designed to prevent inappropriate or illegal discrimination against residents enrolled in the medical assistance program as compared to private paying residents;

(3) requirements designed to ensure that admissions to a nursing facility are appropriate and that reasonable efforts are made to place residents in home and community-based settings when appropriate;

(4) a requirement to agree to participate in the development of data collection systems and outcome-based standards. Among other requirements specified by the commissioner, each facility entering into a contract may be required to pay an annual fee not to exceed $1,000. The commissioner must use revenue generated from the fees to contract with a qualified consultant or contractor to develop data collection systems and outcome-based contracting standards;

(5) a requirement that Medicare-certified contractors agree to maintain Medicare cost reports and to submit them to the commissioner upon request, or at times specified by the commissioner; and that contractors that are not Medicare-certified agree to maintain a uniform cost report in a format established by the commissioner and to submit the report to the commissioner upon request, or at times specified by the commissioner;

(6) a requirement that demonstrates willingness and ability to develop and maintain data collection and retrieval systems to measure outcomes; and

(7) a requirement to provide all information and assurances required by the terms and conditions of the federal waiver or federal approval.

(d) In addition to the information and assurances contained in the submitted proposals, the commissioner may consider the following criteria in developing the terms of the contract:

(1) the facility's history of compliance with federal and state laws and rules. A facility deemed to be in substantial compliance with federal and state laws and rules is eligible to respond to a request for proposals. A facility's compliance history shall not be the sole determining factor in situations where the facility has been sold and the new owners have submitted a proposal;

(2) whether the facility has a record of excessive licensure fines or sanctions or fraudulent cost reports;

(3) the facility's financial history and solvency; and

(4) other factors identified by the commissioner deemed relevant to developing the terms of the contract, including a determination that a contract with a particular facility is not in the best interests of the residents of the facility or the state of Minnesota.

(e) Notwithstanding the requirements of the solicitation process described in chapter 16C, the commissioner may contract with nursing facilities established according to section 144A.073 without issuing a request for proposals.

(f) Notwithstanding subdivision 1, after July 1, 2001, the commissioner may contract with additional nursing facilities, according to requests for proposals.

Subd. 2. [CONTRACT PROVISIONS.] (a) The performance-based contract with each nursing facility must include provisions that:

(1) apply the resident case mix assessment provisions of Minnesota Rules, parts 9549.0051, 9549.0058, and 9549.0059, or another assessment system, with the goal of moving to a single assessment system;

(2) monitor resident outcomes through various methods, such as quality indicators based on the minimum data set and other utilization and performance measures;

(3) require the establishment and use of a continuous quality improvement process that integrates information from quality indicators and regular resident and family satisfaction interviews;

(4) require annual reporting of facility statistical information, including resident days by case mix category, productive nursing hours, wages and benefits, and raw food costs for use by the commissioner in the development of facility profiles that include trends in payment and service utilization;

(5) require from each nursing facility an annual certified audited financial statement consisting of a balance sheet, income and expense statements, and an opinion from either a licensed or certified public accountant, if a certified audit was prepared, or unaudited financial statements if no certified audit was prepared; ~~and~~

(6) specify the method for resolving disputes; and

(7) establish additional requirements ~~and penalties~~ for nursing facilities not meeting the standards set forth in the performance-based contract.

(b) The commissioner may develop additional incentive-based payments for achieving specified outcomes specified in each contract. The specified facility-specific outcomes must be measurable and approved by the commissioner.

(c) The commissioner may also contract with nursing facilities in other ways through requests for proposals, including contracts on a risk or nonrisk basis, with nursing facilities or consortia of nursing facilities, to provide comprehensive long-term care coverage on a premium or capitated basis.

(d) The commissioner may negotiate different contract terms for different nursing facilities.

Subd. 2a. [DURATION AND TERMINATION OF CONTRACTS.] (a) All contracts entered into under this section are for a term of one year. Either party may terminate this contract at any time without cause by providing 90 calendar days' advance written notice to the other party. Notwithstanding section 16C.05, subdivisions 2, paragraph (a), and 5, if neither party provides written notice of termination, the contract shall be renegotiated for additional one-year terms or the terms of the existing contract will be extended for one year. The provisions of the contract shall be renegotiated annually by the parties prior to the expiration date of the contract. The parties may voluntarily renegotiate the terms of the contract at any time by mutual agreement.

(b) If a nursing facility fails to comply with the terms of a contract, the commissioner shall provide reasonable notice regarding the breach of contract and a reasonable opportunity for the facility to come into compliance. If the facility fails to come into compliance or to remain in compliance, the commissioner may terminate the contract. If a contract is terminated, provisions of section 256B.48, subdivision 1a, shall apply.

Subd. 3. [PAYMENT RATE PROVISIONS.] (a) For rate years beginning on or after July 1, ~~2000~~ 2001, within the limits of appropriations specifically for this purpose, the commissioner shall determine operating cost payment rates for each licensed and certified nursing facility by indexing its operating cost payment rates in effect on June 30, ~~2000~~ 2001, for inflation. ~~The inflation factor to be used must be based on the change in the Consumer Price Index-All Items, United States city average (CPI-U) as forecasted by Data Resources, Inc. in the fourth quarter preceding the rate year.~~ For rate years beginning on or after July 1, 2001, the inflation factor must be based on the change in the Employment Cost Index for Private Industry Workers - Total Compensation as forecasted by the commissioner of finance's national economic consultant, in the fourth quarter preceding the rate year. The ~~CPI-U~~ forecasted index for operating cost payment rates shall be based on the 12-month period from the midpoint of the nursing facility's prior rate year to the midpoint of the rate year for which the operating payment rate is being determined. The operating cost payment rate to be inflated shall be the total payment rate in effect on June 30, 2001, minus the portion determined to be the property-related payment rate, minus the per diem amount of the preadmission screening cost included in the nursing facility's last payment rate established under section 256B.431.

(b) ~~Beginning July 1, 2000, each nursing facility subject to a performance-based contract under this section shall choose one of two methods of payment for property-related costs:~~

~~(1) the method established in section 256B.434; or~~

~~(2) the method established in section 256B.431.~~

~~Once the nursing facility has made the election in this paragraph, that election shall remain in effect for at least four years or until an alternative property payment system is developed.~~ A per diem amount for preadmission screening will be added onto the contract payment rates according to the method of distribution of county allocation described in section 256B.0911, subdivision 6, paragraph (a).

(c) For rate years beginning on or after July 1, ~~2000~~ 2001, the commissioner may implement a new method of payment for property-related costs that addresses the capital needs of facilities. ~~Notwithstanding paragraph (b),~~ The new property payment system or systems, if implemented, shall replace the current ~~method~~ methods of setting property payment rates under sections 256B.431 and 256B.434.

Subd. 4. [CONTRACT PAYMENT RATES; APPEALS.] If an appeal is pending concerning the cost-based payment rates that are the basis for the calculation of the payment rate under this section, the commissioner and the nursing facility may agree on an interim contract rate to be used until the appeal is resolved. When the appeal is resolved, the contract rate must be adjusted retroactively according to the appeal decision.

Subd. 5. [CONSUMER PROTECTION.] In addition to complying with all applicable laws regarding consumer protection, as a condition of entering into a contract under this section, a nursing facility must agree to:

(1) establish resident grievance procedures;

(2) establish expedited grievance procedures to resolve complaints made by short-stay residents; and

(3) make available to residents and families a copy of the performance-based contract and outcomes to be achieved.

Subd. 6. [CONTRACTS ARE VOLUNTARY.] Participation of nursing facilities in the medical assistance program is voluntary. The terms and procedures governing the performance-based contract are determined under this section and through negotiations between the commissioner and nursing facilities.

Subd. 7. [FEDERAL REQUIREMENTS.] The commissioner shall implement the performance-based contracting system subject to any required federal waivers or approval and in a manner that is consistent with federal requirements. If a provision of this section is inconsistent with a federal requirement, the federal requirement supersedes the inconsistent provision. The commissioner shall seek federal approval and request waivers as necessary to implement this section.

Sec. 26. Minnesota Statutes 1998, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED PRACTICES.] A nursing facility is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances: the nursing facility may (1) charge private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the daily rate paid by the commissioner. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be available to all residents in all areas of the nursing facility and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing facility in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing facility. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they were included in the payment rate for the previous reporting year. A nursing facility that charges a private paying resident a rate in violation of this

clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing facility that charges the resident rates in violation of this clause. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing facility may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

(b) ~~Requiring~~ (1) Charging, soliciting, accepting, or receiving from an applicant for admission to the facility, or ~~the guardian or conservator~~ from anyone acting in behalf of the applicant, as a condition of admission, ~~to pay~~ expediting the admission, or as a requirement for the individual's continued stay, any fee ~~or~~, deposit ~~in excess of $100~~, gift, money, donation, or other consideration not otherwise required as payment under the state plan;

(2) requiring an individual, or anyone acting in behalf of the individual, to loan any money to the nursing facility~~, or~~;

(3) requiring an individual, or anyone acting in behalf of the individual, to promise to leave all or part of the ~~applicant's~~ individual's estate to the facility; or

(4) requiring a third-party guarantee of payment to the facility as a condition of admission, expedited admission, or continued stay in the facility.

Nothing in this paragraph would prohibit discharge for nonpayment of services in accordance with state and federal regulations.

(c) Requiring any resident of the nursing facility to utilize a vendor of health care services chosen by the nursing facility.

(d) Providing differential treatment on the basis of status with regard to public assistance.

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance or refusal to purchase special services. Admissions discrimination shall include, but is not limited to:

(1) basing admissions decisions upon assurance by the applicant to the nursing facility, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek public assistance for payment of nursing facility care costs; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately or an applicant's refusal to pay for a special service.

The collection and use by a nursing facility of financial information of any applicant pursuant to a preadmission screening program established by law shall not raise an inference that the nursing facility is utilizing that information for any purpose prohibited by this paragraph.

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing facility except as payment for renting or leasing space or equipment or purchasing support services from the nursing facility as limited by section 256B.433. All agreements must be disclosed to the commissioner upon request of the commissioner. Nursing facilities and vendors of ancillary services

that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

~~The prohibitions set forth in clause (b) shall not apply to a retirement facility with more than 325 beds including at least 150 licensed nursing facility beds and which:~~

~~(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and~~

~~(2) accounts for all of the applicant's assets which are required to be assigned to the facility so that only expenses for the cost of care of the applicant may be charged against the account; and~~

~~(3) agrees in writing at the time of admission to the facility to permit the applicant, or the applicant's guardian, or conservator, to examine the records relating to the applicant's account upon request, and to receive an audited statement of the expenditures charged against the applicant's individual account upon request; and~~

~~(4) agrees in writing at the time of admission to the facility to permit the applicant to withdraw from the facility at any time and to receive, upon withdrawal, the balance of the applicant's individual account.~~

For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing facility or boarding care home which is in violation of this section if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing facility to correct the violation. The nursing facility shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing facility by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation and shall remain in effect until the violation is corrected. The nursing facility or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing facility is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing facility to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing facility.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 27. Minnesota Statutes 1998, section 256B.48, subdivision 1a, is amended to read:

Subd. 1a. [TERMINATION.] If a nursing facility terminates its participation in the medical assistance program, whether voluntarily or involuntarily, the commissioner may authorize the nursing facility to receive continued medical assistance reimbursement ~~only on a temporary basis~~ until medical assistance residents can be relocated to nursing facilities participating in the medical assistance program.

Sec. 28. Minnesota Statutes 1998, section 256B.48, subdivision 1b, is amended to read:

Subd. 1b. [EXCEPTION.] Notwithstanding any agreement between a nursing facility and the department of human services or the provisions of this section or section 256B.411, other than subdivision 1a, the commissioner may authorize continued medical assistance payments to a nursing facility which ceased intake of medical assistance recipients prior to July 1, 1983, and which charges private paying residents rates that exceed those permitted by

subdivision 1, paragraph (a), for (i) residents who resided in the nursing facility before July 1, 1983, or (ii) residents for whom the commissioner or any predecessors of the commissioner granted a permanent individual waiver prior to October 1, 1983. Nursing facilities seeking continued medical assistance payments under this subdivision shall make the reports required under subdivision 2, except that on or after December 31, 1985, the financial statements required need not be audited by or contain the opinion of a certified public accountant or licensed public accountant, but need only be reviewed by a certified public accountant or licensed public accountant. In the event that the state is determined by the federal government to be no longer eligible for the federal share of medical assistance payments made to a nursing facility under this subdivision, the commissioner may cease medical assistance payments, under this subdivision, to that nursing facility. ~~Between October 1, 1992, and July 1, 1993, a facility governed by this subdivision may elect to resume full participation in the medical assistance program by agreeing to comply with all of the requirements of the medical assistance program, including the rate equalization law in subdivision 1, paragraph (a), and all other requirements established in law or rule, and to resume intake of new medical assistance recipients.~~

Sec. 29. Minnesota Statutes 1998, section 256B.48, subdivision 6, is amended to read:

Subd. 6. [MEDICARE CERTIFICATION.] (a) [DEFINITION.] For purposes of this subdivision, "nursing facility" means a nursing facility that is certified as a skilled nursing facility or, after September 30, 1990, a nursing facility licensed under chapter 144A that is certified as a nursing facility.

(b) [MEDICARE PARTICIPATION REQUIRED.] All nursing facilities shall participate in Medicare part A and part B unless, after submitting an application, Medicare certification is denied by the federal health care financing administration. Medicare review shall be conducted at the time of the annual medical assistance review. Charges for Medicare-covered services provided to residents who are simultaneously eligible for medical assistance and Medicare must be billed to Medicare part A or part B before billing medical assistance. Medical assistance may be billed only for charges not reimbursed by Medicare.

(c) ~~[UNTIL SEPTEMBER 30, 1990.] Until September 30, 1990, a nursing facility satisfies the requirements of paragraph (b) if: (1) at least 50 percent of the facility's beds that are licensed under section 144A and certified as skilled nursing beds under the medical assistance program are Medicare certified; or (2) if a nursing facility's beds are licensed under section 144A, and some are medical assistance certified as skilled nursing beds and others are medical assistance certified as intermediate care facility I beds, at least 50 percent of the facility's total skilled nursing beds and intermediate care facility I beds or 100 percent of its skilled nursing beds, whichever is less, are Medicare certified.~~

~~(d)~~ [AFTER SEPTEMBER 30, 1990.] After September 30, 1990, a nursing facility satisfies the requirements of paragraph (b) if at least 50 percent of the facility's beds certified as nursing facility beds under the medical assistance program are Medicare certified.

~~(e)~~ (d) [CONFLICT WITH MEDICARE DISTINCT PART REQUIREMENTS.] At the request of a facility, the commissioner of human services may reduce the 50 percent Medicare participation requirement in ~~paragraphs~~ paragraph (c) ~~and (d)~~ to no less than 20 percent if the commissioner of health determines that, due to the facility's physical plant configuration, the facility cannot satisfy Medicare distinct part requirements at the 50 percent certification level. To receive a reduction in the participation requirement, a facility must demonstrate that the reduction will not adversely affect access of Medicare-eligible residents to Medicare-certified beds.

~~(f)~~ (e) [INSTITUTIONS FOR MENTAL DISEASE.] The commissioner may grant exceptions to the requirements of paragraph (b) for nursing facilities that are designated as institutions for mental disease.

~~(g)~~ (f) [NOTICE OF RIGHTS.] The commissioner shall inform recipients of their rights under this subdivision and section 144.651, subdivision 29.

Sec. 30. Minnesota Statutes 1998, section 256B.50, subdivision 1e, is amended to read:

Subd. 1e. [ATTORNEY'S FEES AND COSTS.] (a) Notwithstanding section 15.472, paragraph (a), for an issue appealed under subdivision 1, the prevailing party in a contested case proceeding or, if appealed, in subsequent judicial review, must be awarded reasonable attorney's fees and costs incurred in litigating the appeal, if the prevailing party shows that the position of the opposing party was not substantially justified. The procedures for awarding fees and costs set forth in section 15.474 must be followed in determining the prevailing party's fees and costs except as otherwise provided in this subdivision. For purposes of this subdivision, "costs" means subpoena fees and mileage, transcript costs, court reporter fees, witness fees, postage and delivery costs, photocopying and printing costs, amounts charged the commissioner by the office of administrative hearings, and direct administrative costs of the department; and "substantially justified" means that a position had a reasonable basis in law and fact, based on the totality of the circumstances prior to and during the contested case proceeding and subsequent review.

(b) When an award is made to the department under this subdivision, attorney fees must be calculated at the cost to the department. When an award is made to a provider under this subdivision, attorney fees must be calculated at the rate charged to the provider except that attorney fees awarded must be the lesser of the attorney's normal hourly fee or $100 per hour.

(c) In contested case proceedings involving more than one issue, the administrative law judge shall determine what portion of each party's attorney fees and costs is related to the issue or issues on which it prevailed and for which it is entitled to an award. In making that determination, the administrative law judge shall consider the amount of time spent on each issue, the precedential value of the issue, the complexity of the issue, and other factors deemed appropriate by the administrative law judge.

(d) When the department prevails on an issue involving more than one provider, the administrative law judge shall allocate the total amount of any award for attorney fees and costs among the providers. In determining the allocation, the administrative law judge shall consider each provider's monetary interest in the issue and other factors deemed appropriate by the administrative law judge.

(e) Attorney fees and costs awarded to the department for proceedings under this subdivision must not be reported or treated as allowable costs on the provider's cost report.

(f) Fees and costs awarded to a provider for proceedings under this subdivision must be reimbursed to them ~~by reporting the amount of fees and costs awarded as allowable costs on the provider's cost report for the reporting year in which they were awarded. Fees and costs reported pursuant to this subdivision must be included in the general and administrative cost category but are not subject to categorical or overall cost limitations established in rule or statute~~ within 120 days of the final decision on the award of attorney fees and costs.

(g) If the provider fails to pay the awarded attorney fees and costs within 120 days of the final decision on the award of attorney fees and costs, the department may collect the amount due through any method available to it for the collection of medical assistance overpayments to providers. Interest charges must be assessed on balances outstanding after 120 days of the final decision on the award of attorney fees and costs. The annual interest rate charged must be the rate charged by the commissioner of revenue for late payment of taxes that is in effect on the 121st day after the final decision on the award of attorney fees and costs.

(h) Amounts collected by the commissioner pursuant to this subdivision must be deemed to be recoveries pursuant to section 256.01, subdivision 2, clause (15).

(i) This subdivision applies to all contested case proceedings set on for hearing by the commissioner on or after April 29, 1988, regardless of the date the appeal was filed.

Sec. 31. Minnesota Statutes 1998, section 256B.5011, subdivision 1, is amended to read:

Subdivision 1. [IN GENERAL.] Effective October 1, 2000, the commissioner shall implement a ~~performance-based~~ contracting system to replace the current method of setting total cost payment rates under section 256B.501 and Minnesota Rules, parts 9553.0010 to 9553.0080. In determining prospective payment rates of

intermediate care facilities for persons with mental retardation or related conditions, the commissioner shall index each facility's ~~total~~ operating payment rate by an inflation factor as described in ~~subdivision 3~~ section 256B.5012. The commissioner of finance shall include annual inflation adjustments in operating costs for intermediate care facilities for persons with mental retardation and related conditions as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11.

Sec. 32. Minnesota Statutes 1998, section 256B.5011, subdivision 2, is amended to read:

Subd. 2. [CONTRACT PROVISIONS.] (a) The ~~performance-based~~ service contract with each intermediate care facility must include provisions for:

(1) modifying payments when significant changes occur in the needs of the consumers;

(2) ~~monitoring service quality using performance indicators that measure consumer outcomes;~~

~~(3)~~ the establishment and use of continuous quality improvement processes using the results attained through service quality monitoring;

~~(4) the annual reporting of facility statistical information on all supervisory personnel, direct care personnel, specialized support personnel, hours, wages and benefits, staff-to-consumer ratios, and staffing patterns~~

(3) appropriate and necessary statistical information required by the commissioner;

~~(5)~~ (4) annual aggregate facility financial information ~~or an annual certified audited financial statement, including a balance sheet and income and expense statements for each facility, if a certified audit was prepared~~; and

~~(6)~~ (5) additional requirements ~~and penalties~~ for intermediate care facilities not meeting the standards set forth in the ~~performance-based~~ service contract.

(b) The commissioner shall recommend to the legislature by January 15, 2000, whether the contract should include service quality monitoring that may utilize performance indicators that measure consumer and program outcomes. Performance measurement shall not increase or duplicate regulatory requirements.

Sec. 33. [256B.5012] [ICF/MR PAYMENT SYSTEM IMPLEMENTATION.]

Subdivision 1. [TOTAL PAYMENT RATE.] The total payment rate effective October 1, 2000, for existing ICF/MR facilities is the total of the operating payment rate and the property payment rate plus inflation factors as defined in this section. The initial rate year shall run from October 1, 2000, through December 31, 2001. Subsequent rate years shall run from January 1 through December 31 beginning in the year 2002.

Subd. 2. [OPERATING PAYMENT RATE.] (a) The operating payment rate equals the facility's total payment rate in effect on September 30, 2000, minus the property rate. The operating payment rate includes the special operating rate and the efficiency incentive in effect as of September 30, 2000. Within the limits of appropriations specifically for this purpose, the operating payment shall be increased for each rate year by the annual percentage change in the Employment Cost Index for Private Industry Workers - Total Compensation, as forecasted by the commissioner of finance's economic consultant, in the second quarter of the calendar year preceding the start of each rate year. In the case of the initial rate year beginning October 1, 2000, and continuing through December 31, 2001, the percentage change shall be based on the percentage change in the Employment Cost Index for Private Industry Workers - Total Compensation for the 15-month period beginning October 1, 2000, as forecast by Data Resources, Inc., in the first quarter of 2000.

(b) Effective October 1, 2000, the operating payment rate shall be adjusted to reflect an occupancy rate equal to 100 percent of the facility's capacity days as of September 30, 2000.

Subd. 3. [PROPERTY PAYMENT RATE.] (a) The property payment rate effective October 1, 2000, is based on the facility's modified property payment rate in effect on September 30, 2000. The modified property payment rate is the actual property payment rate exclusive of the effect of gains or losses on disposal of capital assets or adjustments for excess depreciation claims. Effective October 1, 2000, a facility minimum property rate of $8.13 shall be applied to all existing ICF/MR facilities. Facilities with a modified property payment rate effective September 30, 2000, which is below the minimum property rate shall receive an increase effective October 1, 2000, equal to the difference between the minimum property payment rate and the modified property payment rate in effect as of September 30, 2000. Facilities with a modified property payment rate at or above the minimum property payment rate effective September 30, 2000, shall receive the modified property payment rate effective October 1, 2000.

(b) Within the limits of appropriations specifically for this purpose, facility property payment rates shall be increased annually for inflation, effective January 1, 2002. The increase shall be based on each facility's property payment rate in effect on September 30, 2000. Modified property payment rates effective September 30, 2000, shall be arrayed from highest to lowest before applying the minimum property payment rate in paragraph (a). For modified property payment rates at the 90th percentile or above, the annual inflation increase shall be zero. For modified property payment rates below the 90th percentile but equal to or above the 75th percentile, the annual inflation increase shall be one percent. For modified property payment rates below the 75th percentile, the annual inflation increase shall be two percent.

Sec. 34. [256B.5013] [PAYMENT RATE ADJUSTMENTS.]

Subdivision 1. [VARIABLE RATE ADJUSTMENTS.] When there is a documented increase in the resource needs of a current ICF/MR recipient or recipients, or a person is admitted to a facility who requires additional resources, the county of financial responsibility may approve an enhanced rate for one or more persons in the facility. Resource needs directly attributable to an individual that may be considered under the variable rate adjustment include increased direct staff hours and other specialized services, equipment, and human resources. The guidelines in paragraphs (a) to (d) apply for the payment rate adjustments under this section.

(a) All persons must be screened according to section 256B.092, subdivisions 7 and 8, prior to implementation of the new payment system and annually thereafter. Screening data shall be analyzed to develop broad profiles of the functional characteristics of recipients. Three components shall be used to distinguish recipients based on the following broad profiles:

(1) functional ability to care for and maintain one's own basic needs;

(2) the intensity of any aggressive or destructive behavior; and

(3) any history of obstructive behavior in combination with a diagnosis of psychosis or neurosis.

The profile groups shall be used to link resource needs to funding. The resource profile shall determine the level of funding that may be authorized by the county. The county of financial responsibility may approve a rate adjustment for an individual. The commissioner shall recommend to the legislature by January 15, 2000, a methodology using the profile groups to determine variable rates. The variable rate must be applied to expenses related to increased direct staff hours and other specialized services, equipment, and human resources. This variable rate component plus the facility's current operating payment rate equals the individual's total operating payment rate.

(b) A recipient must be screened by the county of financial responsibility using the developmental disabilities screening document completed immediately prior to approval of a variable rate by the county. A comparison of the updated screening and the previous screening must demonstrate an increase in resource needs.

(c) Rate adjustments projected to exceed the authorized funding level associated with the person's profile must be submitted to the commissioner.

(d) The new rate approved through this process shall not be averaged across all persons living at a facility but shall be an individual rate. The county of financial responsibility must indicate the projected length of time that the additional funding may be needed by the individual. The need to continue an individual variable rate must be reviewed at the end of the anticipated duration of need but at least annually through the completion of the developmental disabilities screening document.

Subd. 2. [OTHER PAYMENT RATE ADJUSTMENTS.] Facility total payment rates may be adjusted by the host county, with authorization from a statewide advisory committee, if, through the local system needs planning process, it is determined that a need exists to amend the package of purchased services with a resulting increase or decrease in costs. Except as provided in section 252.292, subdivision 4, if a provider demonstrates that the loss of revenues caused by the downsizing or closure of a facility cannot be absorbed by the facility based on current operations, the host county or the provider may submit a request to the statewide advisory committee for a facility base rate adjustment.

Subd. 3. [RELOCATION.] (a) Property rates for all facilities relocated after December 31, 1997, and up to and including October 1, 2000, shall have the full annual costs of relocation included in their October 1, 2000, property rate. The property rate for the relocated home is subject to the costs that were allowable under Minnesota Rules, chapter 9553, and the investment per bed limitation for newly constructed or newly established class B facilities.

(b) In ensuing years, all relocated homes shall be subject to the investment per bed limit for newly constructed or newly established class B facilities under section 256B.501, subdivision 11. The limits shall be adjusted on January 1 of each year by the percentage increase in the construction index published by the Bureau of Economic Analysis of the United States Department of Commerce in the Survey of Current Business Statistics in October of the previous two years. Facilities that are relocated within the investment per bed limit may be approved by the statewide advisory committee. Costs for relocation of a facility that exceed the investment per bed limit must be absorbed by the facility.

(c) The payment rate shall take effect when the new facility is licensed and certified by the commissioner of health. Rates for facilities that are relocated after December 31, 1997, through October 1, 2000, shall be adjusted to reflect the full inclusion of the relocation costs, subject to the investment per bed limit in paragraph (b). The investment per bed limit calculated rate for the year in which the facility was relocated shall be the investment per bed limit used.

Subd. 4. [TEMPORARY RATE ADJUSTMENTS TO ADDRESS OCCUPANCY AND ACCESS.] If a facility is operating at less than 100 percent occupancy on September 30, 2000, or if a recipient is discharged from a facility, the commissioner shall adjust the total payment rate for up to 90 days for the remaining recipients. This mechanism shall not be used to pay for hospital or therapeutic leave days beyond the maximums allowed. Facility payment adjustments exceeding 90 days to address a demonstrated need for access must be submitted to the statewide advisory committee with a local system needs assessment, plan, and budget for review and recommendation.

Sec. 35. [256B.5014] [FINANCIAL REPORTING.]

All facilities shall maintain financial records and shall provide annual income and expense reports to the commissioner of human services on a form prescribed by the commissioner no later than April 30 of each year in order to receive medical assistance payments. The reports for the reporting year ending December 31 must include:

(1) salaries and related expenses, including program salaries, administrative salaries, other salaries, payroll taxes, and fringe benefits;

(2) general operating expenses, including supplies, training, repairs, purchased services and consultants, utilities, food, licenses and fees, real estate taxes, insurance, and working capital interest;

(3) property related costs, including depreciation, capital debt interest, rent, and leases; and

(4) total annual resident days.

Sec. 36. [256B.5015] [PASS-THROUGH OF TRAINING AND HABILITATION SERVICES COSTS.]

Training and habilitation services costs shall be paid as a pass-through payment at the lowest rate paid for the comparable services at that site under sections 252.40 to 252.46. The pass-through payments for training and habilitation services shall be paid separately by the commissioner and shall not be included in the computation of the total payment rate.

Sec. 37. Minnesota Statutes 1998, section 256B.69, subdivision 6a, is amended to read:

Subd. 6a. [NURSING HOME SERVICES.] (a) Notwithstanding Minnesota Rules, part 9500.1457, subpart 1, item B, up to 90 days of nursing facility services as defined in section 256B.0625, subdivision 2, which are provided in a nursing facility certified by the Minnesota department of health for services provided and eligible for payment under Medicaid, shall be covered under the prepaid medical assistance program for individuals who are not residing in a nursing facility at the time of enrollment in the prepaid medical assistance program. ~~Liability for coverage of nursing facility services by a participating health plan is limited to 365 days for any person enrolled under the prepaid medical assistance program.~~

(b) For individuals enrolled in the Minnesota senior health options project authorized under subdivision 23, nursing facility services shall be covered according to the terms and conditions of the federal ~~waiver~~ agreement governing that demonstration project.

Sec. 38. Minnesota Statutes 1998, section 256B.69, subdivision 6b, is amended to read:

Subd. 6b. [~~ELDERLY~~ HOME AND COMMUNITY-BASED WAIVER SERVICES.] ~~Notwithstanding Minnesota Rules, part 9500.1457, subpart 1, item C, elderly waiver services shall be covered under the prepaid medical assistance program for all individuals who are eligible according to section 256B.0915.~~ (a) For individuals enrolled in the Minnesota senior health options project authorized under subdivision 23, elderly waiver services shall be covered according to the terms and conditions of the federal ~~waiver~~ agreement governing that demonstration project.

(b) For individuals under age 65 with physical disabilities but without a primary diagnosis of mental illness or developmental disabilities, except for related conditions, enrolled in the Minnesota senior health options project authorized under subdivision 23, home and community-based waiver services shall be covered according to the terms and conditions of the federal agreement governing that demonstration project.

Sec. 39. Minnesota Statutes 1998, section 256I.04, subdivision 3, is amended to read:

Subd. 3. [MORATORIUM ON THE DEVELOPMENT OF GROUP RESIDENTIAL HOUSING BEDS.] (a) County agencies shall not enter into agreements for new group residential housing beds with total rates in excess of the MSA equivalent rate except: (1) for group residential housing establishments meeting the requirements of subdivision 2a, clause (2) with department approval; (2) for group residential housing establishments licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the facility is needed to meet the census reduction targets for persons with mental retardation or related conditions at regional treatment centers; (3) to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with mental retardation or related conditions or mental illness; (4) up to 80 beds in a single, specialized facility located in Hennepin county that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication, and planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the housing finance agency under section 462A.05, subdivision 20a, paragraph (b); ~~or~~ (5) notwithstanding the provisions of subdivision 2a, for up to 190 supportive housing units in Anoka, Dakota, Hennepin, or Ramsey county for homeless adults with a mental illness, a history of substance abuse, or human immunodeficiency virus or acquired immunodeficiency syndrome. For purposes of this section, "homeless adult" means a person who is living on the street or in a shelter or discharged from a regional treatment center, community hospital, or residential treatment program and has no appropriate housing available and lacks the resources and support necessary to access appropriate housing. At least 70 percent of the supportive housing units must serve homeless adults with mental

illness, substance abuse problems, or human immunodeficiency virus or acquired immunodeficiency syndrome who are about to be or, within the previous six months, has been discharged from a regional treatment center, or a state-contracted psychiatric bed in a community hospital, or a residential mental health or chemical dependency treatment program. If a person meets the requirements of subdivision 1, paragraph (a), and receives a federal or state housing subsidy, the group residential housing rate for that person is limited to the supplementary rate under section 256I.05, subdivision 1a, and is determined by subtracting the amount of the person's countable income that exceeds the MSA equivalent rate from the group residential housing supplementary rate. A resident in a demonstration project site who no longer participates in the demonstration program shall retain eligibility for a group residential housing payment in an amount determined under section 256I.06, subdivision 8, using the MSA equivalent rate. Service funding under section 256I.05, subdivision 1a, will end June 30, 1997, if federal matching funds are available and the services can be provided through a managed care entity. If federal matching funds are not available, then service funding will continue under section 256I.05, subdivision 1a~~.~~; or (6) for group residential housing beds in settings meeting the requirements of subdivision 2a, clauses (1) and (3), which are used exclusively for recipients receiving home and community-based waiver services under sections 256B.0915, 256B.092, subdivision 5, 256B.093, and 256B.49, and who resided in a nursing facility for the six months immediately prior to the month of entry into the group residential housing setting. The group residential housing rate for these beds must be set so that the monthly group residential housing payment for an individual occupying the bed when combined with the nonfederal share of services delivered under the waiver for that person does not exceed the nonfederal share of the monthly medical assistance payment made for the person to the nursing facility in which the person resided prior to entry into the group residential housing establishment. The rate may not exceed the MSA equivalent rate plus $426.37 for any case.

(b) A county agency may enter into a group residential housing agreement for beds with rates in excess of the MSA equivalent rate in addition to those currently covered under a group residential housing agreement if the additional beds are only a replacement of beds with rates in excess of the MSA equivalent rate which have been made available due to closure of a setting, a change of licensure or certification which removes the beds from group residential housing payment, or as a result of the downsizing of a group residential housing setting. The transfer of available beds from one county to another can only occur by the agreement of both counties.

Sec. 40. Minnesota Statutes 1998, section 256I.05, subdivision 1, is amended to read:

Subdivision 1. [MAXIMUM RATES.] Monthly room and board rates negotiated by a county agency for a recipient living in group residential housing must not exceed the MSA equivalent rate specified under section 256I.03, subdivision 5, with the exception that a county agency may negotiate a supplementary room and board rate that exceeds the MSA equivalent rate ~~by up to $426.37~~ for recipients of waiver services under title XIX of the Social Security Act. This exception is subject to the following conditions:

(1) ~~that the Secretary of Health and Human Services has not approved a state request to include room and board costs which exceed the MSA equivalent rate in an individual's set of waiver services under title XIX of the Social Security Act; or~~

~~(2) that the Secretary of Health and Human Services has approved the inclusion of room and board costs which exceed the MSA equivalent rate, but in an amount that is insufficient to cover costs which are included in a group residential housing agreement in effect on June 30, 1994; and~~

~~(3) the amount of the rate that is above the MSA equivalent rate has been approved by the commissioner~~ the setting is licensed by the commissioner of human services under Minnesota Rules, parts 9555.5050 to 9555.6265;

(2) the setting is not the primary residence of the license holder and in which the license holder is not the primary caregiver; and

(3) the average supplementary room and board rate in a county for a calendar year may not exceed the average supplementary room and board rate for that county in effect on January 1, 2000. For calendar years beginning on or after January 1, 2002, within the limits of appropriations specifically for this purpose, the commissioner shall

increase each county's supplemental room and board rate average on an annual basis by a factor consisting of the percentage change in the Consumer Price Index-All items, United States city average (CPI-U) for that calendar year compared to the preceding calendar year as forecasted by Data Resources, Inc., in the third quarter of the preceding calendar year. If a county has not negotiated supplementary room and board rates for any facilities located in the county as of January 1, 2000, or has an average supplemental room and board rate under $100 per person as of January 1, 2000, it may submit a supplementary room and board rate request with budget information for a facility to the commissioner for approval.

The county agency may at any time negotiate a higher or lower room and board rate than the average supplementary room and board rate ~~that would otherwise be paid under this subdivision~~.

Sec. 41. Minnesota Statutes 1998, section 256I.05, subdivision 1a, is amended to read:

Subd. 1a. [SUPPLEMENTARY SERVICE RATES.] (a) Subject to the provisions of section 256I.04, subdivision 3, in addition to the room and board rate specified in subdivision 1, the county agency may negotiate a payment not to exceed $426.37 for other services necessary to provide room and board provided by the group residence if the residence is licensed by or registered by the department of health, or licensed by the department of human services to provide services in addition to room and board, and if the provider of services is not also concurrently receiving funding for services for a recipient under a home and community-based waiver under title XIX of the Social Security Act; or funding from the medical assistance program under section 256B.0627, subdivision 4, for personal care services for residents in the setting; or residing in a setting which receives funding under Minnesota Rules, parts 9535.2000 to 9535.3000. If funding is available for other necessary services through a home and community-based waiver, or personal care services under section 256B.0627, subdivision 4, then the GRH rate is limited to the rate set in subdivision 1. Unless otherwise provided in law, in no case may the supplementary service rate plus the supplementary room and board rate exceed $426.37. The registration and licensure requirement does not apply to establishments which are exempt from state licensure because they are located on Indian reservations and for which the tribe has prescribed health and safety requirements. Service payments under this section may be prohibited under rules to prevent the supplanting of federal funds with state funds. The commissioner shall pursue the feasibility of obtaining the approval of the Secretary of Health and Human Services to provide home and community-based waiver services under title XIX of the Social Security Act for residents who are not eligible for an existing home and community-based waiver due to a primary diagnosis of mental illness or chemical dependency and shall apply for a waiver if it is determined to be cost-effective.

(b) The commissioner is authorized to make cost-neutral transfers from the GRH fund for beds under this section to other funding programs administered by the department after consultation with the county or counties in which the affected beds are located. The commissioner may also make cost-neutral transfers from the GRH fund to county human service agencies for beds permanently removed from the GRH census under a plan submitted by the county agency and approved by the commissioner. The commissioner shall report the amount of any transfers under this provision annually to the legislature.

(c) The provisions of paragraph (b) do not apply to a facility that has its reimbursement rate established under section 256B.431, subdivision 4, paragraph (c).

Sec. 42. Minnesota Statutes 1998, section 256I.05, is amended by adding a subdivision to read:

Subd. 1e. [SUPPLEMENTARY RATE FOR CERTAIN FACILITIES.] Notwithstanding the provisions of subdivisions 1a and 1c, beginning July 1, 1999, a county agency shall negotiate a supplementary rate in addition to the rate specified in subdivision 1, equal to 25 percent of the amount specified in subdivision 1a, for a group residential housing provider that:

(1) is located in Hennepin county and has had a group residential housing contract with the county since June 1996;

(2) operates in three separate locations a 56-bed facility, a 40-bed facility, and a 30-bed facility; and

(3) serves a chemically dependent clientele, providing 24 hours per day supervision and limiting a resident's maximum length of stay to 13 months out of a consecutive 24-month period.

Sec. 43. Laws 1995, chapter 207, article 3, section 21, is amended to read:

Sec. 21. [FACILITY CERTIFICATION.]

Notwithstanding Minnesota Statutes, section 252.291, subdivisions 1 and 2, the commissioner of health shall inspect to certify a large community-based facility currently licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, for more than 16 beds and located in Northfield. The facility may be certified for up to 44 beds. The commissioner of health must inspect to certify the facility as soon as possible after the effective date of this section. The commissioner of human services shall work with the facility and affected counties to relocate any current residents of the facility who do not meet the admission criteria for an ICF/MR. Until January 1, 1999, in order to fund the ICF/MR services and relocations of current residents authorized, the commissioner of human services may transfer on a quarterly basis to the medical assistance account from each affected county's community social service allocation, an amount equal to the state share of medical assistance reimbursement for the residential and day habilitation services funded by medical assistance and provided to clients for whom the county is financially responsible. After January 1, 1999, the commissioner of human services shall fund the services under the state medical assistance program and may transfer on a quarterly basis to the medical assistance account from each affected county's community social service allocation, an amount equal to one-half of the state share of medical assistance reimbursement for the residential and day habilitation services funded by medical assistance and provided to clients for whom the county is financially responsible. For nonresidents of Minnesota seeking admission to the facility, Rice county shall be notified in order to assure that appropriate funding is guaranteed from their state or country of residence.

Sec. 44. [DEADLINE EXTENSION.]

Notwithstanding Minnesota Statutes, section 144A.073, subdivision 3, the commissioner of health shall extend approval to May 31, 2000, for a total replacement of a 96-bed nursing home located in Carlton county previously approved under Minnesota Statutes, section 144A.073.

Sec. 45. [STATE LICENSURE CONFLICTS WITH FEDERAL REGULATIONS.]

(a) Notwithstanding the provisions of Minnesota Rules, part 4658.0520, an incontinent resident must be checked according to a specific time interval written in the resident's care plan. The resident's attending physician must authorize in writing any interval longer than two hours.

(b) This section expires July 1, 2001.

Sec. 46. [GROUP RESIDENTIAL HOUSING STUDY.]

The commissioner of human services shall submit to the legislature by February 15, 2000, a study of the cost of providing housing for individuals eligible for group residential housing payments and an analysis of the relationship of the costs to market rate housing costs in a representative number of regions in the state. In preparing the study, the commissioner shall consult with representatives of affected industries, counties, and consumers.

Sec. 47. [ICF/MR SERVICE RECONFIGURATION PROJECT.]

(a) The commissioner of human services may authorize a project to reconfigure two existing intermediate care facilities for persons with mental retardation or related conditions (ICFs/MR) located on the same campus in Carver county and totaling 60 licensed beds in one 46-bed facility and one 14-bed facility. The reconfiguration project will involve the relocation of up to six beds to a six-bed ICF/MR. The remaining two ICFs/MR shall consist of one 34-bed ICF/MR and one ten-bed ICF/MR.

(b) The project shall include the development of alternative home and community-based services for individuals relocated from the existing facilities. In conjunction with this project, two beds in the 34-bed facility shall be reserved for temporary care services for individuals receiving alternative home and community-based services. The ICF/MR may seek county approval to modify its need determinations in order to serve fewer clients, or to provide additional beds for temporary care services.

(c) The project must be approved by the commissioner under Minnesota Statutes, section 252.28, and must include criteria for determining how individuals are selected for alternative services and the use of a request for proposal process in selecting vendors for the alternative services. The commissioner is authorized to develop the two additional beds required, and set aside waivered service slots as needed for individuals choosing alternative home and community-based services.

(d) Upon approval of the project, the following additional conditions shall apply to rate setting:

(1) the two existing facilities' aggregate investment-per-bed limits in effect before the downsizing shall be the investment-per-bed limit after the downsizing;

(2) the ten-bed and the 34-bed facilities shall be eligible for a one-time rate adjustment to be negotiated with the commissioner taking into consideration estimated excess revenues available from the six-bed facility;

(3) the relocated six-bed facility shall receive the payment rates established for the former 46-bed facility until each facility files a cost report for a period of five months or longer ending on December 31 following their opening and those reports are desk audited by the commissioner. The two remaining facilities shall file their regularly scheduled annual cost reports;

(4) all facilities are exempt from the spend-up and high cost limits in Minnesota Statutes, section 256B.501, subdivision 5b, for the rate year following the first cost report submitted under clause (3); and

(5) the maintenance limit for the 34-bed facility shall be established using the methodology in Minnesota Statutes, section 256B.501, subdivision 5d. The maintenance limit for the ten-bed facility shall be adjusted by the same ratio used to adjust the 34-bed facility's maintenance limit.

Sec. 48. [ICF/MR REIMBURSEMENT EFFECTIVE OCTOBER 1, 1999.]

(a) For the rate year beginning October 1, 1999, the commissioner of human services shall exempt an intermediate care facility for persons with mental retardation from reductions to the payment rates under Minnesota Statutes, section 256B.501, subdivision 5b, paragraph (d), clause (6), if the facility:

(1) has had a settle-up payment rate established in the reporting year preceding the rate year for the one-time rate adjustment;

(2) is a newly established facility;

(3) is an A to B conversion that has been converted under Minnesota Statutes, section 252.292, since rate year 1990;

(4) has a payment rate subject to a community conversion project under Minnesota Statutes, section 252.292;

(5) has a payment rate established under Minnesota Statutes, section 245A.12 or 245A.13; or

(6) is a facility created by the relocation of more than 25 percent of the capacity of a related facility during the reporting year.

(b) Notwithstanding any contrary provision in Minnesota Statutes, section 256B.501, for the rate year beginning October 1, 1999, the commissioner of human services shall, for purposes of the spend-up limit, array facilities within each grouping established under Minnesota Statutes, section 256B.501, subdivision 5b, paragraph (d), clause (4), by each facility's cost per resident day. A facility's cost per resident day shall be determined by dividing its allowable historical general operating cost for the reporting year by the facility's resident days for the reporting year. Facilities with a cost per resident day at or above the median shall be limited to the lesser of:

(1) the current reporting year's cost per resident day; or

(2) the prior report year's cost per resident day plus the inflation factor established under Minnesota Statutes, section 256B.501, subdivision 3c, clause (2), increased by three percentage points. In no case shall the amount of this reduction exceed: (i) three percent for a facility with a licensed capacity greater than 16 beds; (ii) two percent for a facility with a licensed capacity of nine to 16 beds; and (iii) one percent for a facility with a licensed capacity of eight or fewer beds.

(c) The commissioner shall not apply the limits established under Minnesota Statutes, section 256B.501, subdivision 5b, paragraph (d), clause (8), for the rate year beginning October 1, 1999.

(d) Notwithstanding paragraphs (b) and (c), the commissioner must utilize facility payment rates based on the laws in effect for October 1, 1998, payment rates and use the resulting allowable operating cost per diems as the basis for the spend-up limits for the rate year beginning October 1, 1999.

Sec. 49. [DEADLINE EXTENSION.]

Notwithstanding Minnesota Statutes, section 144A.073, subdivision 3, the commissioner of health shall extend approval to May 31, 2000, for a total replacement of a 96-bed nursing home located in Carlton county previously approved under Minnesota Statutes, section 144A.073.

Sec. 50. [GROUP RESIDENTIAL HOUSING STUDY.]

The commissioner of human services shall submit to the legislature by February 15, 2000, a study of the cost of providing housing for individuals eligible for group residential housing payments and an analysis of the relationship of the costs to market rate housing costs in a representative number of regions in the state. In preparing the study, the commissioner shall consult with representatives of affected industries, counties, and consumers.

Sec. 51. [REPEALER.]

(a) Minnesota Statutes 1998, sections 144.0723; and 256B.5011, subdivision 3, are repealed.

(b) Minnesota Statutes 1998, section 256B.434, subdivision 17, is repealed effective July 1, 1999.

(c) Minnesota Statutes 1998, section 256B.501, subdivision 3g, is repealed effective October 1, 2000.

(d) Laws 1997, chapter 203, article 4, section 55, is repealed.

(e) Section 45 is repealed effective July 1, 2001.

Sec. 52. [EFFECTIVE DATE.]

Sections 3 to 7 and 45 are effective the day following final enactment.

ARTICLE 4

HEALTH CARE PROGRAMS

Section 1. Minnesota Statutes 1998, section 62A.045, is amended to read:

62A.045 [PAYMENTS ON BEHALF OF ENROLLEES IN GOVERNMENT HEALTH PROGRAMS.]

(a) No health plan issued or renewed to provide coverage to a Minnesota resident shall contain any provision denying or reducing benefits because services are rendered to a person who is eligible for or receiving medical benefits pursuant to title XIX of the Social Security Act (Medicaid) in this or any other state; chapter 256; 256B; or 256D or services pursuant to section 252.27; 256L.01 to 256L.10; 260.251, subdivision 1a; or 393.07, subdivision 1 or 2. No health carrier providing benefits under plans covered by this section shall use eligibility for medical programs named in this section as an underwriting guideline or reason for nonacceptance of the risk.

(b) If payment for covered expenses has been made under state medical programs for health care items or services provided to an individual, and a third party has a legal liability to make payments, the rights of payment and appeal of an adverse coverage decision for the individual, or in the case of a child their responsible relative or caretaker, will be subrogated to the state ~~and/or its authorized agent~~ agency. The state agency may assert its rights under this section within three years of the date the service was rendered. For purposes of this section, "state agency" includes prepaid health plans under contract with the commissioner according to sections 256B.69, 256D.03, subdivision 4, paragraph (d), and 256L.12; children's mental health collaboratives under section 245.493; demonstration projects for persons with disabilities under section 256B.77; nursing homes under the alternative payment demonstration project under section 256B.434; and county-based purchasing entities under section 256B.692.

(c) Notwithstanding any law to the contrary, when a person covered by a health plan receives medical benefits according to any statute listed in this section, payment for covered services or notice of denial for services billed by the provider must be issued directly to the provider. If a person was receiving medical benefits through the department of human services at the time a service was provided, the provider must indicate this benefit coverage on any claim forms submitted by the provider to the health carrier for those services. If the commissioner of human services notifies the health carrier that the commissioner has made payments to the provider, payment for benefits or notices of denials issued by the health carrier must be issued directly to the commissioner. Submission by the department to the health carrier of the claim on a department of human services claim form is proper notice and shall be considered proof of payment of the claim to the provider and supersedes any contract requirements of the health carrier relating to the form of submission. Liability to the insured for coverage is satisfied to the extent that payments for those benefits are made by the health carrier to the provider or the commissioner as required by this section.

(d) When a state agency has acquired the rights of an individual eligible for medical programs named in this section and has health benefits coverage through a health carrier, the health carrier shall not impose requirements that are different from requirements applicable to an agent or assignee of any other individual covered.

(e) For the purpose of this section, health plan includes coverage offered by community integrated service networks, any plan governed under the federal Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, sections 1001 to 1461, and coverage offered under the exclusions listed in section 62A.011, subdivision 3, clauses (2), (6), (9), (10), and (12).

Sec. 2. Minnesota Statutes 1998, section 122A.09, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules must require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs.

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board must adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than July 1, 1999.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

Sec. 3. Minnesota Statutes 1998, section 125A.08, is amended to read:

125A.08 [SCHOOL DISTRICT OBLIGATIONS.]

(a) As defined in this section, to the extent required by federal law as of July 1, ~~1999~~ 2000, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individual education plan. The individual education plan team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individual education plan. The plan must address the student's need to develop skills to live and work as independently as possible within the community.

By grade 9 or age 14, the plan must address the student's needs for transition from secondary services to post-secondary education and training, employment, community participation, recreation, and leisure and home living. In developing the plan, districts must inform parents of the full range of transitional goals and related services that should be considered. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial assessment or reassessment, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(b) For paraprofessionals employed to work in programs for students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon employment, each paraprofessional develops sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs of the students with whom the paraprofessional works;

(2) annual training opportunities are available to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 4. Minnesota Statutes 1998, section 125A.744, subdivision 3, is amended to read:

Subd. 3. [IMPLEMENTATION.] Consistent with section 256B.0625, subdivision 26, school districts may enroll as medical assistance providers or subcontractors and bill the department of human services under the medical assistance fee for service claims processing system for special education services which are covered services under chapter 256B, which are provided in the school setting for a medical assistance recipient, and for whom the district has secured informed consent consistent with section 13.05, subdivision 4, paragraph (d), and section 256B.77, subdivision 2, paragraph (p), to bill for each type of covered service. School districts shall be reimbursed by the commissioner of human services for the federal share of individual education plan health-related services that qualify for reimbursement by medical assistance, minus up to five percent retained by the commissioner of human services

for administrative costs, not to exceed $350,000 per fiscal year. The commissioner may withhold up to five percent of each payment to a school district. Following the end of each fiscal year, the commissioner shall settle up with each school district in order to ensure that collections from each district for departmental administrative costs are made on a pro rata basis according to federal earnings for these services in each district. A school district is not eligible to enroll as a home care provider or a personal care provider organization for purposes of billing home care services under section 256B.0627 until the commissioner of human services issues a bulletin instructing county public health nurses on how to assess for the needs of eligible recipients during school hours. To use private duty nursing services or personal care services at school, the recipient or responsible party must provide written authorization in the care plan identifying the chosen provider and the daily amount of services to be used at school. ~~Medical assistance services for those enrolled in a prepaid health plan shall remain the responsibility of the contracted health plan subject to their network, credentialing, prior authorization, and determination of medical necessity criteria. The commissioner of human services shall adjust payments to health plans to reflect increased costs incurred by health plans due to increased payments made to school districts or new payment or delivery arrangements developed by health plans in cooperation with school districts.~~

Sec. 5. Minnesota Statutes 1998, section 125A.76, subdivision 2, is amended to read:

Subd. 2. [SPECIAL EDUCATION BASE REVENUE.] (a) The special education base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the fiscal year, not including the share of salaries for personnel providing health-related services counted in clause (8), whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability, not including the portion of the expenses for supplies and equipment used to provide health-related services counted in clause (8), an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of $47 in any one school year for each child with a disability receiving instruction;

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year; ~~and~~

(7) for fiscal years 1999 and later, the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); and

(8) for fiscal years 2001 and later, the cost of salaries, supplies and equipment, and other related costs actually expended by the district for the nonfederal share of medical assistance services according to section 256B.0625, subdivision 26.

(b) If requested by a school district operating a special education program during the base year for less than the full fiscal year, or a school district in which is located a Minnesota correctional facility operating on a fee-for-service basis for less than the full fiscal year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full fiscal year.

(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base revenue attributable to a Minnesota correctional facility operating on a fee-for-service basis during the facility's first year of operating on a fee-for-service basis shall be computed using current year data.

Sec. 6. [127A.11] [MONITOR MEDICAL ASSISTANCE SERVICES FOR DISABLED STUDENTS.]

The commissioner of children, families, and learning, in cooperation with the commissioner of human services, shall monitor the costs of health-related, special education services provided by public schools.

Sec. 7. [214.045] [COORDINATION WITH BOARD OF TEACHING.]

The commissioner of health and the health-related licensing boards must coordinate with the board of teaching when modifying licensure requirements for regulated persons in order to have consistent regulatory requirements for personnel who perform services in schools.

Sec. 8. [245.99] [ADULT MENTAL ILLNESS CRISIS HOUSING ASSISTANCE PROGRAM.]

Subdivision 1. [CREATION.] The adult mental illness crisis housing assistance program is established in the department of human services.

Subd. 2. [RENTAL ASSISTANCE.] The program shall pay up to 90 days of housing assistance for persons with a serious and persistent mental illness who require inpatient or residential care for stabilization. The commissioner of human services may extend the length of assistance on a case-by-case basis.

Subd. 3. [ELIGIBILITY.] Housing assistance under this section is available only to persons of low or moderate income as determined by the commissioner.

Subd. 4. [ADMINISTRATION.] The commissioner may contract with organizations or government units experienced in housing assistance to operate the program under this section.

Sec. 9. Minnesota Statutes 1998, section 245A.04, subdivision 3a, is amended to read:

Subd. 3a. [NOTIFICATION TO SUBJECT AND LICENSE HOLDER OF STUDY RESULTS; DETERMINATION OF RISK OF HARM.] (a) The commissioner shall notify the applicant or license holder and the individual who is the subject of the study, in writing or by electronic transmission, of the results of the study. When the study is completed, a notice that the study was undertaken and completed shall be maintained in the personnel files of the program. For studies on individuals pertaining to a license to provide family day care or group family day care, foster care for children in the provider's own home, or foster care or day care services for adults in the provider's own home, the commissioner is not required to provide a separate notice of the background study results to the individual who is the subject of the study unless the study results in a disqualification of the individual.

The commissioner shall notify the individual studied if the information in the study indicates the individual is disqualified from direct contact with persons served by the program. The commissioner shall disclose the information causing disqualification and instructions on how to request a reconsideration of the disqualification to the individual studied. An applicant or license holder who is not the subject of the study shall be informed that the commissioner has found information that disqualifies the subject from direct contact with persons served by the program. However, only the individual studied must be informed of the information contained in the subject's background study unless the only basis for the disqualification is failure to cooperate, the Data Practices Act provides for release of the information, or the individual studied authorizes the release of the information.

(b) If the commissioner determines that the individual studied has a disqualifying characteristic, the commissioner shall review the information immediately available and make a determination as to the subject's immediate risk of harm to persons served by the program where the individual studied will have direct contact. The commissioner shall consider all relevant information available, including the following factors in determining the immediate risk of harm: the recency of the disqualifying characteristic; the recency of discharge from probation for the crimes; the number of disqualifying characteristics; the intrusiveness or violence of the disqualifying characteristic; the vulnerability of the victim involved in the disqualifying characteristic; and the similarity of the victim to the persons served by the program where the individual studied will have direct contact. The commissioner may determine that the evaluation of the information immediately available gives the commissioner reason to believe one of the following:

(1) The individual poses an imminent risk of harm to persons served by the program where the individual studied will have direct contact. If the commissioner determines that an individual studied poses an imminent risk of harm to persons served by the program where the individual studied will have direct contact, the individual and the license holder must be sent a notice of disqualification. The commissioner shall order the license holder to immediately remove the individual studied from direct contact. The notice to the individual studied must include an explanation of the basis of this determination.

(2) The individual poses a risk of harm requiring continuous supervision while providing direct contact services during the period in which the subject may request a reconsideration. If the commissioner determines that an individual studied poses a risk of harm that requires continuous supervision, the individual and the license holder must be sent a notice of disqualification. The commissioner shall order the license holder to immediately remove the individual studied from direct contact services or assure that the individual studied is within sight or hearing of another staff person when providing direct contact services during the period in which the individual may request a reconsideration of the disqualification. If the individual studied does not submit a timely request for reconsideration, or the individual submits a timely request for reconsideration, but the disqualification is not set aside for that license holder, the license holder will be notified of the disqualification and ordered to immediately remove the individual from any position allowing direct contact with persons receiving services from the license holder.

(3) The individual does not pose an imminent risk of harm or a risk of harm requiring continuous supervision while providing direct contact services during the period in which the subject may request a reconsideration. If the commissioner determines that an individual studied does not pose a risk of harm that requires continuous supervision, only the individual must be sent a notice of disqualification. The license holder must be sent a notice that more time is needed to complete the individual's background study. If the individual studied submits a timely request for reconsideration, and if the disqualification is set aside for that license holder, the license holder will receive the same notification received by license holders in cases where the individual studied has no disqualifying characteristic. If the individual studied does not submit a timely request for reconsideration, or the individual submits a timely request for reconsideration, but the disqualification is not set aside for that license holder, the license holder will be notified of the disqualification and ordered to immediately remove the individual from any position allowing direct contact with persons receiving services from the license holder.

(c) County licensing agencies performing duties under this subdivision may develop an alternative system for determining the subject's immediate risk of harm to persons served by the program, providing the notices under paragraph (b), and documenting the action taken by the county licensing agency. Each county licensing agency's implementation of the alternative system is subject to approval by the commissioner. Notwithstanding this alternative system, county licensing agencies shall complete the requirements of paragraph (a).

Sec. 10. Minnesota Statutes 1998, section 245A.08, subdivision 5, is amended to read:

Subd. 5. [NOTICE OF THE COMMISSIONER'S FINAL ORDER.] After considering the findings of fact, conclusions, and recommendations of the administrative law judge, the commissioner shall issue a final order. The commissioner shall consider, but shall not be bound by, the recommendations of the administrative law judge. The appellant must be notified of the commissioner's final order as required by chapter 14. The notice must also contain information about the appellant's rights under chapter 14. The institution of proceedings for judicial review of the

commissioner's final order shall not stay the enforcement of the final order except as provided in section 14.65. A license holder and each controlling individual of a license holder whose license has been revoked because of noncompliance with applicable law or rule must not be granted a license for five years following the revocation. An applicant whose application was denied must not be granted a license for two years following a denial, unless the applicant's subsequent application contains new information which constitutes a substantial change in the conditions that caused the previous denial.

Sec. 11. Minnesota Statutes 1998, section 245B.05, subdivision 7, is amended to read:

Subd. 7. [REPORTING INCIDENTS AND EMERGENCIES.] The license holder must report the following incidents to the consumer's legal representative, caregiver, and case manager within 24 hours of the occurrence, or within 24 hours of receipt of the information:

(1) the death of a consumer;

(2) any medical emergencies, unexpected serious illnesses, or accidents that require physician treatment or hospitalization;

(3) a consumer's unauthorized absence; or

(4) any fires and incidents involving a law enforcement agency.

Death or serious injury of the consumer must also be reported to the ~~commissioner~~ department of human services licensing division and the ombudsman, as required under sections 245.91 and 245.94, subdivision 2a.

Sec. 12. Minnesota Statutes 1998, section 245B.07, subdivision 5, is amended to read:

Subd. 5. [STAFF ORIENTATION.] (a) Within 60 days of hiring staff who provide direct service, the license holder must provide 30 hours of staff orientation. Direct care staff must complete 15 of the 30 hours orientation before providing any unsupervised direct service to a consumer. If the staff person has received orientation training from a license holder licensed under this chapter, or provides semi-independent living services only, the 15-hour requirement may be reduced to eight hours. The total orientation of 30 hours may be reduced to 15 hours if the staff person has previously received orientation training from a license holder licensed under this chapter.

(b) The 30 hours of orientation must combine supervised on-the-job training with coverage of the following material:

(1) review of the consumer's service plans and risk management plan to achieve an understanding of the consumer as a unique individual;

(2) review and instruction on the license holder's policies and procedures, including their location and access;

(3) emergency procedures;

(4) explanation of specific job functions, including implementing objectives from the consumer's individual service plan;

(5) explanation of responsibilities related to section 245A.65; sections 626.556 and 626.557, governing maltreatment reporting and service planning for children and vulnerable adults; and section 245.825, governing use of aversive and deprivation procedures;

(6) medication administration as it applies to the individual consumer, from a training curriculum developed by a health services professional described in section 245B.05, subdivision 5, and when the consumer meets the criteria of having overriding health care needs, then medication administration taught by a health services professional.

Staff may administer medications only after they demonstrate the ability, as defined in the license holder's medication administration policy and procedures. Once a consumer with overriding health care needs is admitted, staff will be provided with remedial training as deemed necessary by the license holder and the health professional to meet the needs of that consumer.

For purposes of this section, overriding health care needs means a health care condition that affects the service options available to the consumer because the condition requires:

(i) specialized or intensive medical or nursing supervision; and

(ii) nonmedical service providers to adapt their services to accommodate the health and safety needs of the consumer;

(7) consumer rights; and

(8) other topics necessary as determined by the consumer's individual service plan or other areas identified by the license holder.

(c) The license holder must document each employee's orientation received.

Sec. 13. Minnesota Statutes 1998, section 245B.07, subdivision 8, is amended to read:

Subd. 8. [POLICIES AND PROCEDURES.] The license holder must develop and implement the policies and procedures in paragraphs (1) to (3).

(1) policies and procedures that promote consumer health and safety by ensuring:

(i) consumer safety in emergency situations as identified in section 245B.05, subdivision 7;

(ii) consumer health through sanitary practices;

(iii) safe transportation, when the license holder is responsible for transportation of consumers, with provisions for handling emergency situations;

(iv) a system of recordkeeping for both individuals and the organization, for review of incidents and emergencies, and corrective action if needed;

(v) a plan for responding to and reporting all emergencies, including deaths, medical emergencies, illnesses, accidents, missing consumers, fires, severe weather and natural disasters, bomb threats, and other threats;

(vi) safe medication administration as identified in section 245B.05, subdivision 5, incorporating an observed skill assessment to ensure that staff demonstrate the ability to administer medications consistent with the license holder's policy and procedures;

(vii) psychotropic medication monitoring when the consumer is prescribed a psychotropic medication, including the use of the psychotropic medication use checklist. If the responsibility for implementing the psychotropic medication use checklist has not been assigned in the individual service plan and the consumer lives in a licensed site, the residential license holder shall be designated; and

(viii) criteria for admission or service initiation developed by the license holder;

(2) policies and procedures that protect consumer rights and privacy by ensuring:

(i) consumer data privacy, in compliance with the Minnesota Data Practices Act, chapter 13; and

(ii) that complaint procedures provide consumers with a simple process to bring grievances and consumers receive a response to the grievance within a reasonable time period. The license holder must provide a copy of the program's grievance procedure and time lines for addressing grievances. The program's grievance procedure must permit consumers served by the program and the authorized representatives to bring a grievance to the highest level of authority in the program; and

(3) policies and procedures that promote continuity and quality of consumer supports by ensuring:

(i) continuity of care and service coordination, including provisions for service termination, temporary service suspension, and efforts made by the license holder to coordinate services with other vendors who also provide support to the consumer. The policy must include the following requirements:

(A) the license holder must notify the consumer or consumer's legal representative and the consumer's case manager in writing of the intended termination or temporary service suspension and the consumer's right to seek a temporary order staying the termination or suspension of service according to the procedures in section 256.045, subdivision 4a or subdivision 6, paragraph (c);

(B) notice of the proposed termination of services, including those situations that began with a temporary service suspension, must be given at least 60 days before the proposed termination is to become effective~~, unless services are temporarily suspended according to the license holder's written temporary service suspension procedures, in which case notice must be given as soon as possible~~;

(C) the license holder must provide information requested by the consumer or consumer's legal representative or case manager when services are temporarily suspended or upon notice of termination;

(D) use of temporary service suspension procedures are restricted to situations in which the consumer's behavior causes immediate and serious danger to the health and safety of the individual or others;

(E) prior to giving notice of service termination or temporary service suspension, the license holder must document actions taken to minimize or eliminate the need for service termination or temporary service suspension; and

(F) during the period of temporary service suspension, the license holder will work with the appropriate county agency to develop reasonable alternatives to protect the individual and others; and

(ii) quality services measured through a program evaluation process including regular evaluations of consumer satisfaction and sharing the results of the evaluations with the consumers and legal representatives.

Sec. 14. Minnesota Statutes 1998, section 245B.07, subdivision 10, is amended to read:

Subd. 10. [CONSUMER FUNDS.] (a) The license holder must ensure that consumers retain the use and availability of personal funds or property unless restrictions are justified in the consumer's individual service plan.

(b) The license holder must ensure separation of ~~resident~~ consumer funds from funds of the license holder, the ~~residential~~ program, or program staff.

(c) Whenever the license holder assists a consumer with the safekeeping of funds or other property, the license holder must have written authorization to do so by the consumer or the consumer's legal representative, and the case manager. In addition, the license holder must:

(1) document receipt and disbursement of the consumer's funds or the property~~, and include the signature of the consumer, conservator, or payee~~;

(2) ~~provide a statement at least quarterly itemizing~~ annually survey, document, and implement the preferences of the consumer, consumer's legal representative, and the case manager for frequency of receiving a statement that itemizes receipts and disbursements of ~~resident~~ consumer funds or other property; and

(3) return to the consumer upon the consumer's request, funds and property in the license holder's possession subject to restrictions in the consumer's individual service plan, as soon as possible, but no later than three working days after the date of the request.

(d) License holders and program staff must not:

(1) borrow money from a consumer;

(2) purchase personal items from a consumer;

(3) sell merchandise or personal services to a consumer;

(4) require a ~~resident~~ consumer to purchase items for which the license holder is eligible for reimbursement; or

(5) use ~~resident~~ consumer funds in a manner that would violate section 256B.04, or any rules promulgated under that section.

Sec. 15. Minnesota Statutes 1998, section 252.32, subdivision 3a, is amended to read:

Subd. 3a. [REPORTS AND ALLOCATIONS.] (a) The commissioner shall specify requirements for quarterly fiscal and annual program reports according to section 256.01, subdivision 2, paragraph (17). Program reports shall include data which will enable the commissioner to evaluate program effectiveness and to audit compliance. The commissioner shall reimburse county costs on a quarterly basis.

(b) ~~Beginning January 1, 1998,~~ The commissioner shall allocate state funds made available under this section to county social service agencies on a calendar year basis. The commissioner shall allocate to each county first in amounts equal to each county's guaranteed floor as described in clause (1), and second, any remaining funds~~, after the allocation of funds to the newly participating counties as provided for in clause (3), shall be allocated in proportion to each county's total number of families receiving a grant on July 1 of the most recent calendar year~~ will be allocated to county agencies to support children in their family homes.

(1) Each county's guaranteed floor shall be calculated as follows:

(i) 95 percent of the county's allocation received in the preceding calendar year~~. For the calendar year 1998 allocation, the preceding calendar year shall be considered to be double the six-month allocation as provided in clause (2)~~;

(ii) when the amount of funds available for allocation is less than the amount available in the preceding year, each county's previous year allocation shall be reduced in proportion to the reduction in statewide funding, for the purpose of establishing the guaranteed floor.

(2) ~~For the period July 1, 1997, to December 31, 1997, the commissioner shall allocate to each county an amount equal to the actual, state approved grants issued to the families for the month of January 1997, multiplied by six. This six-month allocation shall be combined with the calendar year 1998 allocation and be administered as an 18-month allocation.~~

~~(3) At the commissioner's discretion, funds may be allocated to any nonparticipating county that requests an allocation under this section. Allocations to newly participating counties are dependent upon the availability of funds, as determined by the actual expenditure amount of the participating counties for the most recently completed calendar year.~~

~~(4)~~ The commissioner shall regularly review the use of family support fund allocations by county. The commissioner may reallocate unexpended or unencumbered money at any time to those counties that have a demonstrated need for additional funding.

(c) County allocations under this section will be adjusted for transfers that occur according to section 256.476 or when the county of financial responsibility changes according to chapter 256G for eligible recipients.

Sec. 16. Minnesota Statutes 1998, section 256.015, subdivision 1, is amended to read:

Subdivision 1. [STATE AGENCY HAS LIEN.] When the state agency provides, pays for, or becomes liable for medical care or furnishes subsistence or other payments to a person, the agency shall have a lien for the cost of the care and payments on any and all causes of action or recovery rights under any policy, plan, or contract providing benefits for health care or injury which accrue to the person to whom the care or payments were furnished, or to the person's legal representatives, as a result of the occurrence that necessitated the medical care, subsistence, or other payments. For purposes of this section, "state agency" includes ~~authorized agents of the state agency~~ prepaid health plans under contract with the commissioner according to sections 256B.69, 256D.03, subdivision 4, paragraph (d), and 256L.12; children's mental health collaboratives under section 245.493; demonstration projects for persons with disabilities under section 256B.77; nursing homes under the alternative payment demonstration project under section 256B.434; and county-based purchasing entities under section 256B.692.

Sec. 17. Minnesota Statutes 1998, section 256.015, subdivision 3, is amended to read:

Subd. 3. [PROSECUTOR.] The attorney general~~, or the appropriate county attorney acting at the direction of the attorney general,~~ shall represent the ~~state agency~~ commissioner to enforce the lien created under this section or, if no action has been brought, may initiate and prosecute an independent action on behalf of the ~~state agency~~ commissioner against a person, firm, or corporation that may be liable to the person to whom the care or payment was furnished.

Any prepaid health plan providing services under sections 256B.69, 256D.03, subdivision 4, paragraph (d), and 256L.12; children's mental health collaboratives under section 245.493; demonstration projects for persons with disabilities under section 256B.77; nursing homes under the alternative payment demonstration project under section 256B.434; or the county-based purchasing entity providing services under section 256B.692 may retain legal representation to enforce their lien created under this section or, if no action has been brought, may initiate and prosecute an independent action on their behalf against a person, firm, or corporation that may be liable to the person to whom the care or payment was furnished.

Sec. 18. [256.028] [TAX REBATES.]

Any federal or state tax rebate received by a recipient of a public assistance program shall not be counted as income or as an asset for purposes of any of the public assistance programs under this chapter or any other chapter, including, but not limited to, chapter 256B, 256D, 256E, 256I, 256J, or 256L to the extent permitted under federal law.

Sec. 19. Minnesota Statutes 1998, section 256.955, subdivision 3, is amended to read:

Subd. 3. [PRESCRIPTION DRUG COVERAGE.] ~~Coverage under the program is limited to prescription drugs covered under the medical assistance program as described in section 256B.0625, subdivision 13, subject to a maximum deductible of $300 annually, except drugs cleared by the FDA shall be available to qualified senior citizens enrolled in the program without restriction when prescribed for medically accepted indication as defined in the federal rebate program under section 1927 of title XIX of the federal Social Security Act.~~ Coverage under the program shall be limited to those prescription drugs that:

(1) are covered under the medical assistance program as described in section 256B.0625, subdivision 13; and

(2) are provided by manufacturers that have fully executed senior drug rebate agreements with the commissioner and comply with such agreements.

Sec. 20. Minnesota Statutes 1998, section 256.955, subdivision 4, is amended to read:

Subd. 4. [APPLICATION PROCEDURES AND COORDINATION WITH MEDICAL ASSISTANCE.] Applications and information on the program must be made available at county social service agencies, health care provider offices, and agencies and organizations serving senior citizens. Senior citizens shall submit applications and any information specified by the commissioner as being necessary to verify eligibility directly to the county social service agencies:

(1) beginning January 1, 1999, the county social service agency shall determine medical assistance spenddown eligibility of individuals who qualify for the senior citizen drug program of individuals; and

(2) program payments will be used to reduce the spenddown obligations of individuals who are determined to be eligible for medical assistance with a spenddown as defined in section 256B.056, subdivision 5.

Seniors who are eligible for medical assistance with a spenddown shall be financially responsible for the deductible amount up to the satisfaction of the spenddown. No deductible applies once the spenddown has been met. Payments to providers for prescription drugs for persons eligible under this subdivision shall be reduced by the deductible.

County social service agencies shall determine an applicant's eligibility for the program within 30 days from the date the application is received. Eligibility begins the month after approval.

Sec. 21. Minnesota Statutes 1998, section 256.955, subdivision 7, is amended to read:

Subd. 7. [COST SHARING.] ~~(a) Enrollees shall pay an annual premium of $120.~~

~~(b)~~ Program enrollees must satisfy a ~~$300~~ $420 annual deductible, based upon expenditures for prescription drugs, to be paid ~~as follows:~~

~~(1) $25 monthly deductible for persons with a monthly spenddown; or~~

~~(2) $150 biannual deductible for persons with a six-month spenddown~~ in $35 monthly increments.

Sec. 22. Minnesota Statutes 1998, section 256.955, subdivision 8, is amended to read:

Subd. 8. [REPORT.] The commissioner shall annually report to the legislature on the senior citizen drug program. The report must include demographic information on enrollees, per-prescription expenditures, total program expenditures, hospital and nursing home costs avoided by enrollees, any savings to medical assistance and Medicare resulting from the provision of prescription drug coverage under Medicare by health maintenance organizations, other public and private options for drug assistance to the senior population, any hardships caused by the annual ~~premium and~~ deductible, and any recommendations for changes in the senior drug program.

Sec. 23. Minnesota Statutes 1998, section 256.955, subdivision 9, is amended to read:

Subd. 9. [PROGRAM LIMITATION.] The commissioner shall administer the senior drug program so that the costs total no more than funds appropriated plus the drug rebate proceeds. Senior drug program rebate revenues are appropriated to the commissioner and shall be expended to augment funding of the senior drug program. New enrollment shall cease if the commissioner determines that, given current enrollment, costs of the program will exceed appropriated funds and rebate proceeds. This section shall be repealed upon federal approval of the waiver to allow the commissioner to provide prescription drug coverage for qualified Medicare beneficiaries whose income is less than 150 percent of the federal poverty guidelines.

Sec. 24. Minnesota Statutes 1998, section 256.9685, subdivision 1a, is amended to read:

Subd. 1a. [ADMINISTRATIVE RECONSIDERATION.] Notwithstanding sections 256B.04, subdivision 15, and 256D.03, subdivision 7, the commissioner shall establish an administrative reconsideration process for appeals of inpatient hospital services determined to be medically unnecessary. A physician or hospital may request a reconsideration of the decision that inpatient hospital services are not medically necessary by submitting a written request for review to the commissioner within 30 days after receiving notice of the decision. The reconsideration process shall take place prior to the procedures of subdivision 1b and shall be conducted by physicians that are independent of the case under reconsideration. A majority decision by the physicians is necessary to make a determination that the services were not medically necessary.

Sec. 25. Minnesota Statutes 1998, section 256.969, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL COST INDEX.] (a) The hospital cost index shall be the change in the Consumer Price Index-All Items (United States city average) (CPI-U) forecasted by Data Resources, Inc. The commissioner shall use the indices as forecasted in the third quarter of the calendar year prior to the rate year. The hospital cost index may be used to adjust the base year operating payment rate through the rate year on an annually compounded basis.

(b) For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for hospital payment rates under medical assistance, nor under general assistance medical care, except that the inflation adjustments under paragraph (a) for medical assistance, excluding general assistance medical care, shall apply through calendar year ~~1999~~ 2001. The index for calendar year 2000 shall be reduced 2.5 percentage points to recover overprojections of the index from 1994 to 1996. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in hospital payment rates under medical assistance and general assistance medical care, based upon the hospital cost index.

Sec. 26. Minnesota Statutes 1998, section 256B.04, subdivision 16, is amended to read:

Subd. 16. [PERSONAL CARE SERVICES.] (a) Notwithstanding any contrary language in this paragraph, the commissioner of human services and the commissioner of health shall jointly promulgate rules to be applied to the licensure of personal care services provided under the medical assistance program. The rules shall consider standards for personal care services that are based on the World Institute on Disability's recommendations regarding personal care services. These rules shall at a minimum consider the standards and requirements adopted by the commissioner of health under section 144A.45, which the commissioner of human services determines are applicable to the provision of personal care services, in addition to other standards or modifications which the commissioner of human services determines are appropriate.

The commissioner of human services shall establish an advisory group including personal care consumers and providers to provide advice regarding which standards or modifications should be adopted. The advisory group membership must include not less than 15 members, of which at least 60 percent must be consumers of personal care services and representatives of recipients with various disabilities and diagnoses and ages. At least 51 percent of the members of the advisory group must be recipients of personal care.

The commissioner of human services may contract with the commissioner of health to enforce the jointly promulgated licensure rules for personal care service providers.

Prior to final promulgation of the joint rule the commissioner of human services shall report preliminary findings along with any comments of the advisory group and a plan for monitoring and enforcement by the department of health to the legislature by February 15, 1992.

Limits on the extent of personal care services that may be provided to an individual must be based on the cost-effectiveness of the services in relation to the costs of inpatient hospital care, nursing home care, and other available types of care. The rules must provide, at a minimum:

(1) that agencies be selected to contract with or employ and train staff to provide and supervise the provision of personal care services;

(2) that agencies employ or contract with a qualified applicant that a qualified recipient proposes to the agency as the recipient's choice of assistant;

(3) that agencies bill the medical assistance program for a personal care service by a personal care assistant and supervision by ~~the registered nurse~~ a qualified professional supervising the personal care assistant unless the recipient selects the fiscal agent option under section 256B.0627, subdivision 10;

(4) that agencies establish a grievance mechanism; and

(5) that agencies have a quality assurance program.

(b) The commissioner may waive the requirement for the provision of personal care services through an agency in a particular county, when there are less than two agencies providing services in that county and shall waive the requirement for personal care assistants required to join an agency for the first time during 1993 when personal care services are provided under a relative hardship waiver under section 256B.0627, subdivision 4, paragraph (b), clause (7), and at least two agencies providing personal care services have refused to employ or contract with the independent personal care assistant.

Sec. 27. Minnesota Statutes 1998, section 256B.04, is amended by adding a subdivision to read:

Subd. 19. [PERFORMANCE DATA REPORTING UNIT.] The commissioner of human services shall establish a performance data reporting unit that serves counties and the state. The department shall support this unit and provide technical assistance and access to the data warehouse. The performance data reporting unit, which will operate within the department's central office and consist of both county and department staff, shall provide performance data reports to individual counties, share expertise from counties and the department perspective, and participate in joint planning to link with county databases and other county data sources in order to provide information on services provided to public clients from state, federal, and county funding sources. The performance data reporting unit shall provide counties both individual and group summary level standard or unique reports on health care eligibility and services provided to clients for whom they have financial responsibility.

Sec. 28. Minnesota Statutes 1998, section 256B.042, subdivision 1, is amended to read:

Subdivision 1. [LIEN FOR COST OF CARE.] When the state agency provides, pays for, or becomes liable for medical care, it shall have a lien for the cost of the care upon any and all causes of action or recovery rights under any policy, plan, or contract providing benefits for health care or injury, which accrue to the person to whom the care was furnished, or to the person's legal representatives, as a result of the illness or injuries which necessitated the medical care. For purposes of this section, "state agency" includes prepaid health plans under contract with the commissioner according to sections 256B.69, 256D.03, subdivision 4, paragraph (d), and 256L.12; children's mental health collaboratives under section 245.493; demonstration projects for persons with disabilities under section 256B.77; nursing facilities under the alternative payment demonstration project under section 256B.434; and county-based purchasing entities under section 256B.692.

Sec. 29. Minnesota Statutes 1998, section 256B.042, subdivision 2, is amended to read:

Subd. 2. [LIEN ENFORCEMENT.] (a) The state agency may perfect and enforce its lien by following the procedures set forth in sections 514.69, 514.70 and 514.71, and its verified lien statement shall be filed with the appropriate court administrator in the county of financial responsibility. The verified lien statement shall contain

the following: the name and address of the person to whom medical care was furnished, the date of injury, the name and address of the vendor or vendors furnishing medical care, the dates of the service, the amount claimed to be due for the care, and, to the best of the state agency's knowledge, the names and addresses of all persons, firms, or corporations claimed to be liable for damages arising from the injuries. This section shall not affect the priority of any attorney's lien.

(b) The state agency is not subject to any limitations period referred to in section 514.69 or 514.71 and has one year from the date notice is first received by it under subdivision 4, paragraph (c), even if the notice is untimely, or one year from the date medical bills are first paid by the state agency, whichever is later, to file its verified lien statement. The state agency may commence an action to enforce the lien within one year of (1) the date the notice required by subdivision 4, paragraph (c), is received or (2) the date the recipient's cause of action is concluded by judgment, award, settlement, or otherwise, whichever is later. ~~For purposes of this section, "state agency" includes authorized agents of the state agency.~~

(c) If the notice required in subdivision 4 is not provided by any of the parties to the claim at any stage of the claim, the state agency will have one year from the date the state agency learns of the lack of notice to commence an action. If amounts on the claim or cause of action are paid and the amount required to be paid to the state agency under subdivision 5, is not paid to the state agency, the state agency may commence an action to recover on the lien against any or all of the parties or entities which have either paid or received the payments.

Sec. 30. Minnesota Statutes 1998, section 256B.042, subdivision 3, is amended to read:

Subd. 3. The attorney general~~, or the appropriate county attorney acting at the direction of the attorney general,~~ shall represent the ~~state agency~~ commissioner to enforce the lien created under this section or, if no action has been brought, may initiate and prosecute an independent action on behalf of the ~~state agency~~ commissioner against a person, firm, or corporation that may be liable to the person to whom the care was furnished.

Any prepaid health plan providing services under sections 256B.69, 256D.03, subdivision 4, paragraph (d), and 256L.12; children's mental health collaboratives under section 245.493; demonstration projects for persons with disabilities under section 256B.77; nursing homes under the alternative payment demonstration project under section 256B.434; or the county-based purchasing entity providing services under section 256B.692 may retain legal representation to enforce their lien created under this section or, if no action has been brought, may initiate and prosecute an independent action on their behalf against a person, firm, or corporation that may be liable to the person to whom the care or payment was furnished.

Sec. 31. Minnesota Statutes 1998, section 256B.055, subdivision 3a, is amended to read:

Subd. 3a. [MFIP-S FAMILIES; FAMILIES ELIGIBLE UNDER PRIOR AFDC RULES.] (a) Beginning January 1, 1998, or on the date that MFIP-S is implemented in counties, medical assistance may be paid for a person receiving public assistance under the MFIP-S program.

(b) Beginning January 1, 1998, medical assistance may be paid for a person who would have been eligible for public assistance under the income and resource standards ~~and deprivation requirements~~, or who would have been eligible but for excess income or assets, under the state's AFDC plan in effect as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law Number 104-193.

Sec. 32. Minnesota Statutes 1998, section 256B.056, subdivision 4, is amended to read:

Subd. 4. [INCOME.] To be eligible for medical assistance, a person eligible under section 256B.055, subdivision 7, not receiving supplemental security income program payments, and families and children may have an income up to 133-1/3 percent of the AFDC income standard in effect under the July 16, 1996, AFDC state plan. ~~For rate years beginning on or after July 1, 1999, the commissioner shall consider increasing~~ Effective July 1, 2000, the base AFDC standard in effect on July 16, 1996, ~~by an amount equal to the percent change in the Consumer Price~~

~~Index for all urban consumers for the previous October compared to one year earlier~~ shall be increased by three percent. Effective January 1, 2000, and each successive January, recipients of supplemental security income may have an income up to the supplemental security income standard in effect on that date. In computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income as required by Public Law Numbers 94-566, section 503; 99-272; and 99-509. Veterans aid and attendance benefits and Veterans Administration unusual medical expense payments are considered income to the recipient.

Sec. 33. Minnesota Statutes 1998, section 256B.057, subdivision 3, is amended to read:

Subd. 3. [QUALIFIED MEDICARE BENEFICIARIES.] A person who is entitled to Part A Medicare benefits, whose income is equal to or less than ~~85~~ 100 percent of the federal poverty guidelines, and whose assets are no more than twice the asset limit used to determine eligibility for the supplemental security income program, is eligible for medical assistance reimbursement of Part A and Part B premiums, Part A and Part B coinsurance and deductibles, and cost-effective premiums for enrollment with a health maintenance organization or a competitive medical plan under section 1876 of the Social Security Act. ~~The income limit shall be increased to 90 percent of the federal poverty guidelines on January 1, 1990; and to 100 percent on January 1, 1991.~~ Reimbursement of the Medicare coinsurance and deductibles, when added to the amount paid by Medicare, must not exceed the total rate the provider would have received for the same service or services if the person were a medical assistance recipient with Medicare coverage. Increases in benefits under Title II of the Social Security Act shall not be counted as income for purposes of this subdivision until the first day of the second full month following publication of the change in the federal poverty guidelines.

Sec. 34. Minnesota Statutes 1998, section 256B.057, is amended by adding a subdivision to read:

Subd. 9. [EMPLOYED PERSONS WITH DISABILITIES.] (a) Medical assistance may be paid for a person who is employed and who:

(1) meets the definition of disabled under the supplemental security income program;

(2) meets the asset limits in paragraph (b); and

(3) pays a premium, if required, under paragraph (c).

Any spousal income or assets shall be disregarded for purposes of eligibility and premium determinations.

(b) For purposes of determining eligibility under this subdivision, a person's assets must not exceed $20,000, excluding:

(1) all assets excluded under section 256B.056;

(2) retirement accounts, including individual accounts, 401(k) plans, 403(b) plans, Keogh plans, and pension plans; and

(3) medical expense accounts set up through the person's employer.

(c) A person whose earned and unearned income is greater than 200 percent of federal poverty guidelines for the applicable family size must pay a premium to be eligible for medical assistance. The premium shall be equal to ten percent of the person's gross earned and unearned income above 200 percent of federal poverty guidelines for the applicable family size up to the cost of coverage.

(d) A person's eligibility and premium shall be determined by the local county agency. Premiums must be paid to the commissioner. All premiums are dedicated to the commissioner.

(e) Any required premium shall be determined at application and redetermined annually at recertification or when a change in income of family size occurs.

(f) Premium payment is due upon notification from the commissioner of the premium amount required. Premiums may be paid in installments at the discretion of the commissioner.

(g) Nonpayment of the premium shall result in denial or termination of medical assistance unless the person demonstrates good cause for nonpayment. Good cause exists if the requirements specified in Minnesota Rules, part 9506.0040, subpart 7, items B to D, are met. Nonpayment shall include payment with a returned, refused, or dishonored instrument. The commissioner may require a guaranteed form of payment as the only means to replace a returned, refused, or dishonored instrument.

Sec. 35. Minnesota Statutes 1998, section 256B.0575, is amended to read:

256B.0575 [AVAILABILITY OF INCOME FOR INSTITUTIONALIZED PERSONS.]

When an institutionalized person is determined eligible for medical assistance, the income that exceeds the deductions in paragraphs (a) and (b) must be applied to the cost of institutional care.

(a) The following amounts must be deducted from the institutionalized person's income in the following order:

(1) the personal needs allowance under section 256B.35 or, for a veteran who does not have a spouse or child, or a surviving spouse of a veteran having no child, the amount of an improved pension received from the veteran's administration not exceeding $90 per month;

(2) the personal allowance for disabled individuals under section 256B.36;

(3) if the institutionalized person has a legally appointed guardian or conservator, five percent of the recipient's gross monthly income up to $100 as reimbursement for guardianship or conservatorship services;

(4) a monthly income allowance determined under section 256B.058, subdivision 2, but only to the extent income of the institutionalized spouse is made available to the community spouse;

(5) a monthly allowance for children under age 18 which, together with the net income of the children, would provide income equal to the medical assistance standard for families and children according to section 256B.056, subdivision 4, for a family size that includes only the minor children. This deduction applies only if the children do not live with the community spouse and only to the extent that the deduction is not included in the personal needs allowance under section 256B.35, subdivision 1, as child support garnished under a court order;

(6) a monthly family allowance for other family members, equal to one-third of the difference between 122 percent of the federal poverty guidelines and the monthly income for that family member;

(7) reparations payments made by the Federal Republic of Germany and reparations payments made by the Netherlands for victims of Nazi persecution between 1940 and 1945; ~~and~~

(8) all other exclusions from income for institutionalized persons as mandated by federal law; and

(9) amounts for reasonable expenses incurred for necessary medical or remedial care for the institutionalized spouse that are not medical assistance covered expenses and that are not subject to payment by a third party.

For purposes of clause (6), "other family member" means a person who resides with the community spouse and who is a minor or dependent child, dependent parent, or dependent sibling of either spouse. "Dependent" means a person who could be claimed as a dependent for federal income tax purposes under the Internal Revenue Code.

(b) Income shall be allocated to an institutionalized person for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if:

(1) a physician certifies that the person is expected to reside in the long-term care facility for three calendar months or less;

(2) if the person has expenses of maintaining a residence in the community; and

(3) if one of the following circumstances apply:

(i) the person was not living together with a spouse or a family member as defined in paragraph (a) when the person entered a long-term care facility; or

(ii) the person and the person's spouse become institutionalized on the same date, in which case the allocation shall be applied to the income of one of the spouses.

For purposes of this paragraph, a person is determined to be residing in a licensed nursing home, regional treatment center, or medical institution if the person is expected to remain for a period of one full calendar month or more.

Sec. 36. Minnesota Statutes 1998, section 256B.061, is amended to read:

256B.061 [ELIGIBILITY; RETROACTIVE EFFECT; RESTRICTIONS.]

(a) If any individual has been determined to be eligible for medical assistance, it will be made available for care and services included under the plan and furnished in or after the third month before the month in which the individual made application for such assistance, if such individual was, or upon application would have been, eligible for medical assistance at the time the care and services were furnished. The commissioner may limit, restrict, or suspend the eligibility of an individual for up to one year upon that individual's conviction of a criminal offense related to application for or receipt of medical assistance benefits.

(b) On the basis of information provided on the completed application, an applicant who meets the following criteria shall be determined eligible beginning in the month of application:

(1) whose gross income is less than 90 percent of the applicable income standard;

(2) whose total liquid assets are less than 90 percent of the asset limit;

(3) does not reside in a long-term care facility; and

(4) meets all other eligibility requirements.

The applicant must provide all required verifications within 30 days' notice of the eligibility determination or eligibility shall be terminated.

Sec. 37. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 3b. [TELEMEDICINE CONSULTATIONS.] (a) Medical assistance covers telemedicine consultations. Telemedicine consultations must be made via two-way, interactive video or store-and-forward technology. Store-and-forward technology includes telemedicine consultations that do not occur in real time via synchronous transmissions, and that do not require a face-to-face encounter with the patient for all or any part of any such telemedicine consultation. The patient record must include a written opinion from the consulting physician providing the telemedicine consultation. A communication between two physicians that consists solely of a telephone conversation is not a telemedicine consultation. Coverage is limited to three telemedicine consultations per recipient per calendar week. Telemedicine consultations shall be paid at the full allowable rate.

(b) This subdivision expires July 1, 2001.

Sec. 38. Minnesota Statutes 1998, section 256B.0625, subdivision 6a, is amended to read:

Subd. 6a. [HOME HEALTH SERVICES.] Home health services are those services specified in Minnesota Rules, part 9505.0290. Medical assistance covers home health services at a recipient's home residence. Medical assistance does not cover home health services for residents of a hospital, nursing facility, or intermediate care facility, ~~or a health care facility licensed by the commissioner of health, unless the program is funded under a home and community-based services waiver or~~ unless the commissioner of human services has prior authorized skilled nurse visits for less than 90 days for a resident at an intermediate care facility for persons with mental retardation, to prevent an admission to a hospital or nursing facility or unless a resident who is otherwise eligible is on leave from the facility and the facility either pays for the home health services or forgoes the facility per diem for the leave days that home health services are used. Home health services must be provided by a Medicare certified home health agency. All nursing and home health aide services must be provided according to section 256B.0627.

Sec. 39. Minnesota Statutes 1998, section 256B.0625, subdivision 8, is amended to read:

Subd. 8. [PHYSICAL THERAPY.] Medical assistance covers physical therapy and related services, including specialized maintenance therapy. Services provided by a physical therapy assistant shall be reimbursed at the same rate as services performed by a physical therapist when the services of the physical therapy assistant are provided under the direction of a physical therapist who is on the premises. Services provided by a physical therapy assistant that are provided under the direction of a physical therapist who is not on the premises shall be reimbursed at 65 percent of the physical therapist rate.

Sec. 40. Minnesota Statutes 1998, section 256B.0625, subdivision 8a, is amended to read:

Subd. 8a. [OCCUPATIONAL THERAPY.] Medical assistance covers occupational therapy and related services, including specialized maintenance therapy. Services provided by an occupational therapy assistant shall be reimbursed at the same rate as services performed by an occupational therapist when the services of the occupational therapy assistant are provided under the direction of the occupational therapist who is on the premises. Services provided by an occupational therapy assistant that are provided under the direction of an occupational therapist who is not on the premises shall be reimbursed at 65 percent of the occupational therapist rate.

Sec. 41. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 8b. [SPEECH LANGUAGE PATHOLOGY SERVICES.] Medical assistance covers speech language pathology and related services, including specialized maintenance therapy.

Sec. 42. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 8c. [CARE MANAGEMENT; REHABILITATION SERVICES.] (a) Effective July 1, 1999, one-time thresholds shall replace annual thresholds for provision of rehabilitation services described in subdivisions 8, 8a, and 8b. The one-time thresholds will be the same in amount and description as the thresholds prescribed by the department of human services health care programs provider manual for calendar year 1997, except they will not be renewed annually, and they will include sensory skills and cognitive training skills.

(b) A care management approach for authorization of services beyond the threshold shall be instituted in conjunction with the one-time thresholds. The care management approach shall require the provider and the department rehabilitation reviewer to work together directly through written communication, or telephone communication when appropriate, to establish a medically necessary care management plan. Authorization for rehabilitation services shall include approval for up to 12 months of services at a time without additional documentation from the provider during the extended period, when the rehabilitation services are medically necessary due to an ongoing health condition.

(c) The commissioner shall implement an expedited five-day turnaround time to review authorization requests for recipients who need emergency rehabilitation services and who have exhausted their one-time threshold limit for those services.

Sec. 43. Minnesota Statutes 1998, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician or a nurse practitioner employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control. The commissioner, after receiving recommendations from professional medical associations and professional pharmacist associations, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve three-year terms and shall serve without compensation. Members may be reappointed once.

(b) The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the Administrative Procedure Act, but the formulary committee shall review and comment on the formulary contents. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include:

(i) drugs or products for which there is no federal funding;

(ii) over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14;

(iii) anorectics, except that medically necessary anorectics shall be covered for a recipient previously diagnosed as having pickwickian syndrome and currently diagnosed as having diabetes and being morbidly obese;

(iv) drugs for which medical value has not been established; and

(v) drugs from manufacturers who have not signed a rebate agreement with the Department of Health and Human Services pursuant to section 1927 of title XIX of the Social Security Act ~~and who have not signed an agreement with the state for drugs purchased pursuant to the senior citizen drug program established under section 256.955~~.

The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(c) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee; the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The pharmacy dispensing fee shall be $3.65. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus nine percent. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. The commissioner shall set maximum allowable costs for multisource drugs that are not on the federal upper limit list as described in United States Code, title 42, chapter 7, section 1396r-8(e), the Social Security Act, and Code of Federal Regulations, title 42, part 447, section 447.332. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act. An additional dispensing fee of $.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2.

(d) For purposes of this subdivision, "multisource drugs" means covered outpatient drugs, excluding innovator multisource drugs for which there are two or more drug products, which:

(1) are related as therapeutically equivalent under the Food and Drug Administration's most recent publication of "Approved Drug Products with Therapeutic Equivalence Evaluations";

(2) are pharmaceutically equivalent and bioequivalent as determined by the Food and Drug Administration; and

(3) are sold or marketed in Minnesota.

"Innovator multisource drug" means a multisource drug that was originally marketed under an original new drug application approved by the Food and Drug Administration.

Sec. 44. Minnesota Statutes 1998, section 256B.0625, subdivision 19c, is amended to read:

Subd. 19c. [PERSONAL CARE.] Medical assistance covers personal care services provided by an individual who is qualified to provide the services according to subdivision 19a and section 256B.0627, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by ~~a registered nurse~~ the recipient under the fiscal agent option according to section 256B.0627, subdivision 10, or a qualified professional. "Qualified professional" means a mental health professional as defined in section 245.462, subdivision 18, or 245.4871, subdivision 26; or a registered nurse as defined in sections 148.171 to 148.285. As part of the assessment, the county public health nurse will consult with the recipient or responsible party and identify the most appropriate person to provide supervision of the personal care assistant. The qualified professional shall perform the duties described in Minnesota Rules, part 9505.0335, subpart 4.

Sec. 45. Minnesota Statutes 1998, section 256B.0625, subdivision 26, is amended to read:

Subd. 26. [SPECIAL EDUCATION SERVICES.] (a) Medical assistance covers medical services identified in a recipient's individualized education plan and covered under the medical assistance state plan. Covered services include occupational therapy, physical therapy, speech-language therapy, clinical psychological services, nursing services, school psychological services, school social work services, personal care assistants serving as management aides, assistive technology devices, transportation services, and other services covered under the medical assistance state plan. Mental health services eligible for medical assistance reimbursement must be provided or coordinated through a children's mental health collaborative where a collaborative exists if the child is included in the collaborative operational target population. The provision or coordination of services does not require that the individual education plan be developed by the collaborative.

The services may be provided by a Minnesota school district that is enrolled as a medical assistance provider or its subcontractor, and only if the services meet all the requirements otherwise applicable if the service had been provided by a provider other than a school district, in the following areas: medical necessity, physician's orders, documentation, personnel qualifications, and prior authorization requirements. The nonfederal share of costs for services provided under this subdivision is the responsibility of the local school district as provided in section 125A.74. Services listed in a child's individual education plan are eligible for medical assistance reimbursement only if those services meet criteria for federal financial participation under the Medicaid program.

(b) Approval of health-related services for inclusion in the individual education plan does not require prior authorization for purposes of reimbursement under this chapter. The commissioner may require physician review and approval of the plan not more than once annually or upon any modification of the individual education plan that reflects a change in health-related services.

(c) Services of a speech-language pathologist provided under this section are covered notwithstanding Minnesota Rules, part 9505.0390, subpart 1, item L, if the person:

(1) holds a masters degree in speech-language pathology;

(2) is licensed by the Minnesota board of teaching as an educational speech-language pathologist; and

(3) either has a certificate of clinical competence from the American Speech and Hearing Association, has completed the equivalent educational requirements and work experience necessary for the certificate or has completed the academic program and is acquiring supervised work experience to qualify for the certificate.

(d) Medical assistance coverage for medically necessary services provided under other subdivisions in this section may not be denied solely on the basis that the same or similar services are covered under this subdivision.

(e) The commissioner shall develop and implement package rates, bundled rates, or per diem rates for special education services under which separately covered services are grouped together and billed as a unit in order to reduce administrative complexity.

(f) The commissioner shall develop a cost-based payment structure for payment of these services.

(g) Effective July 1, 2000, medical assistance services provided under an individual education plan or an individual family service plan by local school districts shall not count against medical assistance authorization thresholds for that child.

Sec. 46. Minnesota Statutes 1998, section 256B.0625, subdivision 28, is amended to read:

Subd. 28. [CERTIFIED NURSE PRACTITIONER SERVICES.] Medical assistance covers services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, a certified neonatal nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if:

(1) the service provided on an inpatient basis is not included as part of the cost for inpatient services included in the operating payment rate;

(2) the ~~services are~~ service is otherwise covered under this chapter as a physician service~~,~~; and ~~if~~

(3) the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171.

Sec. 47. Minnesota Statutes 1998, section 256B.0625, subdivision 30, is amended to read:

Subd. 30. [OTHER CLINIC SERVICES.] (a) Medical assistance covers rural health clinic services, federally qualified health center services, nonprofit community health clinic services, public health clinic services, and the services of a clinic meeting the criteria established in rule by the commissioner. Rural health clinic services and federally qualified health center services mean services defined in United States Code, title 42, section 1396d(a)(2)(B) and (C). Payment for rural health clinic and federally qualified health center services shall be made according to applicable federal law and regulation.

(b) A federally qualified health center that is beginning initial operation shall submit an estimate of budgeted costs and visits for the initial reporting period in the form and detail required by the commissioner. A federally qualified health center that is already in operation shall submit an initial report using actual costs and visits for the initial reporting period. Within 90 days of the end of its reporting period, a federally qualified health center shall submit, in the form and detail required by the commissioner, a report of its operations, including allowable costs actually incurred for the period and the actual number of visits for services furnished during the period, and other information required by the commissioner. Federally qualified health centers that file Medicare cost reports shall provide the commissioner with a copy of the most recent Medicare cost report filed with the Medicare program intermediary for the reporting year which support the costs claimed on their cost report to the state.

(c) In order to continue cost-based payment under the medical assistance program according to paragraphs (a) and (b), a federally qualified health center or rural health clinic must apply for designation as an essential community provider within six months of final adoption of rules by the department of health according to section 62Q.19, subdivision 7. For those federally qualified health centers and rural health clinics that have applied for essential community provider status within the six-month time prescribed, medical assistance payments will continue to be made according to paragraphs (a) and (b) for the first three years after application. For federally qualified health centers and rural health clinics that either do not apply within the time specified above or who have had essential community provider status for three years, medical assistance payments for health services provided by these entities shall be according to the same rates and conditions applicable to the same service provided by health care providers that are not federally qualified health centers or rural health clinics. ~~This paragraph takes effect only if the Minnesota health care reform waiver is approved by the federal government, and remains in effect for as long as the Minnesota health care reform waiver remains in effect. When the waiver expires, this paragraph expires, and the commissioner of human services shall publish a notice in the State Register and notify the revisor of statutes.~~

(d) Effective July 1, 1999, the provisions of paragraph (c) requiring a federally qualified health center or a rural health clinic to make application for an essential community provider designation in order to have cost-based payments made according to paragraphs (a) and (b) no longer apply.

(e) Effective January 1, 2000, payments made according to paragraphs (a) and (b) shall be limited to the cost phase-out schedule of the Balanced Budget Act of 1997.

Sec. 48. Minnesota Statutes 1998, section 256B.0625, subdivision 32, is amended to read:

Subd. 32. [NUTRITIONAL PRODUCTS.] ~~(a)~~ Medical assistance covers nutritional products needed for nutritional supplementation because solid food or nutrients thereof cannot be properly absorbed by the body or needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow's milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the

commissioner as requiring a similarly necessary nutritional product. Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. Separate payment shall not be made for nutritional products for residents of long-term care facilities. Payment for dietary requirements is a component of the per diem rate paid to these facilities.

~~(b) The commissioner shall designate a nutritional supplementation products advisory committee to advise the commissioner on nutritional supplementation products for which payment is made. The committee shall consist of nine members, one of whom shall be a physician, one of whom shall be a pharmacist, two of whom shall be registered dietitians, one of whom shall be a public health nurse, one of whom shall be a representative of a home health care agency, one of whom shall be a provider of long-term care services, and two of whom shall be consumers of nutritional supplementation products. Committee members shall serve two-year terms and shall serve without compensation.~~

~~(c) The advisory committee shall review and recommend nutritional supplementation products which require prior authorization. The commissioner shall develop procedures for the operation of the advisory committee so that the advisory committee operates in a manner parallel to the drug formulary committee.~~

Sec. 49. Minnesota Statutes 1998, section 256B.0625, subdivision 35, is amended to read:

Subd. 35. [FAMILY COMMUNITY SUPPORT SERVICES.] Medical assistance covers family community support services as defined in section 245.4871, subdivision 17. In addition to the provisions of section 245.4871, and to the extent authorized by rules promulgated by the state agency, medical assistance covers the following services as family community support services:

(1) services identified in an individual treatment plan when provided by a trained mental health behavioral aide under the direction of a mental health practitioner or mental health professional;

(2) mental health crisis intervention and crisis stabilization services provided outside of hospital inpatient settings; and

(3) the therapeutic components of preschool and therapeutic camp programs.

Sec. 50. Minnesota Statutes 1998, section 256B.0627, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] (a) "Assessment" means a review and evaluation of a recipient's need for home care services conducted in person. Assessments for private duty nursing shall be conducted by a registered private duty nurse. Assessments for home health agency services shall be conducted by a home health agency nurse. Assessments for personal care assistant services shall be conducted by the county public health nurse or a certified public health nurse under contract with the county. ~~An initial assessment for personal care services is conducted on individuals who are requesting personal care services or for those consumers who have never had a public health nurse assessment. The initial~~ A face-to-face assessment must include: a ~~face-to-face~~ health status assessment and determination of ~~baseline~~ need, evaluation of service outcomes, collection of ~~initial~~ case data, identification of appropriate services and service plan development or modification, coordination of ~~initial~~ services, referrals and follow-up to appropriate payers and community resources, completion of required reports, obtaining service authorization, and consumer education. A ~~reassessment visit~~ face-to-face assessment for personal care services is conducted on those recipients who have never had a county public health nurse assessment. A face-to-face assessment must occur at least annually or when there is a significant change in ~~consumer~~ the recipient's condition ~~and~~ or when there is a change in the need for personal care assistant services. ~~The reassessment visit~~ A service update may substitute for the annual face-to-face assessment when there is not a significant change in recipient condition or a change in the need for personal care assistant service. A service update or review for temporary increase includes a review of initial baseline data, evaluation of service outcomes, redetermination of service need, modification of service plan and appropriate referrals, update of initial forms, obtaining service authorization, and on going consumer education. Assessments for medical assistance home care services for mental retardation or related conditions and alternative care services for developmentally disabled home and community-based waivered

recipients may be conducted by the county public health nurse to ensure coordination and avoid duplication. Assessments must be completed on forms provided by the commissioner within 30 days of a request for home care services by a recipient or responsible party.

(b) "Care plan" means a written description of personal care assistant services developed by the ~~agency nurse~~ qualified professional with the recipient or responsible party to be used by the personal care assistant with a copy provided to the recipient or responsible party.

(c) "Home care services" means a health service, determined by the commissioner as medically necessary, that is ordered by a physician and documented in a service plan that is reviewed by the physician at least once every ~~60~~ 62 days for the provision of home health services, or private duty nursing, or at least once every 365 days for personal care. Home care services are provided to the recipient at the recipient's residence that is a place other than a hospital or long-term care facility or as specified in section 256B.0625.

(d) "Medically necessary" has the meaning given in Minnesota Rules, parts 9505.0170 to 9505.0475.

(e) "Personal care assistant" means a person who: (1) is at least 18 years old, except for persons 16 to 18 years of age who participated in a related school-based job training program or have completed a certified home health aide competency evaluation; (2) is able to effectively communicate with the recipient and personal care provider organization; (3) effective July 1, 1996, has completed one of the training requirements as specified in Minnesota Rules, part 9505.0335, subpart 3, items A to D; (4) has the ability to, and provides covered personal care services according to the recipient's care plan, responds appropriately to recipient needs, and reports changes in the recipient's condition to the supervising ~~registered nurse~~ qualified professional; (5) is not a consumer of personal care services; and (6) is subject to criminal background checks and procedures specified in section 245A.04. ~~An individual who has been convicted of a crime specified in Minnesota Rules, part 4668.0020, subpart 14, or a comparable crime in another jurisdiction is disqualified from being a personal care assistant, unless the individual meets the rehabilitation criteria specified in Minnesota Rules, part 4668.0020, subpart 15.~~

(f) "Personal care provider organization" means an organization enrolled to provide personal care services under the medical assistance program that complies with the following: (1) owners who have a five percent interest or more, and managerial officials are subject to a background study as provided in section 245A.04. This applies to currently enrolled personal care provider organizations and those agencies seeking enrollment as a personal care provider organization. An organization will be barred from enrollment if an owner or managerial official of the organization has been convicted of a crime specified in section 245A.04, or a comparable crime in another jurisdiction, unless the owner or managerial official meets the reconsideration criteria specified in section 245A.04; (2) the organization must maintain a surety bond and liability insurance throughout the duration of enrollment and provides proof thereof. The insurer must notify the department of human services of the cancellation or lapse of policy; and (3) the organization must maintain documentation of services as specified in Minnesota Rules, part 9505.2175, subpart 7, as well as evidence of compliance with personal care assistant training requirements.

(g) "Responsible party" means an individual residing with a recipient of personal care services who is capable of providing the supportive care necessary to assist the recipient to live in the community, is at least 18 years old, and is not a personal care assistant. Responsible parties who are parents of minors or guardians of minors or incapacitated persons may delegate the responsibility to another adult during a temporary absence of at least 24 hours but not more than six months. The person delegated as a responsible party must be able to meet the definition of responsible party, except that the delegated responsible party is required to reside with the recipient only while serving as the responsible party. Foster care license holders may be designated the responsible party for residents of the foster care home if case management is provided as required in section 256B.0625, subdivision 19a. For persons who, as of April 1, 1992, are sharing personal care services in order to obtain the availability of 24-hour coverage, an employee of the personal care provider organization may be designated as the responsible party if case management is provided as required in section 256B.0625, subdivision 19a.

(h) "Service plan" means a written description of the services needed based on the assessment developed by the nurse who conducts the assessment together with the recipient or responsible party. The service plan shall include a description of the covered home care services, frequency and duration of services, and expected outcomes and

goals. The recipient and the provider chosen by the recipient or responsible party must be given a copy of the completed service plan within 30 calendar days of the request for home care services by the recipient or responsible party.

(i) "Skilled nurse visits" are provided in a recipient's residence under a plan of care or service plan that specifies a level of care which the nurse is qualified to provide. These services are:

(1) nursing services according to the written plan of care or service plan and accepted standards of medical and nursing practice in accordance with chapter 148;

(2) services which due to the recipient's medical condition may only be safely and effectively provided by a registered nurse or a licensed practical nurse;

(3) assessments performed only by a registered nurse; and

(4) teaching and training the recipient, the recipient's family, or other caregivers requiring the skills of a registered nurse or licensed practical nurse.

Sec. 51. Minnesota Statutes 1998, section 256B.0627, subdivision 2, is amended to read:

Subd. 2. [SERVICES COVERED.] Home care services covered under this section include:

(1) nursing services under section 256B.0625, subdivision 6a;

(2) private duty nursing services under section 256B.0625, subdivision 7;

(3) home health aide services under section 256B.0625, subdivision 6a;

(4) personal care services under section 256B.0625, subdivision 19a;

(5) ~~nursing~~ supervision of personal care assistant services provided by a qualified professional under section 256B.0625, subdivision 19a; ~~and~~

(6) consulting professional of personal care assistant services under the fiscal agent option as specified in subdivision 10;

(7) face-to-face assessments by county public health nurses for services under section 256B.0625, subdivision 19a; and

(8) service updates and review of temporary increases for personal care assistant services by the county public health nurse for services under section 256B.0625, subdivision 19a.

Sec. 52. Minnesota Statutes 1998, section 256B.0627, subdivision 4, is amended to read:

Subd. 4. [PERSONAL CARE SERVICES.] (a) The personal care services that are eligible for payment are the following:

(1) bowel and bladder care;

(2) skin care to maintain the health of the skin;

(3) repetitive maintenance range of motion, muscle strengthening exercises, and other tasks specific to maintaining a recipient's optimal level of function;

(4) respiratory assistance;

(5) transfers and ambulation;

(6) bathing, grooming, and hairwashing necessary for personal hygiene;

(7) turning and positioning;

(8) assistance with furnishing medication that is self-administered;

(9) application and maintenance of prosthetics and orthotics;

(10) cleaning medical equipment;

(11) dressing or undressing;

(12) assistance with eating and meal preparation and necessary grocery shopping;

(13) accompanying a recipient to obtain medical diagnosis or treatment;

(14) assisting, monitoring, or prompting the recipient to complete the services in clauses (1) to (13);

(15) redirection, monitoring, and observation that are medically necessary and an integral part of completing the personal care services described in clauses (1) to (14);

(16) redirection and intervention for behavior, including observation and monitoring;

(17) interventions for seizure disorders, including monitoring and observation if the recipient has had a seizure that requires intervention within the past three months;

(18) tracheostomy suctioning using a clean procedure if the procedure is properly delegated by a registered nurse. Before this procedure can be delegated to a personal care assistant, a registered nurse must determine that the tracheostomy suctioning can be accomplished utilizing a clean rather than a sterile procedure and must ensure that the personal care assistant has been taught the proper procedure; and

(19) incidental household services that are an integral part of a personal care service described in clauses (1) to (18).

For purposes of this subdivision, monitoring and observation means watching for outward visible signs that are likely to occur and for which there is a covered personal care service or an appropriate personal care intervention. For purposes of this subdivision, a clean procedure refers to a procedure that reduces the numbers of microorganisms or prevents or reduces the transmission of microorganisms from one person or place to another. A clean procedure may be used beginning 14 days after insertion.

(b) The personal care services that are not eligible for payment are the following:

(1) services not ordered by the physician;

(2) assessments by personal care provider organizations or by independently enrolled registered nurses;

(3) services that are not in the service plan;

(4) services provided by the recipient's spouse, legal guardian for an adult or child recipient, or parent of a recipient under age 18;

(5) services provided by a foster care provider of a recipient who cannot direct the recipient's own care, unless monitored by a county or state case manager under section 256B.0625, subdivision 19a;

(6) services provided by the residential or program license holder in a residence for more than four persons;

(7) services that are the responsibility of a residential or program license holder under the terms of a service agreement and administrative rules;

(8) sterile procedures;

(9) injections of fluids into veins, muscles, or skin;

(10) services provided by parents of adult recipients, adult children, or ~~adult~~ siblings of the recipient, unless these relatives meet one of the following hardship criteria and the commissioner waives this requirement:

(i) the relative resigns from a part-time or full-time job to provide personal care for the recipient;

(ii) the relative goes from a full-time to a part-time job with less compensation to provide personal care for the recipient;

(iii) the relative takes a leave of absence without pay to provide personal care for the recipient;

(iv) the relative incurs substantial expenses by providing personal care for the recipient; or

(v) because of labor conditions, special language needs, or intermittent hours of care needed, the relative is needed in order to provide an adequate number of qualified personal care assistants to meet the medical needs of the recipient;

(11) homemaker services that are not an integral part of a personal care services;

(12) home maintenance, or chore services;

(13) services not specified under paragraph (a); and

(14) services not authorized by the commissioner or the commissioner's designee.

Sec. 53. Minnesota Statutes 1998, section 256B.0627, subdivision 5, is amended to read:

Subd. 5. [LIMITATION ON PAYMENTS.] Medical assistance payments for home care services shall be limited according to this subdivision.

(a) [LIMITS ON SERVICES WITHOUT PRIOR AUTHORIZATION.] A recipient may receive the following home care services during a calendar year:

(1) ~~any initial assessment~~ up to two face-to-face assessments to determine a recipient's need for personal care assistant services;

(2) ~~up to two reassessments per year~~ one service update done to determine a recipient's need for personal care services; and

(3) up to five skilled nurse visits.

(b) [PRIOR AUTHORIZATION; EXCEPTIONS.] All home care services above the limits in paragraph (a) must receive the commissioner's prior authorization, except when:

(1) the home care services were required to treat an emergency medical condition that if not immediately treated could cause a recipient serious physical or mental disability, continuation of severe pain, or death. The provider must request retroactive authorization no later than five working days after giving the initial service. The provider must be able to substantiate the emergency by documentation such as reports, notes, and admission or discharge histories;

(2) the home care services were provided on or after the date on which the recipient's eligibility began, but before the date on which the recipient was notified that the case was opened. Authorization will be considered if the request is submitted by the provider within 20 working days of the date the recipient was notified that the case was opened;

(3) a third-party payor for home care services has denied or adjusted a payment. Authorization requests must be submitted by the provider within 20 working days of the notice of denial or adjustment. A copy of the notice must be included with the request;

(4) the commissioner has determined that a county or state human services agency has made an error; or

(5) the professional nurse determines an immediate need for up to 40 skilled nursing or home health aide visits per calendar year and submits a request for authorization within 20 working days of the initial service date, and medical assistance is determined to be the appropriate payer.

(c) [RETROACTIVE AUTHORIZATION.] A request for retroactive authorization will be evaluated according to the same criteria applied to prior authorization requests.

(d) [ASSESSMENT AND SERVICE PLAN.] Assessments under section 256B.0627, subdivision 1, paragraph (a), shall be conducted initially, and at least annually thereafter, in person with the recipient and result in a completed service plan using forms specified by the commissioner. Within 30 days of recipient or responsible party request for home care services, the assessment, the service plan, and other information necessary to determine medical necessity such as diagnostic or testing information, social or medical histories, and hospital or facility discharge summaries shall be submitted to the commissioner. For personal care services:

(1) The amount and type of service authorized based upon the assessment and service plan will follow the recipient if the recipient chooses to change providers.

(2) If the recipient's medical need changes, the recipient's provider may assess the need for a change in service authorization and request the change from the county public health nurse. Within 30 days of the request, the public health nurse will determine whether to request the change in services based upon the provider assessment, or conduct a home visit to assess the need and determine whether the change is appropriate.

(3) To continue to receive personal care services after the first year, the recipient or the responsible party, in conjunction with the public health nurse, may complete a service update on forms developed by the commissioner according to criteria and procedures in subdivision 1. ~~The service update may substitute for the annual reassessment described in subdivision 1.~~

(e) [PRIOR AUTHORIZATION.] The commissioner, or the commissioner's designee, shall review the assessment, ~~the~~ service update, request for temporary services, service plan, and any additional information that is submitted. The commissioner shall, within 30 days after receiving a complete request, assessment, and service plan, authorize home care services as follows:

(1) [HOME HEALTH SERVICES.] All home health services provided by a licensed nurse or a home health aide must be prior authorized by the commissioner or the commissioner's designee. Prior authorization must be based on medical necessity and cost-effectiveness when compared with other care options. When home health services are used in combination with personal care and private duty nursing, the cost of all home care services shall be considered for cost-effectiveness. The commissioner shall limit nurse and home health aide visits to no more than one visit each per day.

(2) [PERSONAL CARE SERVICES.] (i) All personal care services and ~~registered nurse~~ supervision by a qualified professional must be prior authorized by the commissioner or the commissioner's designee except for the assessments established in paragraph (a). The amount of personal care services authorized must be based on the recipient's home care rating. A child may not be found to be dependent in an activity of daily living if because of the child's age an adult would either perform the activity for the child or assist the child with the activity and the amount of assistance needed is similar to the assistance appropriate for a typical child of the same age. Based on medical necessity, the commissioner may authorize:

(A) up to two times the average number of direct care hours provided in nursing facilities for the recipient's comparable case mix level; or

(B) up to three times the average number of direct care hours provided in nursing facilities for recipients who have complex medical needs or are dependent in at least seven activities of daily living and need physical assistance with eating or have a neurological diagnosis; or

(C) up to 60 percent of the average reimbursement rate, as of July 1, 1991, for care provided in a regional treatment center for recipients who have Level I behavior, plus any inflation adjustment as provided by the legislature for personal care service; or

(D) up to the amount the commissioner would pay, as of July 1, 1991, plus any inflation adjustment provided for home care services, for care provided in a regional treatment center for recipients referred to the commissioner by a regional treatment center preadmission evaluation team. For purposes of this clause, home care services means all services provided in the home or community that would be included in the payment to a regional treatment center; or

(E) up to the amount medical assistance would reimburse for facility care for recipients referred to the commissioner by a preadmission screening team established under section 256B.0911 or 256B.092; and

(F) a reasonable amount of time for the provision of ~~nursing~~ supervision by a qualified professional of personal care services.

(ii) The number of direct care hours shall be determined according to the annual cost report submitted to the department by nursing facilities. The average number of direct care hours, as established by May 1, 1992, shall be calculated and incorporated into the home care limits on July 1, 1992. These limits shall be calculated to the nearest quarter hour.

(iii) The home care rating shall be determined by the commissioner or the commissioner's designee based on information submitted to the commissioner by the county public health nurse on forms specified by the commissioner. The home care rating shall be a combination of current assessment tools developed under sections 256B.0911 and 256B.501 with an addition for seizure activity that will assess the frequency and severity of seizure activity and with adjustments, additions, and clarifications that are necessary to reflect the needs and conditions of recipients who need home care including children and adults under 65 years of age. The commissioner shall establish these forms and protocols under this section and shall use an advisory group, including representatives of recipients, providers, and counties, for consultation in establishing and revising the forms and protocols.

(iv) A recipient shall qualify as having complex medical needs if the care required is difficult to perform and because of recipient's medical condition requires more time than community-based standards allow or requires more skill than would ordinarily be required and the recipient needs or has one or more of the following:

(A) daily tube feedings;

(B) daily parenteral therapy;

(C) wound or decubiti care;

(D) postural drainage, percussion, nebulizer treatments, suctioning, tracheotomy care, oxygen, mechanical ventilation;

(E) catheterization;

(F) ostomy care;

(G) quadriplegia; or

(H) other comparable medical conditions or treatments the commissioner determines would otherwise require institutional care.

(v) A recipient shall qualify as having Level I behavior if there is reasonable supporting evidence that the recipient exhibits, or that without supervision, observation, or redirection would exhibit, one or more of the following behaviors that cause, or have the potential to cause:

(A) injury to the recipient's own body;

(B) physical injury to other people; or

(C) destruction of property.

(vi) Time authorized for personal care relating to Level I behavior in subclause (v), items (A) to (C), shall be based on the predictability, frequency, and amount of intervention required.

(vii) A recipient shall qualify as having Level II behavior if the recipient exhibits on a daily basis one or more of the following behaviors that interfere with the completion of personal care services under subdivision 4, paragraph (a):

(A) unusual or repetitive habits;

(B) withdrawn behavior; or

(C) offensive behavior.

(viii) A recipient with a home care rating of Level II behavior in subclause (vii), items (A) to (C), shall be rated as comparable to a recipient with complex medical needs under subclause (iv). If a recipient has both complex medical needs and Level II behavior, the home care rating shall be the next complex category up to the maximum rating under subclause (i), item (B).

(3) [PRIVATE DUTY NURSING SERVICES.] All private duty nursing services shall be prior authorized by the commissioner or the commissioner's designee. Prior authorization for private duty nursing services shall be based on medical necessity and cost-effectiveness when compared with alternative care options. The commissioner may authorize medically necessary private duty nursing services in quarter-hour units when:

(i) the recipient requires more individual and continuous care than can be provided during a nurse visit; or

(ii) the cares are outside of the scope of services that can be provided by a home health aide or personal care assistant.

The commissioner may authorize:

(A) up to two times the average amount of direct care hours provided in nursing facilities statewide for case mix classification "K" as established by the annual cost report submitted to the department by nursing facilities in May 1992;

(B) private duty nursing in combination with other home care services up to the total cost allowed under clause (2);

(C) up to 16 hours per day if the recipient requires more nursing than the maximum number of direct care hours as established in item (A) and the recipient meets the hospital admission criteria established under Minnesota Rules, parts 9505.0500 to 9505.0540.

The commissioner may authorize up to 16 hours per day of medically necessary private duty nursing services or up to 24 hours per day of medically necessary private duty nursing services until such time as the commissioner is able to make a determination of eligibility for recipients who are cooperatively applying for home care services under the community alternative care program developed under section 256B.49, or until it is determined by the appropriate regulatory agency that a health benefit plan is or is not required to pay for appropriate medically necessary health care services. Recipients or their representatives must cooperatively assist the commissioner in obtaining this determination. Recipients who are eligible for the community alternative care program may not receive more hours of nursing under this section than would otherwise be authorized under section 256B.49.

(4) [VENTILATOR-DEPENDENT RECIPIENTS.] If the recipient is ventilator-dependent, the monthly medical assistance authorization for home care services shall not exceed what the commissioner would pay for care at the highest cost hospital designated as a long-term hospital under the Medicare program. For purposes of this clause, home care services means all services provided in the home that would be included in the payment for care at the long-term hospital. "Ventilator-dependent" means an individual who receives mechanical ventilation for life support at least six hours per day and is expected to be or has been dependent for at least 30 consecutive days.

(f) [PRIOR AUTHORIZATION; TIME LIMITS.] The commissioner or the commissioner's designee shall determine the time period for which a prior authorization shall be effective. If the recipient continues to require home care services beyond the duration of the prior authorization, the home care provider must request a new prior authorization. Under no circumstances, other than the exceptions in paragraph (b), shall a prior authorization be valid prior to the date the commissioner receives the request or for more than 12 months. A recipient who appeals a reduction in previously authorized home care services may continue previously authorized services, other than temporary services under paragraph (h), pending an appeal under section 256.045. The commissioner must provide a detailed explanation of why the authorized services are reduced in amount from those requested by the home care provider.

(g) [APPROVAL OF HOME CARE SERVICES.] The commissioner or the commissioner's designee shall determine the medical necessity of home care services, the level of caregiver according to subdivision 2, and the institutional comparison according to this subdivision, the cost-effectiveness of services, and the amount, scope, and duration of home care services reimbursable by medical assistance, based on the assessment, primary payer coverage determination information as required, the service plan, the recipient's age, the cost of services, the recipient's medical condition, and diagnosis or disability. The commissioner may publish additional criteria for determining medical necessity according to section 256B.04.

(h) [PRIOR AUTHORIZATION REQUESTS; TEMPORARY SERVICES.] The agency nurse, the independently enrolled private duty nurse, or county public health nurse may request a temporary authorization for home care services by telephone. The commissioner may approve a temporary level of home care services based on the assessment, and service or care plan information, and primary payer coverage determination information as required. Authorization for a temporary level of home care services including nurse supervision is limited to the time specified by the commissioner, but shall not exceed 45 days, unless extended because the county public health nurse has not completed the required assessment and service plan, or the commissioner's determination has not been made. The level of services authorized under this provision shall have no bearing on a future prior authorization.

(i) [PRIOR AUTHORIZATION REQUIRED IN FOSTER CARE SETTING.] Home care services provided in an adult or child foster care setting must receive prior authorization by the department according to the limits established in paragraph (a).

The commissioner may not authorize:

(1) home care services that are the responsibility of the foster care provider under the terms of the foster care placement agreement and administrative rules. Requests for home care services for recipients residing in a foster care setting must include the foster care placement agreement and determination of difficulty of care;

(2) personal care services when the foster care license holder is also the personal care provider or personal care assistant unless the recipient can direct the recipient's own care, or case management is provided as required in section 256B.0625, subdivision 19a;

(3) personal care services when the responsible party is an employee of, or under contract with, or has any direct or indirect financial relationship with the personal care provider or personal care assistant, unless case management is provided as required in section 256B.0625, subdivision 19a;

(4) home care services when the number of foster care residents is greater than four unless the county responsible for the recipient's foster placement made the placement prior to April 1, 1992, requests that home care services be provided, and case management is provided as required in section 256B.0625, subdivision 19a; or

(5) home care services when combined with foster care payments, other than room and board payments that exceed the total amount that public funds would pay for the recipient's care in a medical institution.

Sec. 54. Minnesota Statutes 1998, section 256B.0627, subdivision 8, is amended to read:

Subd. 8. [SHARED PERSONAL CARE ASSISTANT SERVICES~~; SHARED CARE~~.] (a) Medical assistance payments for shared personal care assistance ~~shared care~~ services shall be limited according to this subdivision.

(b) Recipients of personal care assistant services may share staff and the commissioner shall provide a rate system for shared personal care assistant services. For two persons sharing ~~care~~ services, the rate paid to a provider shall not exceed 1-1/2 times the rate paid for serving a single individual, and for three persons sharing ~~care~~ services, the rate paid to a provider shall not exceed twice the rate paid for serving a single individual. These rates apply only to situations in which all recipients were present and received shared ~~care~~ services on the date for which the service is billed. No more than three persons may receive shared ~~care~~ services from a personal care assistant in a single setting.

(c) Shared ~~care~~ service is the provision of personal care services by a personal care assistant to two or three recipients at the same time and in the same setting. For the purposes of this subdivision, "setting" means:

(1) the home or foster care home of one of the individual recipients; or

(2) a child care program in which all recipients served by one personal care assistant are participating, which is licensed under chapter 245A or operated by a local school district or private school.

The provisions of this subdivision do not apply when a personal care assistant is caring for multiple recipients in more than one setting.

(d) The recipient or the recipient's responsible party, in conjunction with the county public health nurse, shall determine:

(1) whether shared ~~care~~ personal care assistant services is an appropriate option based on the individual needs and preferences of the recipient; and

(2) the amount of shared ~~care~~ services allocated as part of the overall authorization of personal care services.

The recipient or the responsible party, in conjunction with the supervising ~~registered nurse~~ qualified professional, shall ~~approve~~ arrange the setting~~,~~ and grouping~~, and arrangement~~ of shared ~~care~~ services based on the individual needs and preferences of the recipients. Decisions on the selection of recipients to share ~~care~~ services must be based on the ages of the recipients, compatibility, and coordination of their care needs.

(e) The following items must be considered by the recipient or the responsible party and the supervising ~~nurse~~ qualified professional, and documented in the recipient's ~~care plan~~ health service record:

(1) the additional qualifications needed by the personal care assistant to provide care to several recipients in the same setting;

(2) the additional training and supervision needed by the personal care assistant to ensure that the needs of the recipient are met appropriately and safely. The provider must provide on-site supervision by a ~~registered nurse~~ qualified professional within the first 14 days of shared ~~care~~ services, and monthly thereafter;

(3) the setting in which the shared ~~care~~ services will be provided;

(4) the ongoing monitoring and evaluation of the effectiveness and appropriateness of the service and process used to make changes in service or setting; and

(5) a contingency plan which accounts for absence of the recipient in a shared ~~care~~ services setting due to illness or other circumstances and staffing contingencies.

(f) The provider must offer the recipient or the responsible party the option of shared or ~~individual~~ one-on-one personal care assistant ~~care~~ services. The recipient or the responsible party can withdraw from participating in a shared ~~care~~ services arrangement at any time.

(g) In addition to documentation requirements under Minnesota Rules, part 9505.2175, a personal care provider must meet documentation requirements for shared personal care assistant services and must document the following in the health service record for each individual recipient sharing ~~care~~ services:

(1) ~~authorization~~ permission by the recipient or the recipient's responsible party, if any, for the maximum number of shared ~~care~~ services hours per week chosen by the recipient;

(2) ~~authorization~~ permission by the recipient or the recipient's responsible party, if any, for personal care assistant services provided outside the recipient's residence;

(3) ~~authorization~~ permission by the recipient or the recipient's responsible party, if any, for others to receive shared ~~care~~ services in the recipient's residence;

(4) revocation by the recipient or the recipient's responsible party, if any, of the shared ~~care~~ service authorization, or the shared ~~care~~ service to be provided to others in the recipient's residence, or the shared ~~care~~ service to be provided outside the recipient's residence;

(5) supervision of the shared ~~care~~ personal care assistant services by the ~~supervisory nurse~~ qualified professional, including the date, time of day, number of hours spent supervising the provision of shared ~~care~~ services, whether the supervision was face-to-face or another method of supervision, changes in the recipient's condition, shared ~~care~~ services scheduling issues and recommendations;

(6) documentation by the ~~personal care assistant~~ qualified professional of telephone calls or other discussions with the ~~supervisory nurse~~ personal care assistant regarding services being provided to the recipient; and

(7) daily documentation of the shared ~~care~~ services provided by each identified personal care assistant including:

(i) the names of each recipient receiving shared ~~care~~ services together;

(ii) the setting for the ~~day's care~~ shared services, including the starting and ending times that the recipient received shared ~~care~~ services; and

(iii) notes by the personal care assistant regarding changes in the recipient's condition, problems that may arise from the sharing of ~~care~~ services, scheduling issues, care issues, and other notes as required by the ~~supervising nurse~~ qualified professional.

(h) Unless otherwise provided in this subdivision, all other statutory and regulatory provisions relating to personal care services apply to shared ~~care~~ services.

Nothing in this subdivision shall be construed to reduce the total number of hours authorized for an individual recipient.

Sec. 55. Minnesota Statutes 1998, section 256B.0627, is amended by adding a subdivision to read:

Subd. 9. [FLEXIBLE USE OF PERSONAL CARE ASSISTANT HOURS.] (a) The commissioner may allow for the flexible use of personal care assistant hours. "Flexible use" means the scheduled use of authorized hours of personal care assistant services, which vary within the length of the service authorization in order to more effectively meet the needs and schedule of the recipient. Recipients may use their approved hours flexibly within the service authorization period for medically necessary covered services specified in the assessment required in subdivision 1. The flexible use of authorized hours does not increase the total amount of authorized hours available to a recipient as determined under subdivision 5. The commissioner shall not authorize additional personal care assistant services to supplement a service authorization that is exhausted before the end date under a flexible service use plan, unless the county public health nurse determines a change in condition and a need for increased services is established.

(b) The recipient or responsible party, together with the county public health nurse, shall determine whether flexible use is an appropriate option based on the needs and preferences of the recipient or responsible party, and, if appropriate, must ensure that the allocation of hours covers the ongoing needs of the recipient over the entire service authorization period. As part of the assessment and service planning process, the recipient or responsible party must work with the county public health nurse to develop a written month-to-month plan of the projected use of personal care assistant services that is part of the service plan and ensures that the:

(1) health and safety needs of the recipient will be met;

(2) total annual authorization will not exceed before the end date; and

(3) how actual use of hours will be monitored.

(c) If the actual use of personal care assistant service varies significantly from the use projected in the plan, the written plan must be promptly updated by the recipient or responsible party and the county public health nurse.

(d) The recipient or responsible party, together with the provider, must work to monitor and document the use of authorized hours and ensure that a recipient is able to manage services effectively throughout the authorized period. The provider must ensure that the month-to-month plan is incorporated into the care plan. Upon request of the recipient or responsible party, the provider must furnish regular updates to the recipient or responsible party on the amount of personal care assistant services used.

(e) The recipient or responsible party may revoke the authorization for flexible use of hours by notifying the provider and county public health nurse in writing.

(f) If the requirements in paragraphs (a) to (e) have not substantially been met, the commissioner shall deny, revoke, or suspend the authorization to use authorized hours flexibly. The recipient or responsible party may appeal the commissioner's action according to section 256.045. The denial, revocation, or suspension to use the flexible hours option shall not affect the recipient's authorized level of personal care assistant services as determined under subdivision 5.

Sec. 56. Minnesota Statutes 1998, section 256B.0627, is amended by adding a subdivision to read:

Subd. 10. [FISCAL AGENT OPTION AVAILABLE FOR PERSONAL CARE ASSISTANT SERVICES.] (a) "Fiscal agent option" is an option that allows the recipient to:

(1) use a fiscal agent instead of a personal care provider organization;

(2) supervise the personal care assistant; and

(3) use a consulting professional.

The commissioner may allow a recipient of personal care assistant services to use a fiscal agent to assist the recipient in paying and accounting for medically necessary covered personal care assistant services authorized in subdivision 4 and within the payment parameters of subdivision 5. Unless otherwise provided in this subdivision, all other statutory and regulatory provisions relating to personal care services apply to a recipient using the fiscal agent option.

(b) The recipient or responsible party shall:

(1) hire, and terminate the personal care assistant and consulting professional, with the fiscal agent;

(2) recruit the personal care assistant and consulting professional and orient and train the personal care assistant in areas that do not require professional delegation as determined by the county public health nurse;

(3) supervise and evaluate the personal care assistant in areas that do not require professional delegation as determined in the assessment;

(4) cooperate with a consulting professional and implement recommendations pertaining to the health and safety of the recipient;

(5) hire a qualified professional to train and supervise the performance of delegated tasks done by the personal care assistant;

(6) monitor services and verify in writing the hours worked by the personal care assistant and the consulting professional;

(7) develop and revise a care plan with assistance from a consulting professional;

(8) verify and document the credentials of the consulting professional; and

(9) enter into a written agreement, as specified in paragraph (f).

(c) The duties of the fiscal agent shall be to:

(1) bill the medical assistance program for personal care assistant and consulting professional services;

(2) request and secure background checks on personal care assistants and consulting professionals according to section 245A.04;

(3) pay the personal care assistant and consulting professional based on actual hours of services provided;

(4) withhold and pay all applicable federal and state taxes;

(5) verify and document hours worked by the personal care assistant and consulting professional;

(6) make the arrangements and pay unemployment insurance, taxes, workers' compensation, liability insurance, and other benefits, if any;

(7) enroll in the medical assistance program as a fiscal agent; and

(8) enter into a written agreement as specified in paragraph (f) before services are provided.

(d) The fiscal agent:

(1) may not be related to the recipient, consulting professional, or the personal care assistant;

(2) must ensure arm's length transactions with the recipient and personal care assistant; and

(3) shall be considered a joint employer of the personal care assistant and consulting professional to the extent specified in this section.

The fiscal agent or owners of the entity that provides fiscal agent services under this subdivision must pass a criminal background check as required in section 256B.0627, subdivision 1, paragraph (e).

(e) The consulting professional providing assistance to the recipient shall meet the qualifications specified in section 256B.0625, subdivision 19c. The consulting professional shall assist the recipient in developing and revising a plan to meet the recipient's assessed needs, and supervise the performance of delegated tasks, as determined by the public health nurse. In performing this function, the consulting professional must visit the recipient in the recipient's home at least once annually. The consulting professional must report to the local county public health nurse concerns relating to the health and safety of the recipient, and any suspected abuse, neglect, or financial exploitation of the recipient to the appropriate authorities.

(f) The fiscal agent, recipient or responsible party, personal care assistant, and consulting professional shall enter into a written agreement before services are started. The agreement shall include:

(1) the duties of the recipient, professional, personal care assistant, and fiscal agent based on paragraphs (a) to (e);

(2) the salary and benefits for the personal care assistant and those providing professional consultation;

(3) the administrative fee of the fiscal agent and services paid for with that fee, including background check fees;

(4) procedures to respond to billing or payment complaints; and

(5) procedures for hiring and terminating the personal care assistant and those providing professional consultation.

(g) The rates paid for personal care services, professional assistance, and fiscal agency services under this subdivision shall be the same rates paid for personal care services and qualified professional services under subdivision 2 respectively. Except for the administrative fee of the fiscal agent specified in paragraph (f), the remainder of the rates paid to the fiscal agent must be used to pay for the salary and benefits for the personal care assistant or those providing professional consultation.

(h) As part of the assessment defined in subdivision 1, the following conditions must be met to use or continue use of a fiscal agent:

(1) the recipient must be able to direct the recipient's own care, or the responsible party for the recipient must be readily available to direct the care of the personal care assistant;

(2) the recipient or responsible party must be knowledgeable of the health care needs of the recipient and be able to effectively communicate those needs;

(3) a face-to-face assessment must be conducted by the local county public health nurse at least annually, or when there is a significant change in the recipient's condition or change in the need for personal care assistant services. The county public health nurse shall determine the services that require professional delegation, if any, and the amount and frequency of related supervision;

(4) the recipient cannot select the shared services option as specified in subdivision 8; and

(5) parties must be in compliance with the written agreement specified in paragraph (f).

(i) The commissioner shall deny, revoke, or suspend the authorization to use the fiscal agent option if:

(1) it has been determined by the consulting professional or local county public health nurse that the use of this option jeopardizes the recipient's health and safety;

(2) the parties have failed to comply with the written agreement specified in paragraph (f); or

(3) the use of the option has led to abusive or fraudulent billing for personal care assistant services.

The recipient or responsible party may appeal the commissioner's action according to section 256.045. The denial, revocation, or suspension to use the fiscal agent option shall not affect the recipient's authorized level of personal care assistant services as determined in subdivision 5.

Sec. 57. Minnesota Statutes 1998, section 256B.0627, is amended by adding a subdivision to read:

Subd. 11. [SHARED PRIVATE DUTY NURSING CARE OPTION.] (a) Medical assistance payments for shared private duty nursing services by a private duty nurse shall be limited according to this subdivision. For the purposes of this section, "private duty nursing agency" means an agency licensed under chapter 144A to provide private duty nursing services.

(b) Recipients of private duty nursing services may share nursing staff and the commissioner shall provide a rate methodology for shared private duty nursing. For two persons sharing nursing care, the rate paid to a provider shall not exceed 1.5 times the nonwaivered private duty nursing rates paid for serving a single individual who is not ventilator dependent, by a registered nurse or licensed practical nurse. These rates apply only to situations in which both recipients are present and receive shared private duty nursing care on the date for which the service is billed. No more than two persons may receive shared private duty nursing services from a private duty nurse in a single setting.

(c) Shared private duty nursing care is the provision of nursing services by a private duty nurse to two recipients at the same time and in the same setting. For the purposes of this subdivision, "setting" means:

(1) the home or foster care home of one of the individual recipients; or

(2) a child care program licensed under chapter 245A or operated by a local school district or private school; or

(3) an adult day care service licensed under chapter 245A.

This subdivision does not apply when a private duty nurse is caring for multiple recipients in more than one setting.

(d) The recipient or the recipient's legal representative, and the recipient's physician, in conjunction with the home health care agency, shall determine:

(1) whether shared private duty nursing care is an appropriate option based on the individual needs and preferences of the recipient; and

(2) the amount of shared private duty nursing services authorized as part of the overall authorization of nursing services.

(e) The recipient or the recipient's legal representative, in conjunction with the private duty nursing agency, shall approve the setting, grouping, and arrangement of shared private duty nursing care based on the individual needs and preferences of the recipients. Decisions on the selection of recipients to share services must be based on the ages of the recipients, compatibility, and coordination of their care needs.

(f) The following items must be considered by the recipient or the recipient's legal representative and the private duty nursing agency, and documented in the recipient's health service record:

(1) the additional training needed by the private duty nurse to provide care to several recipients in the same setting and to ensure that the needs of the recipients are met appropriately and safely;

(2) the setting in which the shared private duty nursing care will be provided;

(3) the ongoing monitoring and evaluation of the effectiveness and appropriateness of the service and process used to make changes in service or setting;

(4) a contingency plan which accounts for absence of the recipient in a shared private duty nursing setting due to illness or other circumstances;

(5) staffing backup contingencies in the event of employee illness or absence; and

(6) arrangements for additional assistance to respond to urgent or emergency care needs of the recipients.

(g) The provider must offer the recipient or responsible party the option of shared or one-on-one private duty nursing services. The recipient or responsible party can withdraw from participating in a shared service arrangement at any time.

(h) The private duty nursing agency must document the following in the health service record for each individual recipient sharing private duty nursing care:

(1) permission by the recipient or the recipient's legal representative for the maximum number of shared nursing care hours per week chosen by the recipient;

(2) permission by the recipient or the recipient's legal representative for shared private duty nursing services provided outside the recipient's residence;

(3) permission by the recipient or the recipient's legal representative for others to receive shared private duty nursing services in the recipient's residence;

(4) revocation by the recipient or the recipient's legal representative of the shared private duty nursing care authorization, or the shared care to be provided to others in the recipient's residence, or the shared private duty nursing services to be provided outside the recipient's residence; and

(5) daily documentation of the shared private duty nursing services provided by each identified private duty nurse, including:

(i) the names of each recipient receiving shared private duty nursing services together;

(ii) the setting for the shared services, including the starting and ending times that the recipient received shared private duty nursing care; and

(iii) notes by the private duty nurse regarding changes in the recipient's condition, problems that may arise from the sharing of private duty nursing services, and scheduling and care issues.

(i) Unless otherwise provided in this subdivision, all other statutory and regulatory provisions relating to private duty nursing services apply to shared private duty nursing services.

Nothing in this subdivision shall be construed to reduce the total number of private duty nursing hours authorized for an individual recipient under subdivision 5.

Sec. 58. Minnesota Statutes 1998, section 256B.0627, is amended by adding a subdivision to read:

Subd. 12. [PUBLIC HEALTH NURSE ASSESSMENT RATE.] (a) The reimbursement rates for public health nurse visits that relate to the provision of personal care services under this section and section 256B.0625, subdivision 19a, are:

(i) $210.50 for a face-to-face assessment visit;

(ii) $105.25 for each service update; and

(iii) $105.25 for each request for a temporary service increase.

(b) The rates specified in paragraph (a) must be adjusted to reflect provider rate increases for personal care assistant services that are approved by the legislature for the fiscal year ending June 30, 2000, and subsequent fiscal years. Any requirements applied by the legislature to provider rate increases for personal care assistant services also apply to adjustments under this paragraph.

Sec. 59. Minnesota Statutes 1998, section 256B.0635, subdivision 3, is amended to read:

Subd. 3. [MEDICAL ASSISTANCE FOR MFIP-S PARTICIPANTS WHO OPT TO DISCONTINUE MONTHLY CASH ASSISTANCE.] ~~Upon federal approval,~~ Medical assistance is available to persons who ~~received MFIP-S in at least three of the six months preceding the month in which the person opted~~ opt to discontinue receiving MFIP-S cash assistance under section 256J.31, subdivision 12. A person who is eligible for medical assistance under this section may receive medical assistance without reapplication as long as the person meets MFIP-S eligibility requirements~~, unless the assistance unit does not include a dependent child~~. Medical assistance may be paid pursuant to subdivisions 1 and 2 for persons who are no longer eligible for MFIP-S due to increased employment or child support. A person may be eligible for MinnesotaCare due to increased employment or child support, and as such must be informed of the option to transition onto MinnesotaCare.

Sec. 60. [256B.0914] [CONFLICTS OF INTEREST RELATED TO MEDICAID EXPENDITURES.]

Subdivision 1. [DEFINITIONS.] (a) "Contract" means a written, fully executed agreement for the purchase of goods and services involving a substantial expenditure of Medicaid funding. A contract under a renewal period shall be considered a separate contract.

(b) "Contractor bid or proposal information" means cost or pricing data, indirect costs, and proprietary information marked as such by the bidder in accordance with applicable law.

(c) "Particular expenditure" means a substantial expenditure as defined below, for a specified term, involving specific parties. The renewal of an existing contract for the substantial expenditure of Medicaid funds is considered a separate, particular expenditure from the original contract.

(d) "Source selection information" means any of the following information prepared for use by the state, county, or independent contractor for the purpose of evaluating a bid or proposal to enter into a Medicaid procurement contract, if that information has not been previously made available to the public or disclosed publicly:

(1) bid prices submitted in response to a solicitation for sealed bids, or lists of the bid prices before bid opening;

(2) proposed costs or prices submitted in response to a solicitation, or lists of those proposed costs or prices;

(3) source selection plans;

(4) technical evaluations plans;

(5) technical evaluations of proposals;

(6) cost or price evaluation of proposals;

(7) competitive range determinations that identify proposals that have a reasonable chance of being selected for award of a contract;

(8) rankings of bids, proposals, or competitors;

(9) the reports and evaluations of source selection panels, boards, or advisory councils; and

(10) other information marked as "source selection information" based on a case-by-case determination by the head of the agency, contractor, designees, or the contracting officer that disclosure of the information would jeopardize the integrity or successful completion of the Medicaid procurement to which the information relates.

(e) "Substantial expenditure" and "substantial amounts" mean a purchase of goods or services in excess of $10,000,000 in Medicaid funding under this chapter or chapter 256L.

Subd. 2. [APPLICABILITY.] (a) Unless provided otherwise, this section applies to:

(1) any state or local officer, employee, or independent contractor who is responsible for the substantial expenditures of medical assistance or MinnesotaCare funding under this chapter or chapter 256L for which federal Medicaid matching funds are available;

(2) any individual who formerly was such an officer, employee, or independent contractor; and

(3) any partner of such a state or local officer, employee, or independent contractor.

(b) This section is intended to meet the requirements of state participation in the Medicaid program at United States Code, title 42, sections 1396a(a)(4) and 1396u-2(d)(3), which require that states have in place restrictions against conflicts of interest in the Medicaid procurement process, that are at least as stringent as those in effect under United States Code, title 41, section 423, and title 18, sections 207 and 208, as they apply to federal employees.

Subd. 3. [DISCLOSURE OF PROCUREMENT INFORMATION.] A person described in subdivision 2 may not knowingly disclose contractor bid or proposal information, or source selection information before the award by the state, county, or independent contractor of a Medicaid procurement contract to which the information relates unless the disclosure is otherwise authorized by law. No person, other than as provided by law, shall knowingly obtain contractor bid or proposal information or source selection information before the award of a Medicaid procurement contract to which the information relates.

Subd. 4. [OFFERS OF EMPLOYMENT.] When a person described in subdivision 2, paragraph (a), is participating personally and substantially in a Medicaid procurement for a contract contacts or is contacted by a person who is a bidder or offeror in the same procurement regarding possible employment outside of the entity by which the person is currently employed, the person must:

(1) report the contact in writing to the person's supervisor and employer's ethics officer; and

(2) either:

(i) reject the possibility of employment with the bidder or offeror; or

(ii) be disqualified from further participation in the procurement until the bidder or offeror is no longer involved in that procurement, or all discussions with the bidder or offeror regarding possible employment have terminated without an arrangement for employment. A bidder or offeror may not engage in employment discussions with an official who is subject to this subdivision, until the bidder or offeror is no longer involved in that procurement.

Subd. 5. [ACCEPTANCE OF COMPENSATION BY A FORMER OFFICIAL.] (a) A former official of the state or county, or a former independent contractor, described in subdivision 2 may not accept compensation from a Medicaid contractor of a substantial expenditure as an employee, officer, director, or consultant of the contractor within one year after the former official or independent contractor:

(1) served as the procuring contracting officer, the source selection authority, a member of the source selection evaluation board, or the chief of a financial or technical evaluation team in a procurement in which the contractor was selected for award;

(2) served as the program manager, deputy program manager, or administrative contracting officer for a contract awarded to the contractor; or

(3) personally made decisions for the state, county, or independent contractor to:

(i) award a contract, subcontract, modification of a contract or subcontract, or a task order or delivery order to the contractor;

(ii) establish overhead or other rates applicable to a contract or contracts with the contractor;

(iii) approve issuance of a contract payment or payments to the contractor; or

(iv) pay or settle a claim with the contractor.

(b) Paragraph (a) does not prohibit a former official of the state, county, or independent contractor from accepting compensation from any division or affiliate of a contractor not involved in the same or similar products or services as the division or affiliate of the contractor that is responsible for the contract referred to in paragraph (a), clause (1), (2), or (3).

(c) A contractor shall not provide compensation to a former official knowing that the former official is accepting that compensation in violation of this subdivision.

Subd. 6. [PERMANENT RESTRICTIONS ON REPRESENTATION AND COMMUNICATION.] (a) A person described in subdivision 2, after termination of his or her service with state, county, or independent contractor, is permanently restricted from knowingly making, with the intent to influence, any communication to or appearance before an officer or employee of a department, agency, or court of the United States, the state of Minnesota and its counties in connection with a particular expenditure:

(1) in which the United States, the state of Minnesota, or a Minnesota county is a party or has a direct and substantial interest;

(2) in which the person participated personally and substantially as an officer, employee, or independent contractor; and

(3) which involved a specific party or parties at the time of participation.

(b) For purposes of this subdivision and subdivisions 7 and 9, "participated" means an action taken through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or other such action.

Subd. 7. [TWO-YEAR RESTRICTIONS ON REPRESENTATION AND COMMUNICATION.] No person described in subdivision 2, within two years after termination of service with the state, county, or independent contractor, shall knowingly make, with the intent to influence, any communication to or appearance before any officer or employee of any government department, agency, or court in connection with a particular expenditure:

(1) in which the United States, the state of Minnesota, or a Minnesota county is a party or has a direct and substantial interest;

(2) which the person knows or reasonably should know was actually pending under the official's responsibility as an officer, employee, or independent contractor within one year before the termination of the official's service with the state, county, or independent contractor; and

(3) which involved a specific party or parties at the time the expenditure was pending.

Subd. 8. [EXCEPTIONS TO PERMANENT AND TWO-YEAR RESTRICTIONS ON REPRESENTATION AND COMMUNICATION.] Subdivisions 6 and 7 do not apply to:

(1) communications or representations made in carrying out official duties on behalf of the United States, the state of Minnesota or local government, or as an elected official of the state or local government;

(2) communications made solely for the purpose of furnishing scientific or technological information; or

(3) giving testimony under oath. A person subject to subdivisions 6 and 7 may serve as an expert witness in that matter, without restriction, for the state, county, or independent contractor. Under court order, a person subject to subdivisions 6 and 7 may serve as an expert witness for others. Otherwise, the person may not serve as an expert witness in that matter.

Subd. 9. [WAIVER.] The commissioner of human services, or the governor in the case of the commissioner, may grant a waiver of a restriction in subdivisions 6 and 7 if he or she determines that a waiver is in the public interest and that the services of the officer or employee are critically needed for the benefit of the state or county government.

Subd. 10. [ACTS AFFECTING A PERSONAL FINANCIAL INTEREST.] A person described in subdivision 2, paragraph (a), clause (1), who participates in a particular expenditure in which the person has knowledge or has a financial interest, is subject to the penalties in subdivision 12. For purposes of this subdivision, "financial interest" also includes the financial interest of a spouse, minor child, general partner, organization in which the officer or employee is serving as an officer, director, trustee, general partner, or employee, or any person or organization with whom the individual is negotiating or has any arrangement concerning prospective employment.

Subd. 11. [EXCEPTIONS TO PROHIBITIONS REGARDING FINANCIAL INTEREST.] Subdivision 10 does not apply if:

(1) the person first advises the person's supervisor and the employer's ethics officer regarding the nature and circumstances of the particular expenditure and makes full disclosure of the financial interest and receives in advance a written determination made by the commissioner of human services, or the governor in the case of the commissioner, that the interest is not so substantial as to likely affect the integrity of the services which the government may expect from the officer, employee, or independent contractor;

(2) the financial interest is listed as an exemption at Code of Federal Regulations, title 5, sections 2640.201 to 2640.203, as too remote or inconsequential to affect the integrity of the services of the office, employee, or independent contractor to which the requirement applies.

Subd. 12. [CRIMINAL PENALTIES.] (a) A person who violates subdivisions 3 to 5 for the purpose of either exchanging the information covered by this section for anything of value, or for obtaining or giving anyone a competitive advantage in the award of a Medicaid contract, may be sentenced to imprisonment for not more than five years or payment of a fine of not more than $50,000 for each violation, or the amount of compensation which the person received or offered for the prohibited conduct, whichever is greater, or both.

(b) A person who violates a provision of subdivisions 6 to 11 may be sentenced to imprisonment for not more than one year or payment of a fine of not more than $50,000 for each violation or the amount of compensation which the person received or offered for the prohibited conduct, whichever amount is greater, or both. A person who willfully engages in conduct in violation of subdivisions 6 to 11 may be sentenced to imprisonment for not more than five years or to payment of fine of not more than $50,000 for each violation or the amount of compensation which the person received or offered for the prohibited conduct, whichever amount is greater, or both.

(c) Nothing in this section precludes prosecution under other laws such as section 609.43.

Subd. 13. [CIVIL PENALTIES AND INJUNCTIVE RELIEF.] (a) The Minnesota attorney general may bring a civil action in Ramsey county district court against a person who violates this section. Upon proof of such conduct by a preponderance of evidence, the person is subject to a civil penalty. An individual who violates this section is subject to a civil penalty of not more than $50,000 for each violation plus twice the amount of compensation which the individual received or offered for the prohibited conduct. An organization that violates this section is subject to a civil penalty of not more than $500,000 for each violation plus twice the amount of compensation which the organization received or offered for the prohibited conduct.

(b) If the Minnesota attorney general has reason to believe that a person is engaging in conduct in violation of this section, the attorney general may petition the Ramsey county district court for an order prohibiting that person from engaging in such conduct. The court may issue an order prohibiting that person from engaging in such conduct if the court finds that the conduct constitutes such a violation. The filing of a petition under this subdivision does not preclude any other remedy which is available by law.

Subd. 14. [ADMINISTRATIVE ACTIONS.] (a) If a state agency, local agency, or independent contractor receives information that a contractor or a person has violated this section, the state agency, local agency, or independent contractor may:

(1) cancel the procurement if a contract has not already been awarded;

(2) rescind the contract; or

(3) initiate suspension or debarment proceedings according to applicable state or federal law.

(b) If the contract is rescinded, the state agency, local agency, or independent contractor is entitled to recover, in addition to any penalty prescribed by law, the amount expended under the contract.

(c) This section does not:

(1) restrict the disclosure of information to or from any person or class of persons authorized to receive that information;

(2) restrict a contractor from disclosing the contractor's bid or proposal information or the recipient from receiving that information;

(3) restrict the disclosure or receipt of information relating to a Medicaid procurement after it has been canceled by the state agency, county agency, or independent contractor before the contract award unless the agency or independent contractor plans to resume the procurement; or

(4) limit the applicability of any requirements, sanctions, contract penalties, and remedies established under any other law or regulation.

(d) No person may file a protest against the award or proposed award of a Medicaid contract alleging a violation of this section unless that person reported the information the person believes constitutes evidence of the offense to the applicable state agency, local agency, or independent contractor responsible for the procurement. The report must be made no later than 14 days after the person first discovered the possible violation.

Sec. 61. Minnesota Statutes 1998, section 256B.0916, is amended to read:

256B.0916 [EXPANSION OF HOME AND COMMUNITY-BASED SERVICES; MANAGEMENT AND ALLOCATION RESPONSIBILITIES.]

~~(a) The commissioner shall expand availability of home and community-based services for persons with mental retardation and related conditions to the extent allowed by federal law and regulation and shall assist counties in transferring persons from semi-independent living services to home and community-based services. The commissioner may transfer funds from the state semi-independent living services account available under section 252.275, subdivision 8, and state community social services aids available under section 256E.15 to the medical assistance account to pay for the nonfederal share of nonresidential and residential home and community-based services authorized under section 256B.092 for persons transferring from semi-independent living services.~~

~~(b) Upon federal approval, county boards are not responsible for funding semi-independent living services as a social service for those persons who have transferred to the home and community-based waiver program as a result of the expansion under this subdivision. The county responsibility for those persons transferred shall be assumed under section 256B.092. Notwithstanding the provisions of section 252.275, the commissioner shall continue to allocate funds under that section for semi-independent living services and county boards shall continue to fund services under sections 256E.06 and 256E.14 for those persons who cannot access home and community-based services under section 256B.092.~~

~~(c) Eighty percent of the state funds made available to the commissioner under section 252.275 as a result of persons transferring from the semi-independent living services program to the home and community-based services program shall be used to fund additional persons in the semi-independent living services program.~~

~~(d) Beginning August 1, 1998, the commissioner shall issue an annual report on the home and community-based waiver for persons with mental retardation or related conditions, that includes a list of the counties in which less than 95 percent of the allocation provided, excluding the county waivered services reserve, has been committed for two or more quarters during the previous state fiscal year. For each listed county, the report shall include the amount of funds allocated but not used, the number and ages of individuals screened and waiting for services, the services needed, a description of the technical assistance provided by the commissioner to assist the counties in jointly planning with other counties in order to serve more persons, and additional actions which will be taken to serve those screened and waiting for services.~~

Subdivision 1. [REDUCTION OF WAITING LIST.] (a) The legislature recognizes that as of January 1, 1999, 3,300 persons with mental retardation or related conditions have been screened and determined eligible for the home and community-based waiver services program for persons with mental retardation or related conditions. Many wait for several years before receiving service.

(b) The waiting list for this program shall be reduced or eliminated by June 30, 2003. In order to reduce the number of eligible persons waiting for identified services provided through the home and community-based waiver for persons with mental retardation or related conditions, funding shall be increased to add 100 additional eligible persons each year beyond the February 1999 medical assistance forecast.

(c) The commissioner shall allocate resources in such a manner as to use all resources budgeted for the home and community-based waiver for persons with mental retardation or related conditions according to the priorities listed in subdivision 2, paragraph (b), and then to serve other persons on the waiting list. Resources allocated for a fiscal year to serve persons affected by public and private sector ICF/MR closures, but not expected to be expended for that purpose, must be reallocated within that fiscal year to serve other persons on the waiting list, and the number of waiver diversion slots shall be adjusted accordingly.

(d) For fiscal year 2001, at least one-half of the increase in funding over the previous year provided in the February 1999 medical assistance forecast for the home and community-based waiver for persons with mental retardation and related conditions, including changes made by the 1999 legislature, must be used to serve persons who are not affected by public and private sector ICF/MR closures.

Subd. 2. [DISTRIBUTION OF FUNDS; PARTNERSHIPS.] (a) Beginning with fiscal year 2000, the commissioner shall distribute all funding available for home and community-based waiver services for persons with mental retardation or related conditions to individual counties or to groups of counties that form partnerships to jointly plan, administer, and authorize funding for eligible individuals. The commissioner shall encourage counties to form partnerships that have a sufficient number of recipients and funding to adequately manage the risk and maximize use of available resources.

(b) Counties must submit a request for funds and a plan for administering the program as required by the commissioner. The plan must identify the number of clients to be served, their ages, and their priority listing based on:

(1) requirements in Minnesota Rules, part 9525.1880;

(2) unstable living situations due to the age or incapacity of the primary caregiver;

(3) the need for services to avoid out-of-home placement of children; and

(4) the need to serve persons affected by private sector ICF/MR closures.

The plan must also identify changes made to improve services to eligible persons and to improve program management.

(c) In allocating resources to counties, priority must be given to groups of counties that form partnerships to jointly plan, administer, and authorize funding for eligible individuals and to counties determined by the commissioner to have sufficient waiver capacity to maximize resource use.

(d) Within 30 days after receiving the county request for funds and plans, the commissioner shall provide a written response to the plan that includes the level of resources available to serve additional persons.

(e) Counties are eligible to receive medical assistance administrative reimbursement for administrative costs under criteria established by the commissioner.

Subd. 3. [FAILURE TO DEVELOP PARTNERSHIPS OR SUBMIT A PLAN.] (a) By October 1 of each year the commissioner shall notify the county board if any county determined by the commissioner to have insufficient capacity to maximize use of available resources fails to develop a partnership with other counties or fails to submit a plan as required in subdivision 2. The commissioner shall provide needed technical assistance to a county or group of counties that fails to form a partnership or submit a plan. If a county has not joined a county partnership or submitted a plan within 30 days following the notice by the commissioner of its failure, the commissioner shall require and assist that county to develop a plan or contract with another county or group of counties to plan and administer the waiver services program in that county.

(b) Counties may request technical assistance, management information, and administrative support from the commissioner at any time. The commissioner shall respond to county requests within 30 days. Priority shall be given to activities that support the administrative needs of newly formed county partnerships.

Subd. 4. [ALLOWED RESERVE.] Counties or groups of counties participating in partnerships that have submitted a plan under this section may develop an allowed reserve amount to meet crises and other unmet needs of current home and community-based waiver recipients. The amount of the allowed reserve shall be a county specific amount based upon documented past experience and projected need for the coming year described in an allowed reserve plan submitted for approval to the commissioner with the allocation request for the fiscal year.

Subd. 5. [PRIORITIES FOR REASSIGNMENT OF RESOURCES AND APPROVAL OF INCREASED CAPACITY.] In order to maximize the number of persons served with waiver funds, the commissioner shall monitor county utilization of allocated resources and, as appropriate, reassign resources not utilized and approve increased capacity within available county allocations. Priority consideration for reassignment of resources and approval of increased capacity shall be given to counties with sufficient capacity and counties that form partnerships. In addition to the priorities listed in Minnesota Rules, part 9525.1880, the commissioner shall also give priority consideration to persons whose living situations are unstable due to the age or incapacity of the primary caregiver and to children to avoid out-of-home placement.

Subd. 6. [WAIVER REQUEST.] (a) The commissioner shall submit to the federal Health Care Financing Administration by September 1, 1999, a request for a waiver to include an option that would allow waiver service recipients to directly receive 95 percent of the funds that would be allocated to individuals based on written county criteria and procedures approved by the commissioner for the purchase of services to meet their long-term care needs. The waiver request must include a provision requiring recipients who receive funds directly to provide to the commissioner annually, a description of the type of services used, the amount paid for the services purchased, and the amount of unspent funds.

(b) The commissioner, in cooperation with county representatives, waiver service providers, recipients, recipients' families, legal guardians, and advocacy groups, shall develop criteria for:

(1) eligibility to receive funding directly;

(2) determination of the amount of funds made available to each eligible person based on need; and

(3) the accountability required of persons directly receiving funds.

(c) If this waiver is approved and implemented, any unspent money from the waiver services allocation, including the five percent not directly allocated to recipients and any unspent portion of the money that is directly allocated, shall be used to meet the needs of other eligible persons waiting for services funded through the waiver.

(d) The commissioner, in consultation with county social services agencies, waiver services providers, recipients, recipients' families, legal guardians, and advocacy groups shall evaluate the effectiveness of this option within two years of its implementation.

Subd. 7. [ANNUAL REPORT BY COMMISSIONER.] Beginning October 1, 1999, and each October 1 thereafter, the commissioner shall issue an annual report on county and state use of available resources for the home and community-based waiver for persons with mental retardation or related conditions. For each county or county partnership, the report shall include:

(1) the amount of funds allocated but not used;

(2) the county specific allowed reserve amount approved and used;

(3) the number, ages and living situations of individuals screened and waiting for services;

(4) the urgency of need for services to begin within one, two, or more than two years for each individual;

(5) the services needed;

(6) the number of additional persons served by approval of increased capacity within existing allocations;

(7) results of action by the commissioner to streamline administrative requirements and improve county resource management; and

(8) additional action that would decrease the number of those eligible and waiting for waivered services.

The commissioner shall specify intended outcomes for the program and the degree to which these specified outcomes are attained.

~~(c)~~ Subd. 8. [FINANCIAL INFORMATION BY COUNTY.] The commissioner shall make available to interested parties, upon request, financial information by county including the amount of resources allocated for the home and community-based waiver for persons with mental retardation and related conditions, the resources committed, the number of persons screened and waiting for services, the type of services requested by those waiting, and the amount of allocated resources not committed.

Subd. 9. [LEGAL REPRESENTATIVE PARTICIPATION EXCEPTION.] The commissioner, in cooperation with representatives of counties, service providers, service recipients, family members, legal representatives and advocates, shall develop criteria to allow legal representatives to be reimbursed for providing specific support services to meet the person's needs when a plan which assures health and safety has been agreed upon and carried out by the legal representative, the person, and the county. Legal representatives providing support under consumer-directed community support services pursuant to section 256B.092, subdivision 4, or the consumer support grant program pursuant to section 256B.092, subdivision 7, shall not be considered to have a direct or indirect service provider interest under section 256B.092, subdivision 7, if a health and safety plan which meets the criteria established has been agreed upon and implemented. By October 1, 1999, the commissioner shall submit, for federal approval, amendments to allow legal representatives to provide supports and receive reimbursement under the consumer-directed community support services section of the home and community-based waiver plan.

Sec. 62. Minnesota Statutes 1998, section 256B.0917, subdivision 8, is amended to read:

Subd. 8. [LIVING-AT-HOME/BLOCK NURSE PROGRAM GRANT.] (a) The organization awarded the contract under subdivision 7, shall develop and administer a grant program to establish or expand up to ~~27~~ 33 community-based organizations that will implement living-at-home/block nurse programs that are designed to enable senior citizens to live as independently as possible in their homes and in their communities. At least one-half of the programs must be in counties outside the seven-county metropolitan area. Nonprofit organizations and units of local government are eligible to apply for grants to establish the community organizations that will implement living-at-home/block nurse programs. In awarding grants, the organization awarded the contract under subdivision 7 shall give preference to nonprofit organizations and units of local government from communities that:

(1) have high nursing home occupancy rates;

(2) have a shortage of health care professionals;

(3) are located in counties adjacent to, or are located in, counties with existing living-at-home/block nurse programs; and

(4) meet other criteria established by LAH/BN, Inc., in consultation with the commissioner.

(b) Grant applicants must also meet the following criteria:

(1) the local community demonstrates a readiness to establish a community model of care, including the formation of a board of directors, advisory committee, or similar group, of which at least two-thirds is comprised of community citizens interested in community-based care for older persons;

(2) the program has sponsorship by a credible, representative organization within the community;

(3) the program has defined specific geographic boundaries and defined its organization, staffing and coordination/delivery of services;

(4) the program demonstrates a team approach to coordination and care, ensuring that the older adult participants, their families, the formal and informal providers are all part of the effort to plan and provide services; and

(5) the program provides assurances that all community resources and funding will be coordinated and that other funding sources will be maximized, including a person's own resources.

(c) Grant applicants must provide a minimum of five percent of total estimated development costs from local community funding. Grants shall be awarded for four-year periods, and the base amount shall not exceed $80,000 per applicant for the grant period. The organization under contract may increase the grant amount for applicants from communities that have socioeconomic characteristics that indicate a higher level of need for assistance. Subject to the availability of funding, grants and grant renewals awarded or entered into on or after July 1, 1997, shall be renewed by LAH/BN, Inc. every four years, unless LAH/BN, Inc. determines that the grant recipient has not satisfactorily operated the living-at-home/block nurse program in compliance with the requirements of paragraphs (b) and (d). Grants provided to living-at-home/block nurse programs under this paragraph may be used for both program development and the delivery of services.

(d) Each living-at-home/block nurse program shall be designed by representatives of the communities being served to ensure that the program addresses the specific needs of the community residents. The programs must be designed to:

(1) incorporate the basic community, organizational, and service delivery principles of the living-at-home/block nurse program model;

(2) provide senior citizens with registered nurse directed assessment, provision and coordination of health and personal care services on a sliding fee basis as an alternative to expensive nursing home care;

(3) provide information, support services, homemaking services, counseling, and training for the client and family caregivers;

(4) encourage the development and use of respite care, caregiver support, and in-home support programs, such as adult foster care and in-home adult day care;

(5) encourage neighborhood residents and local organizations to collaborate in meeting the needs of senior citizens in their communities;

(6) recruit, train, and direct the use of volunteers to provide informal services and other appropriate support to senior citizens and their caregivers; and

(7) provide coordination and management of formal and informal services to senior citizens and their families using less expensive alternatives.

Sec. 63. Minnesota Statutes 1998, section 256B.0951, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The region 10 quality assurance commission is established. The commission consists of at least ~~13~~ 14 but not more than ~~20~~ 21 members as follows: at least three but not more than five members representing advocacy organizations; at least three but not more than five members representing consumers, families,

and their legal representatives; at least three but not more than five members representing service providers; ~~and~~ at least three but not more than five members representing counties; and the commissioner of human services or the commissioner's designee. Initial membership of the commission shall be recruited and approved by the region 10 stakeholders group. Prior to approving the commission's membership, the stakeholders group shall provide to the commissioner a list of the membership in the stakeholders group, as of February 1, 1997, a brief summary of meetings held by the group since July 1, 1996, and copies of any materials prepared by the group for public distribution. The first commission shall establish membership guidelines for the transition and recruitment of membership for the commission's ongoing existence. Members of the commission who do not receive a salary or wages from an employer for time spent on commission duties may receive a per diem payment when performing commission duties and functions. All members may be reimbursed for expenses related to commission activities. Notwithstanding the provisions of section 15.059, subdivision 5, the commission expires on June 30, 2001.

Sec. 64. Minnesota Statutes 1998, section 256B.0951, subdivision 3, is amended to read:

Subd. 3. [COMMISSION DUTIES.] (a) By October 1, 1997, the commission, in cooperation with the commissioners of human services and health, shall do the following: (1) approve an alternative quality assurance licensing system based on the evaluation of outcomes; (2) approve measurable outcomes in the areas of health and safety, consumer evaluation, education and training, providers, and systems that shall be evaluated during the alternative licensing process; and (3) establish variable licensure periods not to exceed three years based on outcomes achieved. For purposes of this subdivision, "outcome" means the behavior, action, or status of a person that can be observed or measured and can be reliably and validly determined.

(b) By January 15, 1998, the commission shall approve, in cooperation with the commissioner of human services, a training program for members of the quality assurance teams established under section 256B.0952, subdivision 4.

(c) The commission and the commissioner shall establish an ongoing review process for the alternative quality assurance licensing system. The review shall take into account the comprehensive nature of the alternative system, which is designed to evaluate the broad spectrum of licensed and unlicensed entities that provide services to clients, as compared to the current licensing system.

(d) The commission shall contract with an independent entity to conduct a financial review of the alternative quality assurance pilot project. The review shall take into account the comprehensive nature of the alternative system, which is designed to evaluate the broad spectrum of licensed and unlicensed entities that provide services to clients, as compared to the current licensing system. The review shall include an evaluation of possible budgetary savings within the department of human services as a result of implementation of the alternative quality assurance pilot project. If a federal waiver is approved under subdivision 7, the financial review shall also evaluate possible savings within the department of health. This review must be completed by December 15, 2000.

(e) The commission shall submit a report to the legislature by January 15, 2001, on the results of the review process for the alternative quality assurance pilot project, a summary of the results of the independent financial review, and a recommendation on whether the pilot project should be extended beyond June 30, 2001.

Sec. 65. Minnesota Statutes 1998, section 256B.0955, is amended to read:

256B.0955 [DUTIES OF THE COMMISSIONER OF HUMAN SERVICES.]

(a) Effective July 1, 1998, the commissioner of human services shall delegate authority to perform licensing functions and activities, in accordance with section 245A.16, to counties participating in the alternative licensing system. The commissioner shall not license or reimburse a facility, program, or service for persons with developmental disabilities in a county that participates in the alternative licensing system if the commissioner has received from the appropriate county notification that the facility, program, or service has been reviewed by a quality assurance team and has failed to qualify for licensure.

(b) The commissioner may conduct random licensing inspections based on outcomes adopted under section 256B.0951 at facilities, programs, and services governed by the alternative licensing system. The role of such random inspections shall be to verify that the alternative licensing system protects the safety and well-being of consumers and maintains the availability of high-quality services for persons with developmental disabilities.

(c) The commissioner shall provide technical assistance and support or training to the alternative licensing system pilot project.

~~(d) The commissioner and the commission shall establish an ongoing evaluation process for the alternative licensing system.~~

~~(e) The commissioner shall contract with an independent entity to conduct a financial review of the alternative licensing system, including an evaluation of possible budgetary savings within the department of human services and the department of health as a result of implementation of the alternative quality assurance licensing system. This review must be completed by December 15, 2000.~~

~~(f) The commissioner and the commission shall submit a report to the legislature by January 15, 2001, on the results of the evaluation process of the alternative licensing system, a summary of the results of the independent financial review, and a recommendation on whether the pilot project should be extended beyond June 30, 2001.~~

Sec. 66. Minnesota Statutes 1998, section 256B.37, subdivision 2, is amended to read:

Subd. 2. [CIVIL ACTION FOR RECOVERY.] To recover under this section, the attorney general~~, or the appropriate county attorney, acting upon direction from the attorney general,~~ may institute or join a civil action to enforce the subrogation rights of the commissioner established under this section.

Any prepaid health plan providing services under sections 256B.69, 256D.03, subdivision 4, paragraph (d), and 256L.12; children's mental health collaboratives under section 245.493; demonstration projects for persons with disabilities under section 256B.77; nursing homes under the alternative payment demonstration project under section 256B.434; or the county-based purchasing entity providing services under section 256B.692 may retain legal representation to enforce the subrogation rights created under this section or, if no action has been brought, may initiate and prosecute an independent action on their behalf against a person, firm, or corporation that may be liable to the person to whom the care or payment was furnished.

Sec. 67. Minnesota Statutes 1998, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED PRACTICES.] A nursing facility is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances: the nursing facility may (1) charge private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the daily rate paid by the commissioner. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be available to all residents in all areas of the nursing facility and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing facility in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing facility. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they were included in the payment rate for the previous reporting year. A nursing facility that charges a private paying resident a rate in violation of this clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing facility that charges the resident rates in violation of this clause. The damages awarded shall include three times

the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing facility may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

(b) Requiring an applicant for admission to the facility, or the guardian or conservator of the applicant, as a condition of admission, to pay any fee or deposit in excess of $100, loan any money to the nursing facility, or promise to leave all or part of the applicant's estate to the facility.

(c) Requiring any resident of the nursing facility to utilize a vendor of health care services chosen by the nursing facility. A nursing facility may require a resident to use pharmacies that utilize unit dose packing systems approved by the Minnesota board of pharmacy, and may require a resident to use pharmacies that are able to meet the federal regulations for safe and timely administration of medications such as systems with specific number of doses, prompt delivery of medications, or access to medications on a 24-hour basis. Notwithstanding the provisions of this paragraph, nursing facilities shall not restrict a resident's choice of pharmacy because the pharmacy utilizes a specific system of unit dose drug packing.

(d) Providing differential treatment on the basis of status with regard to public assistance.

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance or refusal to purchase special services. Admissions discrimination shall include, but is not limited to:

(1) basing admissions decisions upon assurance by the applicant to the nursing facility, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek public assistance for payment of nursing facility care costs; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately or an applicant's refusal to pay for a special service.

The collection and use by a nursing facility of financial information of any applicant pursuant to a preadmission screening program established by law shall not raise an inference that the nursing facility is utilizing that information for any purpose prohibited by this paragraph.

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing facility except as payment for renting or leasing space or equipment or purchasing support services from the nursing facility as limited by section 256B.433. All agreements must be disclosed to the commissioner upon request of the commissioner. Nursing facilities and vendors of ancillary services that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

The prohibitions set forth in clause (b) shall not apply to a retirement facility with more than 325 beds including at least 150 licensed nursing facility beds and which:

(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and

(2) accounts for all of the applicant's assets which are required to be assigned to the facility so that only expenses for the cost of care of the applicant may be charged against the account; and

(3) agrees in writing at the time of admission to the facility to permit the applicant, or the applicant's guardian, or conservator, to examine the records relating to the applicant's account upon request, and to receive an audited statement of the expenditures charged against the applicant's individual account upon request; and

(4) agrees in writing at the time of admission to the facility to permit the applicant to withdraw from the facility at any time and to receive, upon withdrawal, the balance of the applicant's individual account.

For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing facility or boarding care home which is in violation of this section if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing facility to correct the violation. The nursing facility shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing facility by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation and shall remain in effect until the violation is corrected. The nursing facility or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing facility is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing facility to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing facility.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 68. Minnesota Statutes 1998, section 256B.37, subdivision 2, is amended to read:

Subd. 2. [CIVIL ACTION FOR RECOVERY.] To recover under this section, the attorney general~~, or the appropriate county attorney, acting upon direction from the attorney general,~~ may institute or join a civil action to enforce the subrogation rights of the commissioner established under this section.

Any prepaid health plan providing services under sections 256B.69, 256D.03, subdivision 4, paragraph (d), and 256L.12; children's mental health collaboratives under section 245.493; demonstration projects for persons with disabilities under section 256B.77; nursing homes under the alternative payment demonstration project under section 256B.434; or the county-based purchasing entity providing services under section 256B.692 may retain legal representation to enforce the subrogation rights created under this section or, if no action has been brought, may initiate and prosecute an independent action on their behalf against a person, firm, or corporation that may be liable to the person to whom the care or payment was furnished.

Sec. 69. Minnesota Statutes 1998, section 256B.501, subdivision 8a, is amended to read:

Subd. 8a. [PAYMENT FOR PERSONS WITH SPECIAL NEEDS FOR CRISIS INTERVENTION SERVICES.] ~~State-operated,~~ Community-based crisis services ~~provided in accordance with section 252.50, subdivision 7, to~~ authorized by the commissioner or the commissioner's designee for a resident of an intermediate care facility for persons with mental retardation (ICF/MR) reimbursed under this section shall be paid by medical assistance in accordance with the paragraphs (a) to ~~(h)~~ (g).

(a) "Crisis services" means the specialized services listed in clauses (1) to (3) provided to prevent the recipient from requiring placement in a more restrictive institutional setting such as an inpatient hospital or regional treatment center and to maintain the recipient in the present community setting.

(1) The crisis services provider shall assess the recipient's behavior and environment to identify factors contributing to the crisis.

(2) The crisis services provider shall develop a recipient-specific intervention plan in coordination with the service planning team and provide recommendations for revisions to the individual service plan if necessary to prevent or minimize the likelihood of future crisis situations. The intervention plan shall include a transition plan to aid the recipient in returning to the community-based ICF/MR if the recipient is receiving residential crisis services.

(3) The crisis services provider shall consult with and provide training and ongoing technical assistance to the recipient's service providers to aid in the implementation of the intervention plan and revisions to the individual service plan.

(b) "Residential crisis services" means crisis services that are provided to a recipient admitted to ~~the crisis services foster care setting~~ an alternative, state-licensed site approved by the commissioner, because the ICF/MR receiving reimbursement under this section is not able, as determined by the commissioner, to provide the intervention and protection of the recipient and others living with the recipient that is necessary to prevent the recipient from requiring placement in a more restrictive institutional setting.

(c) Residential crisis services providers must ~~be licensed by~~ maintain a license from the commissioner ~~under section 245A.03 to provide foster care, must exclusively provide~~ for the residence when providing crisis services for short-term crisis intervention, and must not be located in a private residence.

(d) Payment rates ~~are determined annually for each crisis services provider based on cost of care for each provider as defined in section 246.50. Interim payment rates are calculated on a per diem basis by dividing the projected cost of providing care by the projected number of contact days for the fiscal year, as estimated by the commissioner. Final payment rates are calculated by dividing the actual cost of providing care by the actual number of contact days in the applicable fiscal year~~ shall be established consistent with county negotiated crisis intervention services.

(e) ~~Payment shall be made for each contact day. "Contact day" means any day in which the crisis services provider has face-to-face contact with the recipient or any of the recipient's medical assistance service providers for the purpose of providing crisis services as defined in paragraph (c).~~

~~(f)~~ Payment for residential crisis services is limited to 21 days, unless an additional period is authorized by the commissioner or part of an approved regional plan. ~~The additional period may not exceed 21 days.~~

~~(g)~~ (f) Payment for crisis services shall be made only for services provided while the ICF/MR receiving reimbursement under this section:

(1) has a shared services agreement with the crisis services provider in effect ~~in accordance with~~ under section 246.57; and

(2) ~~has reassigned payment for the provision of the crisis services under this subdivision to the commissioner in accordance with Code of Federal Regulations, title 42, section 447.10(e); and~~

~~(3)~~ has executed a cooperative agreement with the crisis services provider to implement the intervention plan and revisions to the individual service plan as necessary to prevent or minimize the likelihood of future crisis situations, to maintain the recipient in the present community setting, and to prevent the recipient from requiring a more restrictive institutional setting.

~~(h)~~ (g) Payment to the ICF/MR receiving reimbursement under this section shall be made for up to 18 therapeutic leave days during which the recipient is receiving residential crisis services, if the ICF/MR is otherwise eligible to receive payment for a therapeutic leave day under Minnesota Rules, part 9505.0415. Payment under this paragraph shall be terminated if the commissioner determines that the ICF/MR is not meeting the terms of the ~~cooperative~~ shared service agreement under paragraph ~~(g)~~ (f) or that the recipient will not return to the ICF/MR.

Sec. 70. Minnesota Statutes 1998, section 256B.69, subdivision 3a, is amended to read:

Subd. 3a. [COUNTY AUTHORITY.] (a) The commissioner, when implementing the general assistance medical care, or medical assistance prepayment program within a county, must include the county board in the process of development, approval, and issuance of the request for proposals to provide services to eligible individuals within the proposed county. County boards must be given reasonable opportunity to make recommendations regarding the development, issuance, review of responses, and changes needed in the request for proposals. The commissioner must provide county boards the opportunity to review each proposal based on the identification of community needs under chapters 145A and 256E and county advocacy activities. If a county board finds that a proposal does not address certain community needs, the county board and commissioner shall continue efforts for improving the proposal and network prior to the approval of the contract. The county board shall make recommendations regarding the approval of local networks and their operations to ensure adequate availability and access to covered services. The provider or health plan must respond directly to county advocates and the state prepaid medical assistance ombudsperson regarding service delivery and must be accountable to the state regarding contracts with medical assistance and general assistance medical care funds. The county board may recommend a maximum number of participating health plans after considering the size of the enrolling population; ensuring adequate access and capacity; considering the client and county administrative complexity; and considering the need to promote the viability of locally developed health plans. The county board or a single entity representing a group of county boards and the commissioner shall mutually select health plans for participation at the time of initial implementation of the prepaid medical assistance program in that county or group of counties and at the time of contract renewal. The commissioner shall also seek input for contract requirements from the county or single entity representing a group of county boards at each contract renewal and incorporate those recommendations into the contract negotiation process. The commissioner, in conjunction with the county board, shall actively seek to develop a mutually agreeable timetable prior to the development of the request for proposal, but counties must agree to initial enrollment beginning on or before January 1, 1999, in either the prepaid medical assistance and general assistance medical care programs or county-based purchasing under section 256B.692. At least 90 days before enrollment in the medical assistance and general assistance medical care prepaid programs begins in a county in which the prepaid programs have not been established, the commissioner shall provide a report to the chairs of senate and house committees having jurisdiction over state health care programs which verifies that the commissioner complied with the requirements for county involvement that are specified in this subdivision.

(b) The commissioner shall seek a federal waiver to allow a fee-for-service plan option to MinnesotaCare enrollees. The commissioner shall develop an increase of the premium fees required under section 256L.06 up to 20 percent of the premium fees for the enrollees who elect the fee-for-service option. Prior to implementation, the commissioner shall submit this fee schedule to the chair and ranking minority member of the senate health care committee, the senate health care and family services funding division, the house of representatives health and human services committee, and the house of representatives health and human services finance division.

(c) At the option of the county board, the board may develop contract requirements related to the achievement of local public health goals to meet the health needs of medical assistance and general assistance medical care enrollees. These requirements must be reasonably related to the performance of health plan functions and within the scope of the medical assistance and general assistance medical care benefit sets. If the county board and the commissioner mutually agree to such requirements, the department shall include such requirements in all health plan contracts governing the prepaid medical assistance and general assistance medical care programs in that county at initial implementation of the program in that county and at the time of contract renewal. The county board may participate in the enforcement of the contract provisions related to local public health goals.

(d) For counties in which prepaid medical assistance and general assistance medical care programs have not been established, the commissioner shall not implement those programs if a county board submits acceptable and timely preliminary and final proposals under section 256B.692, until county-based purchasing is no longer operational in that county. For counties in which prepaid medical assistance and general assistance medical care programs are in existence on or after September 1, 1997, the commissioner must terminate contracts with health plans according to section 256B.692, subdivision 5, if the county board submits and the commissioner accepts preliminary and final proposals according to that subdivision. The commissioner is not required to terminate contracts that begin on or after September 1, 1997, according to section 256B.692 until two years have elapsed from the date of initial enrollment.

(e) In the event that a county board or a single entity representing a group of county boards and the commissioner cannot reach agreement regarding: (i) the selection of participating health plans in that county; (ii) contract requirements; or (iii) implementation and enforcement of county requirements including provisions regarding local public health goals, the commissioner shall resolve all disputes after taking into account the recommendations of a three-person mediation panel. The panel shall be composed of one designee of the president of the association of Minnesota counties, one designee of the commissioner of human services, and one designee of the commissioner of health.

(f) If a county which elects to implement county-based purchasing ceases to implement county-based purchasing, it is prohibited from assuming the responsibility of county-based purchasing for a period of five years from the date it discontinues purchasing.

(g) Notwithstanding the requirement in this subdivision that a county must agree to initial enrollment on or before January 1, 1999, the commissioner shall grant a delay ~~of up to nine months~~ in the implementation of the county-based purchasing authorized in section 256B.692 until federal waiver authority and approval has been granted, if the county or group of counties has submitted a preliminary proposal for county-based purchasing by September 1, 1997, has not already implemented the prepaid medical assistance program before January 1, 1998, and has submitted a written request for the delay to the commissioner by July 1, 1998. In order for the delay to be continued, the county or group of counties must also submit to the commissioner the following information by December 1, 1998. The information must:

(1) identify the proposed date of implementation, ~~not later than October 1, 1999~~ as determined under section 256B.692, subdivision 5;

(2) include copies of the county board resolutions which demonstrate the continued commitment to the implementation of county-based purchasing by the proposed date. County board authorization may remain contingent on the submission of a final proposal which meets the requirements of section 256B.692, subdivision 5, paragraph (b);

(3) demonstrate actions taken for the establishment of a governance structure between the participating counties and describe how the fiduciary responsibilities of county-based purchasing will be allocated between the counties, if more than one county is involved in the proposal;

(4) describe how the risk of a deficit will be managed in the event expenditures are greater than total capitation payments. This description must identify how any of the following strategies will be used:

(i) risk contracts with licensed health plans;

(ii) risk arrangements with providers who are not licensed health plans;

(iii) risk arrangements with other licensed insurance entities; and

(iv) funding from other county resources;

(5) include, if county-based purchasing will not contract with licensed health plans or provider networks, letters of interest from local providers in at least the categories of hospital, physician, mental health, and pharmacy which express interest in contracting for services. These letters must recognize any risk transfer identified in clause (4), item (ii); and

(6) describe the options being considered to obtain the administrative services required in section 256B.692, subdivision 3, clauses (3) and (5).

(h) For counties which receive a delay under this subdivision, the final proposals required under section 256B.692, subdivision 5, paragraph (b), must be submitted at least six months prior to the requested implementation date. Authority to implement county-based purchasing remains contingent on approval of the final proposal as required under section 256B.692.

(i) If the commissioner is unable to provide county-specific, individual-level fee-for-service claims to counties by June 4, 1998, the commissioner shall grant a delay under paragraph (g) of up to 12 months in the implementation of county-based purchasing, and shall require implementation not later than January 1, 2000. In order to receive an extension of the proposed date of implementation under this paragraph, a county or group of counties must submit a written request for the extension to the commissioner by August 1, 1998, must submit the information required under paragraph (g) by December 1, 1998, and must submit a final proposal as provided under paragraph (h).

(j) Notwithstanding other requirements of this subdivision, the commissioner shall not require the implementation of the county-based purchasing authorized in section 256B.692 until six months after federal waiver approval has been obtained for county-based purchasing, if the county or counties have submitted the final plan as required in section 256B.692, subdivision 5. The commissioner shall allow the county or counties which submitted information under section 256B.692, subdivision 5, to submit supplemental or additional information which was not possible to submit by April 1, 1999. A county or counties shall continue to submit the required information and substantive detail necessary to obtain a prompt response and waiver approval. If amendments to the final plan are necessary due to the terms and conditions of the waiver approval, the commissioner shall allow the county or group of counties 60 days to make the necessary amendments to the final plan and shall not require implementation of the county-based purchasing until six months after the revised final plan has been submitted.

Sec. 71. Minnesota Statutes 1998, section 256B.69, is amended by adding a subdivision to read:

Subd. 3b. [PROVISION OF DATA TO COUNTY BOARDS.] The commissioner, in consultation with representatives of county boards of commissioners shall identify program information and data necessary on an ongoing basis for county boards to: (1) make recommendations to the commissioner related to state purchasing under the prepaid medical assistance program; and (2) effectively administer county-based purchasing. This information and data must include, but is not limited to, county-specific, individual-level fee-for-service and prepaid health plan claims information.

Sec. 72. Minnesota Statutes 1998, section 256B.69, is amended by adding a subdivision to read:

Subd. 4b. [INDIVIDUAL EDUCATION PLAN AND INDIVIDUALIZED FAMILY SERVICE PLAN SERVICES.] The commissioner shall amend the federal waiver allowing the state to separate out individual education plan and individualized family service plan services for children enrolled in the prepaid medical assistance program and the MinnesotaCare program. Effective July 1, 1999, or upon federal approval, medical assistance coverage of eligible individual education plan and individualized family service plan services shall not be included in the capitated services for children enrolled in health plans through the prepaid medical assistance program and the MinnesotaCare program. Upon federal approval, local school districts shall bill the commissioner for these services, and claims shall be paid on a fee-for-service basis.

Sec. 73. Minnesota Statutes 1998, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. [MANAGED CARE CONTRACTS.] Managed care contracts under this section, sections 256.9363, and 256D.03, shall be entered into or renewed on a calendar year basis beginning January 1, 1996. Managed care contracts which were in effect on June 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995 through December 31, 1995 at the same terms that were in effect on June 30, 1995.

A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B, 256D, and 256L, is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B, 256D, and 256L, established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

Sec. 74. Minnesota Statutes 1998, section 256B.69, subdivision 5b, is amended to read:

Subd. 5b. [PROSPECTIVE REIMBURSEMENT RATES.] (a) For prepaid medical assistance and general assistance medical care program contract rates set by the commissioner under subdivision 5 and effective on or after January 1, 1998, capitation rates for nonmetropolitan counties shall on a weighted average be no less than 88 percent

of the capitation rates for metropolitan counties, excluding Hennepin county. The commissioner shall make a pro rata adjustment in capitation rates paid to counties other than nonmetropolitan counties in order to make this provision budget neutral.

(b) For prepaid medical assistance program contract rates set by the commissioner under subdivision 5 and effective on or after January 1, 2001, capitation rates for nonmetropolitan counties shall, on a weighted average, be no less than 89 percent of the capitation rates for metropolitan counties, excluding Hennepin county.

Sec. 75. Minnesota Statutes 1998, section 256B.69, is amended by adding a subdivision to read:

Subd. 5e. [MEDICAL EDUCATION AND RESEARCH PAYMENTS.] For the calendar years 1999, 2000, and 2001, a hospital that participates in funding the federal share of the medical education and research trust fund payment under Laws 1998, chapter 407, article 1, section 3, shall not be held liable for any amounts attributable to this payment above the charge limit of section 256.969, subdivision 3a. The commissioner of human services shall assume liability for any corresponding federal share of the payments above the charge limit.

Sec. 76. Minnesota Statutes 1998, section 256B.692, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF THE COMMISSIONER OF HEALTH.] (a) Notwithstanding chapters 62D and 62N, a county that elects to purchase medical assistance and general assistance medical care in return for a fixed sum without regard to the frequency or extent of services furnished to any particular enrollee is not required to obtain a certificate of authority under chapter 62D or 62N. The county board of commissioners is the governing body of a county-based purchasing program. In a multicounty arrangement, the governing body is a joint powers board established under section 471.59.

(b) A county that elects to purchase medical assistance and general assistance medical care services under this section must satisfy the commissioner of health that the requirements for assurance of consumer protection, provider protection, and fiscal solvency of chapter 62D, applicable to health maintenance organizations, or chapter 62N, applicable to community integrated service networks, will be met.

(c) A county must also assure the commissioner of health that the requirements of sections 62J.041; 62J.48; 62J.71 to 62J.73; 62M.01 to 62M.16; all applicable provisions of chapter 62Q, including sections 62Q.07; 62Q.075; 62Q.105; 62Q.1055; 62Q.106; 62Q.11; 62Q.12; 62Q.135; 62Q.14; 62Q.145; 62Q.19; 62Q.23, paragraph (c); 62Q.30; 62Q.43; 62Q.47; 62Q.50; 62Q.52 to 62Q.56; 62Q.58; 62Q.64; and 72A.201 will be met.

(d) All enforcement and rulemaking powers available under chapters 62D, 62J, 62M, 62N, and 62Q are hereby granted to the commissioner of health with respect to counties that purchase medical assistance and general assistance medical care services under this section.

(e) The commissioner, in consultation with county government, shall develop administrative and financial reporting requirements for county-based purchasing programs relating to sections 62D.041, 62D.042, 62D.045, 62D.08, 62N.28, 62N.29, and 62N.31, and other sections as necessary, that are specific to county administrative, accounting, and reporting systems and consistent with other statutory requirements of counties.

Sec. 77. Minnesota Statutes 1998, section 256B.75, is amended to read:

256B.75 [HOSPITAL OUTPATIENT REIMBURSEMENT.]

(a) For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Effective for services rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and emergency room facility fees shall be increased by eight percent over the rates in effect on December 31, 1999, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal

maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

(b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause (11), shall be paid on a cost-based payment system that is based on the cost-finding methods and allowable costs of the Medicare program.

Sec. 78. Minnesota Statutes 1998, section 256B.76, is amended to read:

256B.76 [PHYSICIAN AND DENTAL REIMBURSEMENT.]

(a) ~~The physician reimbursement increase provided in section 256B.74, subdivision 2, shall not be implemented.~~ Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Health Care Finance Administration's common procedural coding system (HCPCS) codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," Caesarean delivery and pharmacologic management provided to psychiatric patients, and HCPCS level three codes for enhanced services for prenatal high risk, shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992. If the rate on any procedure code within these categories is different than the rate that would have been paid under the methodology in section 256B.74, subdivision 2, then the larger rate shall be paid;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992; ~~and~~

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases except that payment rates for home health agency services shall be the rates in effect on September 30, 1992~~.~~;

(4) effective for services rendered on or after January 1, 2000, payment rates for physician and professional services shall be increased by three percent over the rates in effect on December 31, 1999, except for home health agency and family planning agency services; and

(5) the increases in clause (4) shall be implemented January 1, 2000, for managed care.

(b) ~~The dental reimbursement increase provided in section 256B.74, subdivision 5, shall not be implemented.~~ Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992; ~~and~~

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases~~.~~;

(3) effective for services rendered on or after January 1, 2000, payment rates for dental services shall be increased by three percent over the rates in effect on December 31, 1999;

(4) the commissioner shall award grants to community clinics or other nonprofit community organizations, political subdivisions, professional associations, or other organizations that demonstrate the ability to provide dental services effectively to public program recipients. Grants may be used to fund the costs related to coordinating access for recipients, developing and implementing patient care criteria, upgrading or establishing new facilities, acquiring furnishings or equipment, recruiting new providers, or other development costs that will improve access to dental care in a region. In awarding grants, the commissioner shall give priority to applicants that plan to serve areas of the state in which the number of dental providers is not currently sufficient to meet the needs of recipients of public programs or uninsured individuals. The commissioner shall consider the following in awarding the grants: (i) potential to successfully increase access to an underserved population; (ii) the ability to raise matching funds; (iii) the long-term viability of the project to improve access beyond the period of initial funding; (iv) the efficiency in the use of the funding; and (v) the experience of the proposers in providing services to the target population.

The commissioner shall monitor the grants and may terminate a grant if the grantee does not increase dental access for public program recipients. The commissioner shall consider grants for the following:

(i) implementation of new programs or continued expansion of current access programs that have demonstrated success in providing dental services in underserved areas;

(ii) a pilot program for utilizing hygienists outside of a traditional dental office to provide dental hygiene services; and

(iii) a program that organizes a network of volunteer dentists, establishes a system to refer eligible individuals to volunteer dentists, and through that network provides donated dental care services to public program recipients or uninsured individuals.

(5) beginning October 1, 1999, the payment for tooth sealants and fluoride treatments shall be the lower of (i) submitted charge, or (ii) 80 percent of median 1997 charges; and

(6) the increases listed in clauses (3) and (5) shall be implemented January 1, 2000, for managed care.

(c) An entity that operates both a Medicare certified comprehensive outpatient rehabilitation facility and a facility which was certified prior to January 1, 1993, that is licensed under Minnesota Rules, parts 9570.2000 to 9570.3600, and for whom at least 33 percent of the clients receiving rehabilitation services in the most recent calendar year are medical assistance recipients, shall be reimbursed by the commissioner for rehabilitation services at rates that are 38 percent greater than the maximum reimbursement rate allowed under paragraph (a), clause (2), when those services are (1) provided within the comprehensive outpatient rehabilitation facility and (2) provided to residents of nursing facilities owned by the entity.

Sec. 79. [256B.765] [PROVIDER RATE INCREASES.]

(a) Effective July 1, 2001, within the limits of appropriations specifically for this purpose, the commissioner shall provide an annual inflation adjustment for the providers listed in paragraph (c). The index for the inflation adjustment must be based on the change in the Employment Cost Index for Private Industry Workers - Total Compensation forecasted by Data Resources, Inc., as forecasted in the fourth quarter of the calendar year preceding the fiscal year. The commissioner shall increase reimbursement or allocation rates by the percentage of this adjustment, and county boards shall adjust provider contracts as needed.

(b) The commissioner of finance shall include an annual inflationary adjustment in reimbursement rates for the providers listed in paragraph (c) using the inflation factor specified in paragraph (a) as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11.

(c) The annual adjustment under paragraph (a) shall be provided for home and community-based waiver services for persons with mental retardation or related conditions under section 256B.501; home and community-based waiver services for the elderly under section 256B.0915; waivered services under community alternatives for disabled

individuals under section 256B.49; community alternative care waivered services under section 256B.49; traumatic brain injury waivered services under section 256B.49; nursing services and home health services under section 256B.0625, subdivision 6a; personal care services and nursing supervision of personal care services under section 256B.0625, subdivision 19a; private duty nursing services under section 256B.0625, subdivision 7; day training and habilitation services for adults with mental retardation or related conditions under sections 252.40 to 252.46; physical therapy services under sections 256B.0625, subdivision 8, and 256D.03, subdivision 4; occupational therapy services under sections 256B.0625, subdivision 8a, and 256D.03, subdivision 4; speech-language therapy services under section 256D.03, subdivision 4, and Minnesota Rules, part 9505.0390; respiratory therapy services under section 256D.03, subdivision 4, and Minnesota Rules, part 9505.0295; alternative care services under section 256B.0913; adult residential program grants under Minnesota Rules, parts 9535.2000 to 9535.3000; adult and family community support grants under Minnesota Rules, parts 9535.1700 to 9535.1760; semi-independent living services under section 252.275 including SILS funding under county social services grants formerly funded under chapter 256I; and community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication.

Sec. 80. Minnesota Statutes 1998, section 256B.77, subdivision 7a, is amended to read:

Subd. 7a. [ELIGIBLE INDIVIDUALS.] (a) Persons are eligible for the demonstration project as provided in this subdivision.

(b) "Eligible individuals" means those persons living in the demonstration site who are eligible for medical assistance and are disabled based on a disability determination under section 256B.055, subdivisions 7 and 12, or who are eligible for medical assistance and have been diagnosed as having:

(1) serious and persistent mental illness as defined in section 245.462, subdivision 20;

(2) severe emotional disturbance as defined in section ~~245.487~~ 245.4871, subdivision 6; or

(3) mental retardation, or being a mentally retarded person as defined in section 252A.02, or a related condition as defined in section 252.27, subdivision 1a.

Other individuals may be included at the option of the county authority based on agreement with the commissioner.

(c) ~~Eligible individuals residing on a federally recognized Indian reservation may be excluded from participation in the demonstration project at the discretion of the tribal government based on agreement with the commissioner, in consultation with the county authority.~~

~~(d)~~ Eligible individuals include individuals in excluded time status, as defined in chapter 256G. Enrollees in excluded time at the time of enrollment shall remain in excluded time status as long as they live in the demonstration site and shall be eligible for 90 days after placement outside the demonstration site if they move to excluded time status in a county within Minnesota other than their county of financial responsibility.

~~(e)~~ (d) A person who is a sexual psychopathic personality as defined in section 253B.02, subdivision 18a, or a sexually dangerous person as defined in section 253B.02, subdivision 18b, is excluded from enrollment in the demonstration project.

Sec. 81. Minnesota Statutes 1998, section 256B.77, is amended by adding a subdivision to read:

Subd. 7b. [AMERICAN INDIAN RECIPIENTS.] (a) Beginning on or after July 1, 1999, for American Indian recipients of medical assistance who are required to enroll with a county administrative entity or service delivery organization under subdivision 7, medical assistance shall cover health care services provided at American Indian health services facilities and facilities operated by a tribe or tribal organization under funding authorized by United States Code, title 25, sections 450f to 450n, or title III of the Indian Self-Determination and Education Assistance Act, Public Law Number 93-638, if those services would otherwise be covered under section 256B.0625. Payments

for services provided under this subdivision shall be made on a fee-for-service basis, and may, at the option of the tribe or tribal organization, be made according to rates authorized under sections 256.969, subdivision 16, and 256B.0625, subdivision 34. Implementation of this purchasing model is contingent on federal approval.

(b) The commissioner of human services, in consultation with tribal governments, shall develop a plan for tribes to assist in the enrollment process for American Indian recipients enrolled in the demonstration project for people with disabilities under this section. This plan also shall address how tribes will be included in ensuring the coordination of care for American Indian recipients between Indian health service or tribal providers and other providers.

(c) For purposes of this subdivision, "American Indian" has the meaning given to persons to whom services will be provided for in Code of Federal Regulations, title 42, section 36.12.

Sec. 82. Minnesota Statutes 1998, section 256B.77, subdivision 8, is amended to read:

Subd. 8. [RESPONSIBILITIES OF THE COUNTY ADMINISTRATIVE ENTITY.] (a) The county administrative entity shall meet the requirements of this subdivision, unless the county authority or the commissioner, with written approval of the county authority, enters into a service delivery contract with a service delivery organization for any or all of the requirements contained in this subdivision.

(b) The county administrative entity shall enroll eligible individuals regardless of health or disability status.

(c) The county administrative entity shall provide all enrollees timely access to the medical assistance benefit set. Alternative services and additional services are available to enrollees at the option of the county administrative entity and may be provided if specified in the personal support plan. County authorities are not required to seek prior authorization from the department as required by the laws and rules governing medical assistance.

(d) The county administrative entity shall cover necessary services as a result of an emergency without prior authorization, even if the services were rendered outside of the provider network.

(e) The county administrative entity shall authorize necessary and appropriate services when needed and requested by the enrollee or the enrollee's legal representative in response to an urgent situation. Enrollees shall have 24-hour access to urgent care services coordinated by experienced disability providers who have information about enrollees' needs and conditions.

(f) The county administrative entity shall accept the capitation payment from the commissioner in return for the provision of services for enrollees.

(g) The county administrative entity shall maintain internal grievance and complaint procedures, including an expedited informal complaint process in which the county administrative entity must respond to verbal complaints within ten calendar days, and a formal grievance process, in which the county administrative entity must respond to written complaints within 30 calendar days.

(h) The county administrative entity shall provide a certificate of coverage, upon enrollment, to each enrollee and the enrollee's legal representative, if any, which describes the benefits covered by the county administrative entity, any limitations on those benefits, and information about providers and the service delivery network. This information must also be made available to prospective enrollees. This certificate must be approved by the commissioner.

(i) The county administrative entity shall present evidence of an expedited process to approve exceptions to benefits, provider network restrictions, and other plan limitations under appropriate circumstances.

(j) The county administrative entity shall provide enrollees or their legal representatives with written notice of their appeal rights under subdivision 16, and of ombudsman and advocacy programs under subdivisions 13 and 14, at the following times: upon enrollment, upon submission of a written complaint, when a service is reduced, denied, or terminated, or when renewal of authorization for ongoing service is refused.

(k) The county administrative entity shall determine immediate needs, including services, support, and assessments, within 30 calendar days ~~of~~ after enrollment, or within a shorter time frame if specified in the intergovernmental contract.

(l) The county administrative entity shall assess the need for services of new enrollees within 60 calendar days ~~of~~ after enrollment, or within a shorter time frame if specified in the intergovernmental contract, and periodically reassess the need for services for all enrollees.

(m) The county administrative entity shall ensure the development of a personal support plan for each person within 60 calendar days of enrollment, or within a shorter time frame if specified in the intergovernmental contract, unless otherwise agreed to by the enrollee and the enrollee's legal representative, if any. Until a personal support plan is developed and agreed to by the enrollee, enrollees must have access to the same amount, type, setting, duration, and frequency of covered services that they had at the time of enrollment unless other covered services are needed. For an enrollee who is not receiving covered services at the time of enrollment and for enrollees whose personal support plan is being revised, access to the medical assistance benefit set must be assured until a personal support plan is developed or revised. If an enrollee chooses not to develop a personal support plan, the enrollee will be subject to the network and prior authorization requirements of the county administrative entity or service delivery organization 60 days after enrollment. An enrollee can choose to have a personal support plan developed at any time. The personal support plan must be based on choices, preferences, and assessed needs and strengths of the enrollee. The service coordinator shall develop the personal support plan, in consultation with the enrollee or the enrollee's legal representative and other individuals requested by the enrollee. The personal support plan must be updated as needed or as requested by the enrollee. Enrollees may choose not to have a personal support plan.

(n) The county administrative entity shall ensure timely authorization, arrangement, and continuity of needed and covered supports and services.

(o) The county administrative entity shall offer service coordination that fulfills the responsibilities under subdivision 12 and is appropriate to the enrollee's needs, choices, and preferences, including a choice of service coordinator.

(p) The county administrative entity shall contract with schools and other agencies as appropriate to provide otherwise covered medically necessary medical assistance services as described in an enrollee's individual family support plan, as described in sections 125A.26 to 125A.48, or individual education plan, as described in chapter 125A.

(q) The county administrative entity shall develop and implement strategies, based on consultation with affected groups, to respect diversity and ensure culturally competent service delivery in a manner that promotes the physical, social, psychological, and spiritual well-being of enrollees and preserves the dignity of individuals, families, and their communities.

(r) When an enrollee changes county authorities, county administrative entities shall ensure coordination with the entity that is assuming responsibility for administering the medical assistance benefit set to ensure continuity of supports and services for the enrollee.

(s) The county administrative entity shall comply with additional requirements as specified in the intergovernmental contract.

(t) To the extent that alternatives are approved under subdivision 17, county administrative entities must provide for the health and safety of enrollees and protect the rights to privacy and to provide informed consent.

Sec. 83. Minnesota Statutes 1998, section 256B.77, subdivision 10, is amended to read:

Subd. 10. [CAPITATION PAYMENT.] (a) The commissioner shall pay a capitation payment to the county authority and, when applicable under subdivision 6, paragraph (a), to the service delivery organization for each medical assistance eligible enrollee. The commissioner shall develop capitation payment rates for the initial contract

period for each demonstration site in consultation with an independent actuary, to ensure that the cost of services under the demonstration project does not exceed the estimated cost for medical assistance services for the covered population under the fee-for-service system for the demonstration period. For each year of the demonstration project, the capitation payment rate shall be based on 96 percent of the projected per person costs that would otherwise have been paid under medical assistance fee-for-service during each of those years. Rates shall be adjusted within the limits of the available risk adjustment technology, as mandated by section 62Q.03. In addition, the commissioner shall implement appropriate risk and savings sharing provisions with county administrative entities and, when applicable under subdivision 6, paragraph (a), service delivery organizations within the projected budget limits. Capitation rates shall be adjusted, at least annually, to include any rate increases and payments for expanded or newly covered services for eligible individuals. The initial demonstration project rate shall include an amount in addition to the fee-for-service payments to adjust for underutilization of dental services. Any savings beyond those allowed for the county authority, county administrative entity, or service delivery organization shall be first used to meet the unmet needs of eligible individuals. Payments to providers participating in the project are exempt from the requirements of sections 256.966 and 256B.03, subdivision 2.

(b) The commissioner shall monitor and evaluate annually the effect of the discount on consumers, the county authority, and providers of disability services. Findings shall be reported and recommendations made, as appropriate, to ensure that the discount effect does not adversely affect the ability of the county administrative entity or providers of services to provide appropriate services to eligible individuals, and does not result in cost shifting of eligible individuals to the county authority.

(c) For risk-sharing to occur under this subdivision, the aggregate fee-for-service cost of covered services provided by the county administrative entity under this section must exceed the aggregate sum of capitation payments made to the county administrative entity under this section. The county authority is required to maintain its current level of nonmedical assistance spending on enrollees. If the county authority spends less in nonmedical assistance dollars on enrollees than it spent the year prior to the contract year, the amount of underspending shall be deducted from the aggregate fee-for-service cost of covered services. The commissioner shall then compare the fee-for-service costs and capitation payments related to the services provided for the term of this contract. The commissioner shall base its calculation of the fee-for-service costs on application of the medical assistance fee schedule to services identified on the county administrative entity's encounter claims submitted to the commissioner. The aggregate fee-for-service cost shall not include any third-party recoveries or cost-avoided amounts.

If the commissioner finds that the aggregate fee-for-service cost is greater than the sum of the capitation payments, the commissioner shall settle according to the following schedule:

(1) For the first contract year for each project, the commissioner shall pay the county administrative entity 50 percent of the difference between the sum of the capitation payments and 100 percent of projected fee-for-service costs. For aggregate fee-for-service costs in excess of 100 percent of projected fee-for-service costs, the commissioner shall pay 250 percent of the difference between the aggregate fee-for-service cost and the projected fee-for-service cost, up to 104 percent of the projected fee-for-service costs. The county administrative entity shall be responsible for all costs in excess of 104 percent of projected fee-for-service costs.

(2) For the second contract year for each project, the commissioner shall pay the county administrative entity 37.5 percent of the difference between the sum of the capitation payments and 100 percent of projected fee-for-service costs. The county administrative entity shall be responsible for all costs in excess of 100 percent of projected fee-for-service costs.

(3) For the third contract year for each project, the commissioner shall pay the county administrative entity 25 percent of the difference between the sum of the capitation payments and 100 percent of projected fee-for-service costs. The county administrative entity shall be responsible for all costs in excess of 100 percent of projected fee-for-service costs.

(4) For the fourth and subsequent contract years for each project, the county administrative entity shall be responsible for all costs in excess of the capitation payments.

(d) In addition to other payments under this subdivision, the commissioner may increase payments by up to 0.25 percent of the projected per person costs that would otherwise have been paid under medical assistance fee-for-service. The commissioner may make the increased payments to:

(1) offset rate increases for regional treatment services under subdivision 22 which are higher than was expected by the commissioner when the capitation was set at 96 percent; and

(2) implement incentives to encourage appropriate, high quality, efficient services.

Sec. 84. Minnesota Statutes 1998, section 256B.77, subdivision 14, is amended to read:

Subd. 14. [EXTERNAL ADVOCACY.] In addition to ombudsman services, enrollees shall have access to advocacy services on a local or regional basis. The purpose of external advocacy includes providing individual advocacy services for enrollees who have complaints or grievances with the county administrative entity, service delivery organization, or a service provider; assisting enrollees to understand the service delivery system and select providers and, if applicable, a service delivery organization; and understand and exercise their rights as an enrollee. External advocacy contractors must demonstrate that they have the expertise to advocate on behalf ~~of all categories~~ of eligible individuals and are independent of the commissioner, county authority, county administrative entity, service delivery organization, or any service provider within the demonstration project.

These advocacy services shall be provided through the ombudsman for mental health and mental retardation directly, or under contract with private, nonprofit organizations, with funding provided through the demonstration project. The funding shall be provided annually to the ombudsman's office ~~based on 0.1 percent of the projected per person costs that would otherwise have been paid under medical assistance fee-for-service during those years~~. Funding for external advocacy shall be provided ~~for each year of the demonstration period~~ through general fund appropriations. This funding is in addition to the capitation payment available under subdivision 10.

Sec. 85. Minnesota Statutes 1998, section 256B.77, is amended by adding a subdivision to read:

Subd. 27. [SERVICE COORDINATION TRANSITION.] Demonstration sites designated under subdivision 5, with the permission of an eligible individual, may implement the provisions of subdivision 12 beginning 60 calendar days prior to an individual's enrollment. This implementation may occur prior to the enrollment of eligible individuals, but is restricted to eligible individuals.

Sec. 86. Minnesota Statutes 1998, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spenddown of excess income according to section 256B.056, subdivision 5, or MinnesotaCare as defined in paragraph (b), except as provided in paragraph (c); and:

(1) who is receiving assistance under section 256D.05, except for families with children who are eligible under Minnesota family investment program-statewide (MFIP-S), who is having a payment made on the person's behalf under sections 256I.01 to 256I.06, or who resides in group residential housing as defined in chapter 256I and can meet a spenddown using the cost of remedial services received through group residential housing; or

(2)(i) who is a resident of Minnesota; and whose equity in assets is not in excess of $1,000 per assistance unit. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down according to section 256B.056, subdivision 5, using a six-month budget period. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall follow section 256B.056, subdivision 1a. However, if a disregard of $30 and one-third of the remainder has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or MFIP-S for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first $50 of earned income is not allowed;

(3) who would be eligible for medical assistance except that the person resides in a facility that is determined by the commissioner or the federal Health Care Financing Administration to be an institution for mental diseases; or

(4) who is ineligible for medical assistance under chapter 256B or general assistance medical care under any other provision of this section, and is receiving care and rehabilitation services from a nonprofit center established to serve victims of torture. These individuals are eligible for general assistance medical care only for the period during which they are receiving services from the center. During this period of eligibility, individuals eligible under this clause shall not be required to participate in prepaid general assistance medical care.

(b) Beginning January 1, 2000, applicants or recipients who meet all eligibility requirements of MinnesotaCare as defined in sections 256L.01 to 256L.16, and are:

(i) adults with dependent children under 21 whose gross family income is equal to or less than 275 percent of the federal poverty guidelines; or

(ii) adults without children with earned income and whose family gross income is between 75 percent of the federal poverty guidelines and the amount set by section 256L.04, subdivision 7, shall be terminated from general assistance medical care upon enrollment in MinnesotaCare.

(c) For services rendered on or after July 1, 1997, eligibility is limited to one month prior to application if the person is determined eligible in the prior month. A redetermination of eligibility must occur every 12 months. Beginning January 1, 2000, Minnesota health care program applications completed by recipients and applicants who are persons described in paragraph (b), may be returned to the county agency to be forwarded to the department of human services or sent directly to the department of human services for enrollment in MinnesotaCare. If all other eligibility requirements of this subdivision are met, eligibility for general assistance medical care shall be available in any month during which a MinnesotaCare eligibility determination and enrollment are pending. Upon notification of eligibility for MinnesotaCare, notice of termination for eligibility for general assistance medical care shall be sent to an applicant or recipient. If all other eligibility requirements of this subdivision are met, eligibility for general assistance medical care shall be available until enrollment in MinnesotaCare subject to the provisions of paragraph (e).

(d) The date of an initial Minnesota health care program application necessary to begin a determination of eligibility shall be the date the applicant has provided a name, address, and social security number, signed and dated, to the county agency or the department of human services. If the applicant is unable to provide an initial application when health care is delivered due to a medical condition or disability, a health care provider may act on the person's behalf to complete the initial application. The applicant must complete the remainder of the application and provide necessary verification before eligibility can be determined. The county agency must assist the applicant in obtaining verification if necessary. On the basis of information provided on the completed application, an applicant who meets the following criteria shall be determined eligible beginning in the month of application:

(1) has gross income less than 90 percent of the applicable income standard;

(2) has liquid assets that total within $300 of the asset standard;

(3) does not reside in a long-term care facility; and

(4) meets all other eligibility requirements.

The applicant must provide all required verifications within 30 days' notice of the eligibility determination or eligibility shall be terminated.

(e) County agencies are authorized to use all automated databases containing information regarding recipients' or applicants' income in order to determine eligibility for general assistance medical care or MinnesotaCare. Such use shall be considered sufficient in order to determine eligibility and premium payments by the county agency.

(f) General assistance medical care is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(g) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance. General assistance medical care is limited to payment of emergency services only for applicants or recipients as described in paragraph (b), whose MinnesotaCare coverage is denied or terminated for nonpayment of premiums as required by sections 256L.06 and 256L.07.

(h) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 60 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

(i) When determining eligibility for any state benefits under this subdivision, the income and resources of all noncitizens shall be deemed to include their sponsor's income and resources as defined in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, title IV, Public Law Number 104-193, sections 421 and 422, and subsequently set out in federal rules.

(j)(1) An undocumented noncitizen or a nonimmigrant is ineligible for general assistance medical care other than emergency services. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented noncitizen is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service.

(2) This paragraph does not apply to a child under age 18, to a Cuban or Haitian entrant as defined in Public Law Number 96-422, section 501(e)(1) or (2)(a), or to a noncitizen who is aged, blind, or disabled as defined in Code of Federal Regulations, title 42, sections 435.520, 435.530, 435.531, 435.540, and 435.541, or effective October 1, 1998, to an individual eligible for general assistance medical care under paragraph (a), clause (4), who cooperates with the Immigration and Naturalization Service to pursue any applicable immigration status, including citizenship, that would qualify the individual for medical assistance with federal financial participation.

(3) For purposes of this paragraph, "emergency services" has the meaning given in Code of Federal Regulations, title 42, section 440.255(b)(1), except that it also means services rendered because of suspected or actual pesticide poisoning.

(k) Notwithstanding any other provision of law, a noncitizen who is ineligible for medical assistance due to the deeming of a sponsor's income and resources, is ineligible for general assistance medical care.

Sec. 87. Minnesota Statutes 1998, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) For a person who is eligible under subdivision 3, paragraph (a), clause (3), general assistance medical care covers, except as provided in paragraph (c):

(1) inpatient hospital services;

(2) outpatient hospital services;

(3) services provided by Medicare certified rehabilitation agencies;

(4) prescription drugs and other products recommended through the process established in section 256B.0625, subdivision 13;

(5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level;

(6) eyeglasses and eye examinations provided by a physician or optometrist;

(7) hearing aids;

(8) prosthetic devices;

(9) laboratory and X-ray services;

(10) physician's services;

(11) medical transportation;

(12) chiropractic services as covered under the medical assistance program;

(13) podiatric services;

(14) dental services;

(15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;

(16) day treatment services for mental illness provided under contract with the county board;

(17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;

(18) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments;

(19) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision;

(20) services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, a certified neonatal nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if (1) the ~~services are~~ service is otherwise covered under this chapter as a physician service, (2) a service provided on an inpatient basis is not included as part of the cost for inpatient services included in the operating payment rate, and ~~if~~ (3) the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171; ~~and~~

(21) services of a certified public health nurse or a registered nurse practicing in a public health nursing clinic that is a department of, or that operates under the direct authority of, a unit of government, if the service is within the scope of practice of the public health nurse's license as a registered nurse, as defined in section 148.171; and

(22) telemedicine consultations, to the extent they are covered under section 256B.0625, subdivision 3b.

(b) Except as provided in paragraph (c), for a recipient who is eligible under subdivision 3, paragraph (a), clause (1) or (2), general assistance medical care covers the services listed in paragraph (a) with the exception of special transportation services.

(c) Gender reassignment surgery and related services are not covered services under this subdivision unless the individual began receiving gender reassignment services prior to July 1, 1995.

(d) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall consult with an independent actuary in establishing prepayment rates, but shall retain final control over the rate methodology. Notwithstanding the provisions of subdivision 3, an individual who becomes ineligible for general assistance medical care because of failure to submit income reports or recertification forms in a timely manner, shall remain enrolled in the prepaid health plan and shall remain eligible for general assistance medical care coverage through the last day of the month in which the enrollee became ineligible for general assistance medical care.

(e) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions:

(i) For the period July 1, 1985 to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

(ii) For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

(iii) For the period January 1, 1987 to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

(iv) For the period July 1, 1987 to June 30, 1988, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than five percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

(v) For the period July 1, 1988 to June 30, 1989, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may not be reduced. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

(f) There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(g) Any county may, from its own resources, provide medical payments for which state payments are not made.

(h) Chemical dependency services that are reimbursed under chapter 254B must not be reimbursed under general assistance medical care.

(i) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

(j) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

Sec. 88. Minnesota Statutes 1998, section 256D.03, subdivision 8, is amended to read:

Subd. 8. [PRIVATE INSURANCE POLICIES.] (a) Private accident and health care coverage for medical services is primary coverage and must be exhausted before general assistance medical care is paid. When a person who is otherwise eligible for general assistance medical care has private accident or health care coverage, including a prepaid health plan, the private health care benefits available to the person must be used first and to the fullest extent. General assistance medical care payment will not be made when either covered charges are paid in full by a third party or the provider has an agreement to accept payment for less than charges as payment in full. Payment for patients that are simultaneously covered by general assistance medical care and a liable third party other than Medicare will be determined as the lesser of clauses (1) to (3):

(1) the patient liability according to the provider/insurer agreement;

(2) covered charges minus the third party payment amount; or

(3) the general assistance medical care rate minus the third party payment amount.

A negative difference will not be implemented.

(b) When a parent or a person with an obligation of support has enrolled in a prepaid health care plan under section 518.171, subdivision 1, the commissioner of human services shall limit the recipient of general assistance medical care to the benefits payable under that prepaid health care plan to the extent that services available under general assistance medical care are also available under the prepaid health care plan.

(c) Upon furnishing general assistance medical care or general assistance to any person having private accident or health care coverage, or having a cause of action arising out of an occurrence that necessitated the payment of assistance, the state agency shall be subrogated, to the extent of the cost of medical care, subsistence, or other payments furnished, to any rights the person may have under the terms of the coverage or under the cause of action. For purposes of this subdivision, "state agency" includes prepaid health plans under contract with the commissioner according to sections 256B.69, 256D.03, subdivision 4, paragraph (d), and 256L.12; children's mental health collaboratives under section 245.493; demonstration projects for persons with disabilities under section 256B.77; nursing homes under the alternative payment demonstration project under section 256B.434; and county-based purchasing entities under section 256B.692.

This right of subrogation includes all portions of the cause of action, notwithstanding any settlement allocation or apportionment that purports to dispose of portions of the cause of action not subject to subrogation.

(d) To recover under this section, the attorney general ~~or the appropriate county attorney, acting upon direction from the attorney general,~~ may institute or join a civil action to enforce the subrogation rights the commissioner established under this section.

Any prepaid health plan providing services under sections 256B.69, 256D.03, subdivision 4, paragraph (d), and 256L.12; children's mental health collaboratives under section 245.493; demonstration projects for persons with disabilities under section 256B.77; nursing homes under the alternative payment demonstration project under section 256B.434; or the county-based purchasing entity providing services under section 256B.692 may retain legal representation to enforce the subrogation rights created under this section or, if no action has been brought, may initiate and prosecute an independent action on their behalf against a person, firm, or corporation that may be liable to the person to whom the care or payment was furnished.

(e) The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable in damages, or otherwise obligated to pay part or all of the costs related to an injury when the state agency has paid or become liable for the cost of care or payments related to the injury. Notice must be given as follows:

(i) Applicants for general assistance or general assistance medical care shall notify the state or county agency of any possible claims when they submit the application. Recipients of general assistance or general assistance medical care shall notify the state or county agency of any possible claims when those claims arise.

(ii) A person providing medical care services to a recipient of general assistance medical care shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(iii) A person who is party to a claim upon which the state agency may be entitled to subrogation under this section shall notify the state agency of its potential subrogation claim before filing a claim, commencing an action, or negotiating a settlement. A person who is a party to a claim includes the plaintiff, the defendants, and any other party to the cause of action.

Notice given to the county agency is not sufficient to meet the requirements of paragraphs (b) and (c).

(f) Upon any judgment, award, or settlement of a cause of action, or any part of it, upon which the state agency has a subrogation right, including compensation for liquidated, unliquidated, or other damages, reasonable costs of collection, including attorney fees, must be deducted first. The full amount of general assistance or general assistance medical care paid to or on behalf of the person as a result of the injury must be deducted next and paid to the state agency. The rest must be paid to the public assistance recipient or other plaintiff. The plaintiff, however, must receive at least one-third of the net recovery after attorney fees and collection costs.

Sec. 89. Minnesota Statutes 1998, section 256L.03, subdivision 5, is amended to read:

Subd. 5. [COPAYMENTS AND COINSURANCE.] (a) The MinnesotaCare benefit plan shall include the following copayments and coinsurance requirements for all enrollees except parents and relative caretakers of children under the age of 21 in households with income at or below 175 percent of the federal poverty guidelines and pregnant women and children under the age of 21:

(1) ten percent of the paid charges for inpatient hospital services for adult enrollees, subject to an annual inpatient out-of-pocket maximum of $1,000 per individual and $3,000 per family;

(2) $3 per prescription for adult enrollees;

(3) $25 for eyeglasses for adult enrollees; and

(4) effective July 1, 1998, 50 percent of the fee-for-service rate for adult dental care services other than preventive care services for persons eligible under section 256L.04, subdivisions 1 to 7, with income equal to or less than 175 percent of the federal poverty guidelines.

The exceptions described in this paragraph shall only be implemented if required to obtain federal Medicaid funding for these individuals and shall expire July 1, 2000.

(b) Effective July 1, 1997, adult enrollees with family gross income that exceeds 175 percent of the federal poverty guidelines and who are not pregnant shall be financially responsible for the coinsurance amount and amounts which exceed the $10,000 inpatient hospital benefit limit.

(c) When a MinnesotaCare enrollee becomes a member of a prepaid health plan, or changes from one prepaid health plan to another during a calendar year, any charges submitted towards the $10,000 annual inpatient benefit limit, and any out-of-pocket expenses incurred by the enrollee for inpatient services, that were submitted or incurred prior to enrollment, or prior to the change in health plans, shall be disregarded.

Sec. 90. Minnesota Statutes 1998, section 256L.03, subdivision 6, is amended to read:

Subd. 6. [LIEN.] When the state agency provides, pays for, or becomes liable for covered health services, the agency shall have a lien for the cost of the covered health services upon any and all causes of action accruing to the enrollee, or to the enrollee's legal representatives, as a result of the occurrence that necessitated the payment for the covered health services. All liens under this section shall be subject to the provisions of section 256.015. For purposes of this subdivision, "state agency" includes ~~authorized agents of the state agency~~ prepaid health plans under contract with the commissioner according to sections 256B.69, 256D.03, subdivision 4, paragraph (d), and 256L.12; and county-based purchasing entities under section 256B.692.

Sec. 91. Minnesota Statutes 1998, section 256L.04, subdivision 2, is amended to read:

Subd. 2. [COOPERATION IN ESTABLISHING THIRD-PARTY LIABILITY, PATERNITY, AND OTHER MEDICAL SUPPORT.] (a) To be eligible for MinnesotaCare, individuals and families must cooperate with the state agency to identify potentially liable third-party payers and assist the state in obtaining third-party payments. "Cooperation" includes, but is not limited to, identifying any third party who may be liable for care and services provided under MinnesotaCare to the enrollee, providing relevant information to assist the state in pursuing a potentially liable third party, and completing forms necessary to recover third-party payments.

(b) A parent, guardian, relative caretaker, or child enrolled in the MinnesotaCare program must cooperate with the department of human services and the local agency in establishing the paternity of an enrolled child and in obtaining medical care support and payments for the child and any other person for whom the person can legally assign rights, in accordance with applicable laws and rules governing the medical assistance program. A child shall not be ineligible for or disenrolled from the MinnesotaCare program solely because the child's parent, relative caretaker, or guardian fails to cooperate in establishing paternity or obtaining medical support.

Sec. 92. Minnesota Statutes 1998, section 256L.04, subdivision 8, is amended to read:

Subd. 8. [APPLICANTS POTENTIALLY ELIGIBLE FOR MEDICAL ASSISTANCE.] (a) Individuals who receive supplemental security income or retirement, survivors, or disability benefits due to a disability, or other disability-based pension, who qualify under subdivision 7, but who are potentially eligible for medical assistance without a spenddown shall be allowed to enroll in MinnesotaCare for a period of 60 days, so long as the applicant meets all other conditions of eligibility. The commissioner shall identify and refer the applications of such individuals to their county social service agency. The county and the commissioner shall cooperate to ensure that the individuals obtain medical assistance coverage for any months for which they are eligible.

(b) The enrollee must cooperate with the county social service agency in determining medical assistance eligibility within the 60-day enrollment period. Enrollees who do not cooperate with medical assistance within the 60-day enrollment period shall be disenrolled from the plan within one calendar month. Persons disenrolled for nonapplication for medical assistance may not reenroll until they have obtained a medical assistance eligibility determination. Persons disenrolled for noncooperation with medical assistance may not reenroll until they have cooperated with the county agency and have obtained a medical assistance eligibility determination.

(c) Beginning January 1, 2000, counties that choose to become MinnesotaCare enrollment sites shall consider MinnesotaCare applications ~~of individuals described in paragraph (a)~~ to also be applications for medical assistance ~~and shall first determine whether medical assistance eligibility exists. Adults with children with family income under 175 percent of the federal poverty guidelines for the applicable family size, pregnant women, and children who qualify under subdivision 1~~ Applicants who are potentially eligible for medical assistance ~~without a spenddown~~, except for those described in paragraph (a), may choose to enroll in either MinnesotaCare or medical assistance.

(d) The commissioner shall redetermine provider payments made under MinnesotaCare to the appropriate medical assistance payments for those enrollees who subsequently become eligible for medical assistance.

Sec. 93. Minnesota Statutes 1998, section 256L.04, subdivision 11, is amended to read:

Subd. 11. [MINNESOTACARE OUTREACH.] (a) The commissioner shall award grants to public or private organizations to provide information on the importance of maintaining insurance coverage and on how to obtain coverage through the MinnesotaCare program in areas of the state with high uninsured populations.

(b) In awarding the grants, the commissioner shall consider the following:

(1) geographic areas and populations with high uninsured rates;

(2) the ability to raise matching funds; and

(3) the ability to contact or serve eligible populations.

The commissioner shall monitor the grants and may terminate a grant if the outreach effort does not increase ~~the MinnesotaCare program~~ enrollment in medical assistance, general assistance medical care, or the MinnesotaCare program.

Sec. 94. Minnesota Statutes 1998, section 256L.04, subdivision 13, is amended to read:

Subd. 13. [FAMILIES WITH ~~GRANDPARENTS,~~ RELATIVE CARETAKERS, FOSTER PARENTS, OR LEGAL GUARDIANS.] Beginning January 1, 1999, in families that include a ~~grandparent,~~ relative caretaker as defined in the medical assistance program, foster parent, or legal guardian, the ~~grandparent,~~ relative caretaker, foster parent, or legal guardian may apply as a family or may apply separately for the children. If the caretaker applies separately for the children, only the children's income is counted and the provisions of subdivision 1, paragraph (b), do not apply. If the ~~grandparent,~~ relative caretaker, foster parent, or legal guardian applies with the children, their income is included in the gross family income for determining eligibility and premium amount.

Sec. 95. Minnesota Statutes 1998, section 256L.05, is amended by adding a subdivision to read:

Subd. 3c. [RETROACTIVE COVERAGE.] Notwithstanding subdivision 3, the effective date of coverage shall be the first day of the month following termination from medical assistance or general assistance medical care for families and individuals who are eligible for MinnesotaCare and who submitted a written request for retroactive MinnesotaCare coverage with a completed application within 30 days of the mailing of notification of termination from medical assistance or general assistance medical care. The applicant must provide all required verifications within 30 days of the written request for verification. For retroactive coverage, premiums must be paid in full for any retroactive month, current month, and next month within 30 days of the premium billing.

Sec. 96. Minnesota Statutes 1998, section 256L.05, subdivision 4, is amended to read:

Subd. 4. [APPLICATION PROCESSING.] The commissioner of human services shall determine an applicant's eligibility for MinnesotaCare no more than 30 days from the date that the application is received by the department of human services. Beginning January 1, 2000, this requirement also applies to local county human services agencies that determine eligibility for MinnesotaCare. Once annually at application or reenrollment, to prevent processing delays, applicants or enrollees who, from the information provided on the application, appear to meet eligibility requirements shall be enrolled upon timely payment of premiums. The enrollee must provide all required verifications within 30 days of ~~enrollment~~ notification of the eligibility determination or coverage from the program shall be terminated. Enrollees who are determined to be ineligible when verifications are provided shall be disenrolled from the program.

Sec. 97. Minnesota Statutes 1998, section 256L.06, subdivision 3, is amended to read:

Subd. 3. [ADMINISTRATION AND COMMISSIONER'S DUTIES.] (a) Premiums are dedicated to the commissioner for MinnesotaCare.

(b) The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments, based upon changes in enrollee income; and (3) disenroll enrollees from MinnesotaCare for failure to pay required premiums. ~~Beginning July 1, 1998,~~ Failure to pay includes payment with a dishonored check ~~and~~, a returned automatic bank withdrawal, or a refused credit card or debit card payment. The commissioner may demand a guaranteed form of payment, including a cashier's check or a money order, as the only means to replace a dishonored ~~check~~, returned, or refused payment.

(c) Premiums are calculated on a calendar month basis and may be paid on a monthly, quarterly, or annual basis, with the first payment due upon notice from the commissioner of the premium amount required. The commissioner shall inform applicants and enrollees of these premium payment options. Premium payment is required before enrollment is complete and to maintain eligibility in MinnesotaCare.

(d) Nonpayment of the premium will result in disenrollment from the plan within one calendar month after the due date. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll until four calendar months have elapsed. Persons disenrolled for nonpayment who pay all past due premiums as well as current premiums due, including premiums due for the period of disenrollment, within 20 days of disenrollment, shall be reenrolled retroactively to the first day of disenrollment. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll for four calendar months unless the person demonstrates good cause for nonpayment. Good cause does not exist if a person chooses to pay other family expenses instead of the premium. The commissioner shall define good cause in rule.

Sec. 98. Minnesota Statutes 1998, section 256L.07, is amended to read:

256L.07 [ELIGIBILITY FOR ~~SUBSIDIZED PREMIUMS BASED ON SLIDING SCALE~~ MINNESOTACARE.]

Subdivision 1. [GENERAL REQUIREMENTS.] (a) Children enrolled in the original children's health plan as of September 30, 1992, children who enrolled in the MinnesotaCare program after September 30, 1992, pursuant to Laws 1992, chapter 549, article 4, section 17, and children who have family gross incomes that are equal to or

less than 150 percent of the federal poverty guidelines are eligible ~~for subsidized premium payments~~ without meeting the requirements of subdivision 2, as long as they maintain continuous coverage in the MinnesotaCare program or medical assistance. Children who apply for MinnesotaCare on or after the implementation date of the employer-subsidized health coverage program as described in Laws 1998, chapter 407, article 5, section 45, who have family gross incomes that are equal to or less than 150 percent of the federal poverty guidelines, must meet the requirements of subdivision 2 to be eligible for MinnesotaCare.

(b) Families enrolled in MinnesotaCare under section 256L.04, subdivision 1, whose income increases above 275 percent of the federal poverty guidelines, are no longer eligible for the program and shall be disenrolled by the commissioner. Individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above 175 percent of the federal poverty guidelines are no longer eligible for the program and shall be disenrolled by the commissioner. For persons disenrolled under this subdivision, MinnesotaCare coverage terminates the last day of the calendar month following the month in which the commissioner determines that the income of a family or individual~~, determined over a four-month period as required by section 256L.15, subdivision 2,~~ exceeds program income limits.

(c) Notwithstanding paragraph (b), individuals and families may remain enrolled in MinnesotaCare if ten percent of their annual income is less than the annual premium for a policy with a $500 deductible available through the Minnesota comprehensive health association. Individuals and families who are no longer eligible for MinnesotaCare under this subdivision shall be given an 18-month notice period from the date that ineligibility is determined before disenrollment.

Subd. 2. [MUST NOT HAVE ACCESS TO EMPLOYER-SUBSIDIZED COVERAGE.] (a) To be eligible ~~for subsidized premium payments based on a sliding scale~~, a family or individual must not have access to subsidized health coverage through an employer and must not have had access to employer-subsidized coverage through a current employer for 18 months prior to application or reapplication. A family or individual whose employer-subsidized coverage is lost due to an employer terminating health care coverage as an employee benefit during the previous 18 months is not eligible.

(b) For purposes of this requirement, subsidized health coverage means health coverage for which the employer pays at least 50 percent of the cost of coverage for the employee or dependent, or a higher percentage as specified by the commissioner. Children are eligible for employer-subsidized coverage through either parent, including the noncustodial parent. The commissioner must treat employer contributions to Internal Revenue Code Section 125 plans and any other employer benefits intended to pay health care costs as qualified employer subsidies toward the cost of health coverage for employees for purposes of this subdivision.

Subd. 3. [OTHER HEALTH COVERAGE.] (a) Families and individuals enrolled in the MinnesotaCare program must have no health coverage while enrolled or for at least four months prior to application and renewal. Children enrolled in the original children's health plan and children in families with income equal to or less than 150 percent of the federal poverty guidelines, who have other health insurance, are eligible if the ~~other health coverage meets the requirements of Minnesota Rules, part 9506.0020, subpart 3, item B.~~ coverage:

(1) lacks two or more of the following:

(i) basic hospital insurance;

(ii) medical-surgical insurance;

(iii) prescription drug coverage;

(iv) dental coverage; or

(v) vision coverage;

(2) requires a deductible of $100 or more per person per year; or

(3) lacks coverage because the child has exceeded the maximum coverage for a particular diagnosis or the policy excludes a particular diagnosis.

The commissioner may change this eligibility criterion for sliding scale premiums in order to remain within the limits of available appropriations. The requirement of no health coverage does not apply to newborns.

(b) ~~For purposes of this section,~~ Medical assistance, general assistance medical care, and civilian health and medical program of the uniformed service, CHAMPUS, are not considered insurance or health coverage for purposes of the four-month requirement described in this subdivision.

(c) For purposes of this ~~section~~ subdivision, Medicare Part A or B coverage under title XVIII of the Social Security Act, United States Code, title 42, sections 1395c to 1395w-4, is considered health coverage. An applicant or enrollee may not refuse Medicare coverage to establish eligibility for MinnesotaCare.

(d) Applicants who were recipients of medical assistance or general assistance medical care within one month of application must meet the provisions of this subdivision and subdivision 2.

Subd. 4. [FAMILIES WITH CHILDREN IN NEED OF CHEMICAL DEPENDENCY TREATMENT.] Premiums for families with children when a parent has been determined to be in need of chemical dependency treatment pursuant to an assessment conducted by the county under section 626.556, subdivision 10, or a case plan under section 257.071 or 260.191, subdivision 1e, who are eligible for MinnesotaCare under section 256L.04, subdivision 1, may be paid by the county of residence of the person in need of treatment for one year from the date the family is determined to be eligible or if the family is currently enrolled in MinnesotaCare from the date the person is determined to be in need of chemical dependency treatment. Upon renewal, the family is responsible for any premiums owed under section 256L.15. If the family is not currently enrolled in MinnesotaCare, the local county human services agency shall determine whether the family appears to meet the eligibility requirements and shall assist the family in applying for the MinnesotaCare program.

Sec. 99. Minnesota Statutes 1998, section 256L.15, subdivision 1, is amended to read:

Subdivision 1. [PREMIUM DETERMINATION.] Families with children and individuals shall pay a premium determined according to a sliding fee based on ~~the cost of coverage as~~ a percentage of the family's gross family income. Pregnant women and children under age two are exempt from the provisions of section 256L.06, subdivision 3, paragraph (b), clause (3), requiring disenrollment for failure to pay premiums. For pregnant women, this exemption continues until the first day of the month following the 60th day postpartum. Women who remain enrolled during pregnancy or the postpartum period, despite nonpayment of premiums, shall be disenrolled on the first of the month following the 60th day postpartum for the penalty period that otherwise applies under section 256L.06, unless they begin paying premiums.

Sec. 100. Minnesota Statutes 1998, section 256L.15, subdivision 1b, is amended to read:

Subd. 1b. [PAYMENTS NONREFUNDABLE.] Only MinnesotaCare premiums ~~are not refundable~~ paid for future months of coverage for which a health plan capitation fee has not been paid may be refunded.

Sec. 101. Minnesota Statutes 1998, section 256L.15, subdivision 2, is amended to read:

Subd. 2. [SLIDING FEE SCALE TO DETERMINE PERCENTAGE OF GROSS INDIVIDUAL OR FAMILY INCOME.] (a) The commissioner shall establish a sliding fee scale to determine the percentage of gross individual or family income that households at different income levels must pay to obtain coverage through the MinnesotaCare program. The sliding fee scale must be based on the enrollee's gross individual or family income ~~during the previous four months~~. The sliding fee scale must contain separate tables based on enrollment of one, two, or three or more persons. The sliding fee scale begins with a premium of 1.5 percent of gross individual or family income for

individuals or families with incomes below the limits for the medical assistance program for families and children in effect on January 1, 1999, and proceeds through the following evenly spaced steps: 1.8, 2.3, 3.1, 3.8, 4.8, 5.9, 7.4, and 8.8 percent. These percentages are matched to evenly spaced income steps ranging from the medical assistance income limit for families and children in effect on January 1, 1999, to 275 percent of the federal poverty guidelines for the applicable family size, up to a family size of five. The sliding fee scale for a family of five must be used for families of more than five. The sliding fee scale and percentages are not subject to the provisions of chapter 14. If a family or individual reports increased income after enrollment, premiums shall not be adjusted until eligibility renewal.

(b) Enrolled individuals and families whose gross annual income increases above 275 percent of the federal poverty guideline shall pay the maximum premium. The maximum premium is defined as a base charge for one, two, or three or more enrollees so that if all MinnesotaCare cases paid the maximum premium, the total revenue would equal the total cost of MinnesotaCare medical coverage and administration. In this calculation, administrative costs shall be assumed to equal ten percent of the total. The costs of medical coverage for pregnant women and children under age two and the enrollees in these groups shall be excluded from the total. The maximum premium for two enrollees shall be twice the maximum premium for one, and the maximum premium for three or more enrollees shall be three times the maximum premium for one.

Sec. 102. Minnesota Statutes 1998, section 626.556, subdivision 10i, is amended to read:

Subd. 10i. [ADMINISTRATIVE RECONSIDERATION OF FINAL DETERMINATION OF MALTREATMENT.] (a) An individual or facility that the commissioner or a local social service agency determines has maltreated a child, or the child's designee, regardless of the determination, who contests the investigating agency's final determination regarding maltreatment, may request the investigating agency to reconsider its final determination regarding maltreatment. The request for reconsideration must be submitted in writing to the investigating agency within 15 calendar days after receipt of notice of the final determination regarding maltreatment.

(b) If the investigating agency denies the request or fails to act upon the request within 15 calendar days after receiving the request for reconsideration, the person or facility entitled to a fair hearing under section 256.045 may submit to the commissioner of human services a written request for a hearing under that section.

(c) If, as a result of the reconsideration, the investigating agency changes the final determination of maltreatment, that agency shall notify the parties specified in subdivisions 10b, 10d, and 10f.

(d) If an individual or facility contests the investigating agency's final determination regarding maltreatment by requesting a fair hearing under section 256.045, the commissioner of human services shall assure that the hearing is conducted and a decision is reached within 90 days of receipt of the request for a hearing. The time for action on the decision may be extended for as many days as the hearing is postponed or the record is held open for the benefit of either party.

Sec. 103. Laws 1995, chapter 178, article 2, section 46, subdivision 10, is amended to read:

Subd. 10. [ADDITIONAL WAIVER REQUEST FOR EMPLOYED DISABLED PERSONS.] The commissioner shall seek a federal waiver in order to implement a work incentive for disabled persons ~~eligible for medical assistance~~ who are not residents of long-term care facilities when determining their eligibility for medical assistance. The waiver shall request authorization to establish a medical assistance earned income disregard for employed disabled persons who, but for earned income, are eligible for SSDI and who ~~receive~~ require personal care assistance under the Medical Assistance Program. The disregard shall be equivalent to the threshold amount applied to persons who qualify under section 1619(b) of the Social Security Act, except that when a disabled person's earned income reaches the maximum income permitted at the threshold under section 1619(b), the person shall retain medical assistance eligibility and must contribute to the costs of medical care on a sliding fee basis.

Sec. 104. Laws 1997, chapter 225, article 4, section 4, is amended to read:

Sec. 4. [SENIOR DRUG PROGRAM.]

~~The commissioner shall administer the senior drug program so that the costs to the state total no more than $4,000,000 plus the amount of the rebate. The commissioner is authorized to discontinue enrollment in order to meet this level of funding.~~

The commissioner shall report to the legislature the estimated costs of the senior drug program without funding caps. The report shall be included as part of the November and February forecasts.

The commissioner of finance shall annually reimburse the general fund with health care access funds for the estimated increased costs in the QMB/SLMB program directly associated with the senior drug program. This reimbursement shall sunset June 30, 2001.

Sec. 105. [CHARITY CARE DATA COLLECTION.]

The commissioner of health shall determine a definition for charity care and bad debt that distinguishes these two terms for inpatient and ambulatory care. The commissioner shall use these definitions as a basis for collecting data on uncompensated care in hospitals, surgical centers, and health care clinics located in Minnesota.

Sec. 106. [MINNESOTACARE APPLICATION SIMPLIFICATION.]

The commissioner of human services shall develop a one page preapplication form for the MinnesotaCare program and may develop a pilot project that involves using this form in community health clinics, community health offices, and disproportionate share hospitals to determine the feasibility of using a one page application form for MinnesotaCare. As part of this pilot project, the commissioner shall track the number of individuals determined to be eligible from the preapplication form, the number determined to be eligible upon the completion of the full application, and for families with children the cost of providing the care to those found eligible.

Sec. 107. [EXPANSION OF SPECIAL EDUCATION SERVICES.]

The commissioner of human services shall examine opportunities to expand the scope of providers eligible for reimbursement for medical assistance services listed in a child's individual education plan based on state and federal requirements for provider qualifications. The commissioner shall complete these activities, in consultation with the commissioner of children, families, and learning, by December 1999 and seek necessary federal approval.

Sec. 108. [HOME-BASED MENTAL HEALTH SERVICES.]

By January 1, 2000, the commissioner of human services shall amend Minnesota Rules under the expedited process of Minnesota Statutes, section 14.389, to effect the following changes:

(1) amend Minnesota Rules, part 9505.0324, subpart 2, to permit a county board to contract with any agency qualified under Minnesota Rules, part 9505.0324, subparts 4 and 5, as an eligible provider of home-based mental health services;

(2) amend Minnesota Rules, part 9505.0324, subpart 2, to permit children's mental health collaboratives approved by the children's cabinet under Minnesota Statutes, section 245.493, to provide or to contract with any agency qualified under Minnesota Rules, part 9505.0324, subparts 4 and 5, as an eligible provider of home-based mental health services.

Sec. 109. [MEDICARE SUPPLEMENTAL COVERAGE FOR LOW-INCOME SENIORS.]

The commissioner of health, in consultation with the commissioners of human services and commerce, shall study the extent and type of Medicare supplemental coverage for low-income seniors. The commissioner shall also study the qualified Medicare beneficiaries eligible under Minnesota Statutes, section 256B.057, subdivision 3, in terms

of developing a comprehensive set of services to supplement Medicare that these individuals may need to ensure independence and control of their lives. The commissioner shall make recommendations on the cost-effectiveness of expanding the benefits offered to qualified Medicare beneficiaries including the feasibility of the state providing health care coverage options to low-income seniors that would provide a comprehensive set of services and would build on existing or new Medicare products. The commissioner shall also study the fiscal impact of mandating coverage for Medicare supplemental products to include long-term care services, including home health services, homemaker services, and nursing facilities services and the fiscal implications of the state paying the premiums for this coverage for low-income seniors, including potential savings to the medical assistance program. The commissioner shall report to the legislature on the findings of the study with any recommendations by January 15, 2000.

Sec. 110. [PROGRAMS FOR SENIOR CITIZENS.]

The commissioner of human services shall study the eligibility criteria of and benefits provided to persons age 65 and over through the array of cash assistance and health care programs administered by the department, and the extent to which these programs can be combined, simplified, or coordinated to reduce administrative costs and improve access. The commissioner shall also study potential barriers to enrollment for low-income seniors who would otherwise deplete resources necessary to maintain independent community living. At a minimum, the study must include an evaluation of asset requirements and enrollment sites. The commissioner shall report study findings and recommendations to the legislature by June 30, 2001.

Sec. 111. [AMENDING MEDICAL ASSISTANCE RULES.]

By January 1, 2001, the commissioner of human services shall amend Minnesota Rules, parts 9505.0323; 9505.0324; 9505.0326; and 9505.0327, as necessary to implement the changes outlined in Minnesota Statutes, section 256B.0625, subdivision 35.

Sec. 112. [REQUEST FOR WAIVER.]

By October 1, 1999, the commissioner of human services or health shall request a waiver from the federal Department of Health and Human Services to implement Minnesota Statutes, 256B.0951, subdivision 7.

Sec. 113. [DENTAL ACCESS STUDY.]

The commissioner of human services, in consultation with the commissioner of health, dental care providers, representatives of community clinics, client advocacy groups, and counties, shall review the dental access problem, evaluate the effects of the dental access initiatives adopted by the 1999 legislature, and make recommendations on other actions that could improve dental access for public program recipients. The commissioner shall present a progress report to the legislature by January 15, 2000, and shall present a final report to the legislature by January 15, 2001.

Sec. 114. [REPORT ON RATE SETTING AND RISK ADJUSTMENT.]

The commissioner of human services shall report to the legislature, by January 15, 2000, on the current rate setting process for state prepaid health care programs, rate setting and risk adjustment methods in other states, and the results of the application of risk adjustment on a trial basis in Minnesota for calendar year 1999. The report must also present an analysis of the feasibility of requiring prepaid health plans to report vendor costs rather than charges, an analysis of capitation rate equalization for MinnesotaCare and the prepaid medical assistance program, an analysis of the fiscal impact on state and county government of repealing Minnesota Statutes 1998, section 256B.69, subdivision 5d, and recommendations for providing actuarial and market analyses related to setting prepaid health plan rates to the legislature on a timely basis that would allow this information to be used in the appropriations process.

Sec. 115. [REPORT ON PREPAID MEDICAL ASSISTANCE PROGRAM.]

The commissioner of human services shall present recommendations to the legislature, by December 15, 1999, on methods for implementing county board authority under the prepaid medical assistance program.

Sec. 116. [PHYSICIAN AND PROFESSIONAL SERVICES PAYMENT METHODOLOGY CONVERSION.]

The commissioner of human services shall submit a proposal to the legislature by January 15, 2000, detailing the medical assistance physician and professional services payment methodology conversion to resource based relative value scale.

Sec. 117. [RECOMMENDATIONS FOR DEFINITION OF SPECIALIZED MAINTENANCE THERAPY.]

The commissioner of human services shall develop recommendations for definitions of specialized maintenance therapy for each type of covered therapy, in consultation with representatives of professional therapy associations, providers who work with patients who need long-term specialized maintenance therapy, and patient advocates. The commissioner shall provide the recommended definitions to the chairs of the house health and human services finance committee and the senate health and family security budget division, by November 15, 1999.

Sec. 118. [DENTAL HYGIENIST DEMONSTRATION PROJECT.]

(a) The commissioner of human services may develop demonstration projects utilizing dental hygienists outside a traditional dental office to provide dental hygiene services to limited access patients. Notwithstanding Minnesota Statutes, section 150A.10, subdivision 1, a licensed dental hygienist may provide screening services, education, prophylaxis, and application of topical fluorides under general supervision as defined in Minnesota Rules, part 3100.0100, subpart 21, without the patient being first examined by a licensed dentist. Services under this section must be authorized by a licensed dentist and must be performed by a licensed dental hygienist and may be performed at a location other than the usual place of practice of the dentist or dental hygienist. For purposes of this section, "limited access patient" means a patient who the commissioner determines is unable to receive regular dental services in a dental office due to age, disability, or geographic location.

(b) The commissioner shall report to the legislature by January 15, 2001, on whether this demonstration project has been effective in improving access to dental services for limited access patients.

Sec. 119. [REPORTS ON ALTERNATIVE RESOURCE ALLOCATION METHODS AND PARENTS OF MINORS.]

(a) The commissioner of human services shall consider and evaluate administrative methods other than the current resource allocation system for the home and community-based waiver for persons with mental retardation and related conditions. In developing the alternatives, the commissioner shall consult with county commissioners from large and small counties, county agencies, consumers, advocates, and providers. The commissioner shall report to the chairs of the senate health and family security budget division and house health and human services finance committee by January 15, 2000.

(b) By January 15, 2000, the commissioner of human services shall present recommendations to the legislature on the conditions under which parents of minors may be reimbursed for services, consistent with federal requirements, health and safety, the child's needs, and not supplanting typical parental responsibilities.

Sec. 120. [REPEALER.]

Minnesota Statutes 1998, sections 256B.74, subdivisions 2 and 5; and 462A.208, are repealed.

Sec. 121. [EFFECTIVE DATE.]

(a) Sections 3, 5, 45, and 97 are effective July 1, 2000.

(b) Section 56 is effective upon federal approval.

ARTICLE 5

STATE-OPERATED SERVICES;
CHEMICAL DEPENDENCY; MENTAL HEALTH; LAND CONVEYANCES

Section 1. Minnesota Statutes 1998, section 16C.10, subdivision 5, is amended to read:

Subd. 5. [SPECIFIC PURCHASES.] The solicitation process described in this chapter is not required for acquisition of the following:

(1) merchandise for resale purchased under policies determined by the commissioner;

(2) farm and garden products which, as determined by the commissioner, may be purchased at the prevailing market price on the date of sale;

(3) goods and services from the Minnesota correctional facilities;

(4) goods and services from rehabilitation facilities and sheltered workshops that are certified by the commissioner of economic security;

(5) goods and services for use by a community-based ~~residential~~ facility operated by the commissioner of human services;

(6) goods purchased at auction or when submitting a sealed bid at auction provided that before authorizing such an action, the commissioner consult with the requesting agency to determine a fair and reasonable value for the goods considering factors including, but not limited to, costs associated with submitting a bid, travel, transportation, and storage. This fair and reasonable value must represent the limit of the state's bid; and

(7) utility services where no competition exists or where rates are fixed by law or ordinance.

Sec. 2. Minnesota Statutes 1998, section 245.462, subdivision 4, is amended to read:

Subd. 4. [CASE ~~MANAGER~~ MANAGEMENT SERVICE PROVIDER.] (a) "Case ~~manager~~ management service provider" means ~~an individual~~ a case manager or case manager associate employed by the county or other entity authorized by the county board to provide case management services specified in section 245.4711.

A case manager must have a bachelor's degree in one of the behavioral sciences or related fields including, but not limited to, social work, psychology, or nursing from an accredited college or university ~~and~~. A case manager must have at least 2,000 hours of supervised experience in the delivery of services to adults with mental illness, must be skilled in the process of identifying and assessing a wide range of client needs, and must be knowledgeable about local community resources and how to use those resources for the benefit of the client. ~~The case manager shall meet in person with a mental health professional at least once each month to obtain clinical supervision of the case manager's activities. Case managers with a bachelor's degree but without 2,000 hours of supervised experience in the delivery of services to adults with mental illness must complete 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of adults with serious and persistent mental illness and must receive clinical supervision regarding individual service delivery from a mental health professional at least once each week until the requirement of 2,000 hours of supervised experience is met.~~

(b) Supervision for a case manager during the first year of service providing case management services shall be one hour per week of clinical supervision from a case management supervisor. After the first year, the case manager shall receive regular ongoing supervision totaling 38 hours per year, of which at least one hour per month must be clinical supervision regarding individual service delivery with a case management supervisor. The remainder may be provided by a case manager with two years of experience. Group supervision may not constitute more than one-half of the required supervision hours. Clinical supervision must be documented in the client record.

(c) A case manager with a bachelor's degree who is not licensed, registered, or certified by a health-related licensing board must receive 30 hours of continuing education and training in mental illness and mental health services annually.

(d) A case manager with a bachelor's degree but without 2,000 hours of supervised experience described in paragraph (a), must complete 40 hours of training approved by the commissioner covering case management skills and the characteristics and needs of adults with serious and persistent mental illness.

(e) Case managers without a bachelor's degree must meet one of the requirements in clauses (1) to (3):

(1) have three or four years of experience as a case manager associate;

(2) be a registered nurse without a bachelor's degree and have a combination of specialized training in psychiatry and work experience consisting of community interaction and involvement or community discharge planning in a mental health setting totaling three years; or

(3) be a person who qualified as a case manager under the 1998 department of human service federal waiver provision and meet the continuing education and mentoring requirements in this section.

(f) A case manager associate (CMA) must work under the direction of a case manager or case management supervisor and must be at least 21 years of age. A case manager associate must also have a high school diploma or its equivalent and meet one of the following criteria:

(1) have an associate of arts degree in one of the behavioral sciences or human services;

(2) be a registered nurse without a bachelor's degree;

(3) within the previous ten years, have three years of life experience with serious and persistent mental illness as defined in section 245.462, subdivision 20; or as a child had severe emotional disturbance as defined in section 245.4871, subdivision 6; or have three years life experience as a primary caregiver to an adult with serious and persistent mental illness within the previous ten years;

(4) have 6,000 hours work experience as a nondegreed state hospital technician; or

(5) be a mental health practitioner as defined in section 245.462, subdivision 17, clause (2).

Individuals meeting one of the criteria in clauses (1) to (4) may qualify as a case manager after four years of supervised work experience as a case manager associate. Individuals meeting the criteria in clause (5) may qualify as a case manager after three years of supervised experience as a case manager associate.

Case management associates must have 40 hours preservice training under paragraph (d) and receive at least 40 hours of continuing education in mental illness and mental health services annually. Case manager associates shall receive at least five hours of mentoring per week from a case management mentor. A "case management mentor" means a qualified, practicing case manager or case management supervisor who teaches or advises and provides intensive training and clinical supervision to one or more case manager associates. Mentoring may occur while providing direct services to consumers in the office or in the field and may be provided to individuals or groups of case manager associates. At least two mentoring hours per week must be individual and face-to-face.

(g) A case management supervisor must meet the criteria for mental health professionals, as specified in section 245.462, subdivision 18.

(h) ~~Until June 30, 1999,~~ An immigrant who does not have the qualifications specified in this subdivision may provide case management services to adult immigrants with serious and persistent mental illness who are members of the same ethnic group as the case manager if the person: (1) is currently enrolled in and is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or a related field including, but not limited to, social work, psychology, or nursing from an accredited college or university; (2) completes 40 hours of training as specified in this subdivision; and (3) receives clinical supervision at least once a week until the requirements of this subdivision are met.

~~(b) The commissioner may approve waivers submitted by counties to allow case managers without a bachelor's degree but with 6,000 hours of supervised experience in the delivery of services to adults with mental illness if the person:~~

~~(1) meets the qualifications for a mental health practitioner in subdivision 26;~~

~~(2) has completed 40 hours of training approved by the commissioner in case management skills and in the characteristics and needs of adults with serious and persistent mental illness; and~~

~~(3) demonstrates that the 6,000 hours of supervised experience are in identifying functional needs of persons with mental illness, coordinating assessment information and making referrals to appropriate service providers, coordinating a variety of services to support and treat persons with mental illness, and monitoring to ensure appropriate provision of services. The county board is responsible to verify that all qualifications, including content of supervised experience, have been met.~~

Sec. 3. Minnesota Statutes 1998, section 245.462, subdivision 17, is amended to read:

Subd. 17. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" means a person providing services to persons with mental illness who is qualified in at least one of the following ways:

(1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university and:

(i) has at least 2,000 hours of supervised experience in the delivery of services to persons with mental illness; or

(ii) is fluent in the non-English language of the ethnic group to which at least 50 percent of the practitioner's clients belong, completes 40 hours of training in the delivery of services to persons with mental illness, and receives clinical supervision from a mental health professional at least once a week until the requirement of 2,000 hours of supervised experience is met;

(2) has at least 6,000 hours of supervised experience in the delivery of services to persons with mental illness;

(3) is a graduate student in one of the behavioral sciences or related fields and is formally assigned by an accredited college or university to an agency or facility for clinical training; or

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or university and has less than 4,000 hours post-master's experience in the treatment of mental illness.

Sec. 4. Minnesota Statutes 1998, section 245.4711, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF CASE MANAGEMENT SERVICES.] (a) By January 1, 1989, the county board shall provide case management services for all adults with serious and persistent mental illness who are residents of the county and who request or consent to the services and to each adult for whom the court appoints a case manager. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must meet the requirements in section 245.462, subdivision 4.

(b) Case management services provided to adults with serious and persistent mental illness eligible for medical assistance must be billed to the medical assistance program under sections 256B.02, subdivision 8, and 256B.0625.

(c) Case management services are eligible for reimbursement under the medical assistance program. Costs associated with mentoring, supervision, and continuing education may be included in the reimbursement rate methodology used for case management services under the medical assistance program.

Sec. 5. Minnesota Statutes 1998, section 245.4712, subdivision 2, is amended to read:

Subd. 2. [DAY TREATMENT SERVICES PROVIDED.] (a) Day treatment services must be developed as a part of the community support services available to adults with serious and persistent mental illness residing in the county. Adults may be required to pay a fee according to section 245.481. Day treatment services must be designed to:

(1) provide a structured environment for treatment;

(2) provide support for residing in the community;

(3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client need;

(4) coordinate with or be offered in conjunction with a local education agency's special education program; and

(5) operate on a continuous basis throughout the year.

(b) For purposes of complying with medical assistance requirements, an adult day treatment program may choose among the methods of clinical supervision specified in:

(1) Minnesota Rules, part 9505.0323, subpart 1, item F;

(2) Minnesota Rules, part 9505.0324, subpart 6, item F; or

(3) Minnesota Rules, part 9520.0800, subparts 2 to 6.

A day treatment program may demonstrate compliance with these clinical supervision requirements by obtaining certification from the commissioner under Minnesota Rules, parts 9520.0750 to 9520.0870, or by documenting in its own records that it complies with one of the above methods.

(c) County boards may request a waiver from including day treatment services if they can document that:

(1) an alternative plan of care exists through the county's community support services for clients who would otherwise need day treatment services;

(2) day treatment, if included, would be duplicative of other components of the community support services; and

(3) county demographics and geography make the provision of day treatment services cost ineffective and infeasible.

Sec. 6. Minnesota Statutes 1998, section 245.4871, subdivision 4, is amended to read:

Subd. 4. [CASE ~~MANAGER~~ MANAGEMENT SERVICE PROVIDER.] (a) "Case ~~manager~~ management service provider" means ~~an individual~~ a case manager or case manager associate employed by the county or other entity authorized by the county board to provide case management services specified in subdivision 3 for the child with severe emotional disturbance and the child's family. A case manager must have experience and training in working with children.

(b) A case manager must:

(1) have at least a bachelor's degree in one of the behavioral sciences or a related field including, but not limited to, social work, psychology, or nursing from an accredited college or university;

(2) have at least 2,000 hours of supervised experience in the delivery of mental health services to children;

(3) have experience and training in identifying and assessing a wide range of children's needs; and

(4) be knowledgeable about local community resources and how to use those resources for the benefit of children and their families.

(c) The case manager may be a member of any professional discipline that is part of the local system of care for children established by the county board.

(d) The case manager ~~must meet in person with a mental health professional at least once each month to obtain clinical supervision~~ shall receive regular ongoing supervision totaling 38 hours per year, of which at least one hour per month must be clinical supervision regarding individual service delivery with a case management supervisor. The remainder may be provided by a case manager with two years of experience. Group supervision may not constitute more than one-half of the required supervision hours.

(e) Case managers with a bachelor's degree but without 2,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbance must:

(1) begin 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of children with severe emotional disturbance before beginning to provide case management services; and

(2) receive clinical supervision regarding individual service delivery from a mental health professional at least ~~once~~ one hour each week until the requirement of 2,000 hours of experience is met.

(f) Clinical supervision must be documented in the child's record. When the case manager is not a mental health professional, the county board must provide or contract for needed clinical supervision.

(g) The county board must ensure that the case manager has the freedom to access and coordinate the services within the local system of care that are needed by the child.

(h) Case managers who have a bachelor's degree but are not licensed, registered, or certified by a health-related licensing board must receive 30 hours of continuing education and training in severe emotional disturbance and mental health services annually.

(i) Case managers without a bachelor's degree must meet one of the requirements in clauses (1) to (3):

(1) have three or four years of experience as a case manager associate;

(2) be a registered nurse without a bachelor's degree who has a combination of specialized training in psychiatry and work experience consisting of community interaction and involvement or community discharge planning in a mental health setting totaling three years; or

(3) be a person who qualified as a case manager under the 1998 department of human service federal waiver provision and meets the continuing education and mentoring requirements in this section.

(j) A case manager associate (CMA) must work under the direction of a case manager or case management supervisor and must be at least 21 years of age. A case manager associate must also have a high school diploma or its equivalent and meet one of the following criteria:

(1) have an associate of arts degree in one of the behavioral sciences or human services;

(2) be a registered nurse without a bachelor's degree;

(3) have three years of life experience as a primary caregiver to a child with serious emotional disturbance as defined in section 245.4871, subdivision 6, within the previous ten years;

(4) have 6,000 hours work experience as a nondegreed state hospital technician; or

(5) be a mental health practitioner as defined in section 245.462, subdivision 17, clause (2).

Individuals meeting one of the criteria in clauses (1) to (4) may qualify as a case manager after four years of supervised work experience as a case manager associate. Individuals meeting the criteria in clause (5) may qualify as a case manager after three years of supervised experience as a case manager associate.

Case manager associates must have 40 hours of preservice training under paragraph (e), clause (1), and receive at least 40 hours of continuing education in severe emotional disturbance and mental health service annually. Case manager associates shall receive at least five hours of mentoring per week from a case management mentor. A "case management mentor" means a qualified, practicing case manager or case management supervisor who teaches or advises and provides intensive training and clinical supervision to one or more case manager associates. Mentoring may occur while providing direct services to consumers in the office or in the field and may be provided to individuals or groups of case manager associates. At least two mentoring hours per week must be individual and face-to-face.

(k) A case management supervisor must meet the criteria for a mental health professional as specified in section 245.4871, subdivision 27.

(l) ~~Until June 30, 1999,~~ An immigrant who does not have the qualifications specified in this subdivision may provide case management services to child immigrants with severe emotional disturbance of the same ethnic group as the immigrant if the person:

(1) is currently enrolled in and is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or related fields at an accredited college or university;

(2) completes 40 hours of training as specified in this subdivision; and

(3) receives clinical supervision at least once a week until the requirements of obtaining a bachelor's degree and 2,000 hours of supervised experience are met.

~~(i) The commissioner may approve waivers submitted by counties to allow case managers without a bachelor's degree but with 6,000 hours of supervised experience in the delivery of services to children with severe emotional disturbance if the person:~~

~~(1) meets the qualifications for a mental health practitioner in subdivision 26;~~

~~(2) has completed 40 hours of training approved by the commissioner in case management skills and in the characteristics and needs of children with severe emotional disturbance; and~~

~~(3) demonstrates that the 6,000 hours of supervised experience are in identifying functional needs of children with severe emotional disturbance, coordinating assessment information and making referrals to appropriate service providers, coordinating a variety of services to support and treat children with severe emotional disturbance, and monitoring to ensure appropriate provision of services. The county board is responsible to verify that all qualifications, including content of supervised experience, have been met.~~

Sec. 7. Minnesota Statutes 1998, section 245.4871, subdivision 26, is amended to read:

Subd. 26. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" means a person providing services to children with emotional disturbances. A mental health practitioner must have training and experience in working with children. A mental health practitioner must be qualified in at least one of the following ways:

(1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university and:

(i) has at least 2,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbances; or

(ii) is fluent in the non-English language of the ethnic group to which at least 50 percent of the practitioner's clients belong, completes 40 hours of training in the delivery of services to children with emotional disturbances, and receives clinical supervision from a mental health professional at least once a week until the requirement of 2,000 hours of supervised experience is met;

(2) has at least 6,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbances;

(3) is a graduate student in one of the behavioral sciences or related fields and is formally assigned by an accredited college or university to an agency or facility for clinical training; or

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or university and has less than 4,000 hours post-master's experience in the treatment of emotional disturbance.

Sec. 8. Minnesota Statutes 1998, section 245.4881, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF CASE MANAGEMENT SERVICES.] (a) By April 1, 1992, the county board shall provide case management services for each child with severe emotional disturbance who is a resident of the county and the child's family who request or consent to the services. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must meet the requirements in section 245.4871, subdivision 4.

(b) Except as permitted by law and the commissioner under demonstration projects, case management services provided to children with severe emotional disturbance eligible for medical assistance must be billed to the medical assistance program under sections 256B.02, subdivision 8, and 256B.0625.

(c) Case management services are eligible for reimbursement under the medical assistance program. Costs of mentoring, supervision, and continuing education may be included in the reimbursement rate methodology used for case management services under the the medical assistance program.

Sec. 9. [246.0136] [PLANNING FOR TRANSITION OF REGIONAL TREATMENT CENTERS AND OTHER STATE-OPERATED SERVICES TO ENTERPRISE ACTIVITIES.]

Subdivision 1. [PLANNING FOR ENTERPRISE ACTIVITIES.] The commissioner of human services is directed to study and make recommendations to the legislature on establishing enterprise activities within state-operated services. Before implementing an enterprise activity, the commissioner must obtain statutory authorization for its

implementation, except that the commissioner has authority to implement enterprise activities for adolescent services and to establish a public group practice without statutory authorization. Enterprise activities are defined as the range of services, which are delivered by state employees, needed by people with disabilities and are fully funded by public or private third-party health insurance or other revenue sources available to clients that provide reimbursement for the services provided. Enterprise activities within state-operated services shall specialize in caring for vulnerable people for whom no other providers are available or for whom state-operated services may be the provider selected by the payer. In subsequent biennia after an enterprise activity is established within a state-operated service, the base state appropriation for that state-operated service shall be reduced proportionate to the size of the enterprise activity.

Subd. 2. [REQUIRED COMPONENTS OF ANY PROPOSAL; CONSIDERATIONS.] In any proposal for an enterprise activity brought to the legislature by the commissioner, the commissioner must demonstrate that there is public or private third-party health insurance or other revenue available to the people served, that the anticipated revenues to be collected will fully fund the services, that there will be sufficient funds for cash flow purposes, and that access to services by vulnerable populations served by state-operated services will not be limited by implementation of an enterprise activity. In studying the feasibility of establishing an enterprise activity, the commissioner must consider:

(1) creating public or private partnerships to facilitate client access to needed services;

(2) administrative simplification and efficiencies throughout the state-operated services system;

(3) converting or disposing of buildings not utilized and surplus lands; and

(4) exploring the efficiencies and benefits of establishing state-operated services as an independent state agency.

Sec. 10. Minnesota Statutes 1998, section 246.18, subdivision 6, is amended to read:

Subd. 6. [COLLECTIONS DEDICATED.] ~~Except for state-operated programs and services funded through a direct appropriation from the legislature, money received within the regional treatment center system for the following state-operated services is dedicated to the commissioner for the provision of those services:~~

~~(1) community-based residential and day training and habilitation services for mentally retarded persons;~~

~~(2) community health clinic services;~~

~~(3) accredited hospital outpatient department services;~~

~~(4) certified rehabilitation agency and rehabilitation hospital services; or~~

~~(5) community-based transitional support services for adults with serious and persistent mental illness.~~ Except for state-operated programs funded through a direct appropriation from the legislature, any state-operated program or service established and operated as an enterprise activity, shall retain the revenues earned in an interest-bearing account.

When the commissioner determines the intent to transition from a direct appropriation to enterprise activity for which the commissioner has authority, all collections for the targeted state-operated service shall be retained and deposited into an interest-bearing account. At the end of the fiscal year, prior to establishing the enterprise activity, collections up to the amount of the appropriation for the targeted service shall be deposited to the general fund. All funds in excess of the amount of the appropriation will be retained and used by the enterprise activity for cash flow purposes.

These funds must be deposited in the state treasury in a revolving account and funds in the revolving account are appropriated to the commissioner to operate the services authorized, and any unexpended balances do not cancel but are available until spent.

Sec. 11. Minnesota Statutes 1998, section 252.46, subdivision 6, is amended to read:

Subd. 6. [VARIANCES.] (a) A variance from the minimum or maximum payment rates in subdivisions 2 and 3 may be granted by the commissioner when the vendor requests and the county board submits to the commissioner a written variance request on forms supplied by the commissioner with the recommended payment rates.

(b) A variance to the rate maximum may be utilized for costs associated with compliance with state administrative rules, compliance with court orders, capital costs required for continued licensure, increased insurance costs, start-up and conversion costs for supported employment, direct service staff salaries and benefits, transportation, and other program related costs when ~~any~~ one of the ~~criteria~~ criterion in clauses (1) to (4) is also met:

~~(1) change is necessary to comply with licensing citations;~~

~~(2) a licensed vendor currently serving fewer than 70 persons with payment rates of 80 percent or less of the statewide average rates and with clients meeting the behavioral or medical criteria under clause (3) approved by the commissioner as a significant program change under section 252.28;~~

~~(3)~~ (1) A determination of need under section 252.28 is approved for a significant program change ~~is approved by the commissioner under section 252.28~~ that is necessary for a vendor to provide authorized services to ~~a new client or clients with very severe self-injurious or assaultive behavior, or medical conditions requiring delivery of physician-prescribed medical interventions requiring one-to-one staffing for at least 15 minutes each time they are performed, or to a new client or clients directly discharged to the vendor's program from a regional treatment center; or~~

~~(4) there is a need to maintain required staffing levels in order to provide authorized services approved by the commissioner under section 252.28, that is necessitated by a significant and permanent decrease in licensed capacity or clientele.~~

~~The county shall review the adequacy of services provided by vendors whose payment rates are 80 percent or more of the statewide average rates and 50 percent or more of the vendor's clients meet the behavioral or medical criteria in clause (3).~~

~~A variance under this paragraph may be approved only if the costs to the medical assistance program do not exceed the medical assistance costs for all clients served by the alternatives and all clients remaining in the existing services.~~ one or more clients who meet one or more of the following criteria:

(a) the client is a new client and:

(i) exhibits severe behavior as indicated on the screening document;

(ii) periodically requires one-to-one staff time for at least 15 minutes at a time to deliver physician prescribed medical interventions; or

(iii) has been discharged directly to the vendor's program from a regional treatment center or the Minnesota extended treatment option.

(b) the client is an existing client who has developed one of the following changed circumstances which increases costs that are not covered by the vendor's current rate, and for whom a significant program change is necessary to ensure the continued provision of authorized services to that client:

(i) severe behavior as indicated on the screening document;

(ii) a medical condition periodically requiring one-to-one staff time for at least 15 minutes at a time to deliver physician prescribed medical interventions; or

(iii) a permanent decrease in skill functioning, as verified by medical reports or assessments;

(2) A licensing determination requires a program change that the vendor cannot comply with due to funding restraints;

(3) A determination of need under section 252.28 is approved for a significant and permanent decrease in licensed capacity and the vendor demonstrates the need to retain certain staffing levels to serve the remaining clients; or

(4) In cases where conditions in clauses (1) to (3) do not apply, but a determination of need under section 252.28 is approved for an unusual circumstance which exists that significantly impacts the type or amount of services delivered, as evidenced by documentation presented by the vendor and with the concurrence of the commissioner.

~~(b)~~ (c) A variance to the rate minimum may be granted when:

(1) the county board contracts for increased services from a vendor and for some or all individuals receiving services from the vendor lower per unit fixed costs result; or

(2) when the actual costs of delivering authorized service over a 12-month contract period have decreased.

~~(c)~~ (d) The written variance request under this subdivision must include documentation that all the following criteria have been met:

(1) The commissioner and the county board have both conducted a review and have identified a need for a change in the payment rates and recommended an effective date for the change in the rate.

(2) The vendor documents efforts to reallocate current staff and any additional staffing needs cannot be met by using temporary special needs rate exceptions under Minnesota Rules, parts 9510.1020 to 9510.1140.

(3) The vendor documents that financial resources have been reallocated before applying for a variance. No variance may be granted for equipment, supplies, or other capital expenditures when depreciation expense for repair and replacement of such items is part of the current rate.

(4) For variances related to loss of clientele, the vendor documents the other program and administrative expenses, if any, that have been reduced.

(5) The county board submits verification of the conditions for which the variance is requested, a description of the nature and cost of the proposed changes, and how the county will monitor the use of money by the vendor to make necessary changes in services.

(6) The county board's recommended payment rates do not exceed 95 percent of the greater of 125 percent of the current statewide median or 125 percent of the regional average payment rates, whichever is higher, for each of the regional commission districts under sections 462.381 to 462.396 in which the vendor is located except for the following: when a variance is recommended to allow authorized service delivery to new clients with severe ~~self-injurious or assaultive~~ behaviors or with medical conditions requiring delivery of physician prescribed medical interventions, or to persons being directly discharged from a regional treatment center or Minnesota extended treatment options to the vendor's program, those persons must be assigned a payment rate of 200 percent of the current statewide average rates. All other clients receiving services from the vendor must be assigned a payment rate equal to the vendor's current rate unless the vendor's current rate exceeds 95 percent of 125 percent of the statewide median or 125 percent of the regional average payment rates, whichever is higher. When the vendor's rates exceed 95 percent of 125 percent of the statewide median or 125 percent of the regional average rates, the maximum rates assigned to all other clients must be equal to the greater of 95 percent of 125 percent of the statewide median or 125 percent of the regional average rates. The maximum payment rate that may be recommended for the vendor under these conditions is determined by multiplying the number of clients at each limit by the rate corresponding to that limit and then dividing the sum by the total number of clients.

~~(d)~~ (e) The commissioner shall have 60 calendar days from the date of the receipt of the complete request to accept or reject it, or the request shall be deemed to have been granted. If the commissioner rejects the request, the commissioner shall state in writing the specific objections to the request and the reasons for its rejection.

Sec. 12. Minnesota Statutes 1998, section 253B.045, is amended by adding a subdivision to read:

Subd. 5. [HEALTH PLAN COMPANY; DEFINITION.] For purposes of this section, "health plan company" has the meaning given it in section 62Q.01, subdivision 4, and also includes a demonstration provider as defined in section 256B.69, subdivision 2, paragraph (b), a county or group of counties participating in county-based purchasing according to section 256B.692, and a children's mental health collaborative under contract to provide medical assistance for individuals enrolled in the prepaid medical assistance and MinnesotaCare programs according to sections 245.493 to 245.496.

Sec. 13. Minnesota Statutes 1998, section 253B.045, is amended by adding a subdivision to read:

Subd. 6. [COVERAGE.] A health plan company must provide coverage, according to the terms of the policy, contract, or certificate of coverage, for all medically necessary covered services as determined by section 62Q.53 provided to an enrollee that are ordered by the court under this chapter.

Sec. 14. Minnesota Statutes 1998, section 253B.07, subdivision 1, is amended to read:

Subdivision 1. [PREPETITION SCREENING.] (a) Prior to filing a petition for commitment of or early intervention for a proposed patient, an interested person shall apply to the designated agency in the county of the proposed patient's residence or presence for conduct of a preliminary investigation, except when the proposed patient has been acquitted of a crime under section 611.026 and the county attorney is required to file a petition for commitment. The designated agency shall appoint a screening team to conduct an investigation which shall include:

(i) a personal interview with the proposed patient and other individuals who appear to have knowledge of the condition of the proposed patient. If the proposed patient is not interviewed, reasons must be documented;

(ii) identification and investigation of specific alleged conduct which is the basis for application;

(iii) identification, exploration, and listing of the reasons for rejecting or recommending alternatives to involuntary placement; ~~and~~

(iv) in the case of a commitment based on mental illness, the following information, if it is known or available: information that may be relevant to the administration of neuroleptic medications, if necessary, including the existence of a declaration under section 253B.03, subdivision 6d, or a health care directive under chapter 145C or a guardian, conservator, proxy, or agent with authority to make health care decisions for the proposed patient; information regarding the capacity of the proposed patient to make decisions regarding administration of neuroleptic medication; and whether the proposed patient is likely to consent or refuse consent to administration of the medication; and

(v) seeking input from the proposed patient's health plan company to provide the court with information about services the enrollee needs and the least restrictive alternatives.

(b) In conducting the investigation required by this subdivision, the screening team shall have access to all relevant medical records of proposed patients currently in treatment facilities. Data collected pursuant to this clause shall be considered private data on individuals. The prepetition screening report is not admissible in any court proceedings unrelated to the commitment proceedings.

(c) When the prepetition screening team recommends commitment, a written report shall be sent to the county attorney for the county in which the petition is to be filed.

(d) The prepetition screening team shall refuse to support a petition if the investigation does not disclose evidence sufficient to support commitment. Notice of the prepetition screening team's decision shall be provided to the prospective petitioner.

(e) If the interested person wishes to proceed with a petition contrary to the recommendation of the prepetition screening team, application may be made directly to the county attorney, who may determine whether or not to proceed with the petition. Notice of the county attorney's determination shall be provided to the interested party.

(f) If the proposed patient has been acquitted of a crime under section 611.026, the county attorney shall apply to the designated county agency in the county in which the acquittal took place for a preliminary investigation unless substantially the same information relevant to the proposed patient's current mental condition, as could be obtained by a preliminary investigation, is part of the court record in the criminal proceeding or is contained in the report of a mental examination conducted in connection with the criminal proceeding. If a court petitions for commitment pursuant to the rules of criminal or juvenile procedure or a county attorney petitions pursuant to acquittal of a criminal charge under section 611.026, the prepetition investigation, if required by this section, shall be completed within seven days after the filing of the petition.

Sec. 15. Minnesota Statutes 1998, section 253B.185, is amended by adding a subdivision to read:

Subd. 5. [AFTERCARE AND CASE MANAGEMENT.] The state, in collaboration with the designated agency, is responsible for arranging and funding the aftercare and case management services for persons under commitment as sexual psychopathic personalities and sexually dangerous persons discharged after July 1, 1999.

Sec. 16. Minnesota Statutes 1998, section 254B.01, is amended by adding a subdivision to read:

Subd. 7. [ROOM AND BOARD RATE.] "Room and board rate" means a rate set for shelter, fuel, food, utilities, household supplies, and other costs necessary to provide room and board for a person in need of chemical dependency services.

Sec. 17. Minnesota Statutes 1998, section 254B.03, subdivision 2, is amended to read:

Subd. 2. [CHEMICAL DEPENDENCY ~~SERVICES~~ FUND PAYMENT.] (a) Payment from the chemical dependency fund is limited to payments for services other than detoxification that, if located outside of federally recognized tribal lands, would be required to be licensed by the commissioner as a chemical dependency treatment or rehabilitation program under sections 245A.01 to 245A.16, and services other than detoxification provided in another state that would be required to be licensed as a chemical dependency program if the program were in the state. Out of state vendors must also provide the commissioner with assurances that the program complies substantially with state licensing requirements and possesses all licenses and certifications required by the host state to provide chemical dependency treatment. ~~Hospitals may apply for and receive licenses to be eligible vendors, notwithstanding the provisions of section 245A.03.~~ Except for chemical dependency transitional rehabilitation programs, vendors receiving payments from the chemical dependency fund must not require copayment from a recipient of benefits for services provided under this subdivision. Payment from the chemical dependency fund shall be made for necessary room and board costs provided by vendors certified according to section 254B.05, or in a community hospital licensed by the commissioner of health according to sections 144.50 to 144.56 to a client who is:

(1) determined to meet the criteria for placement in a residential chemical dependency treatment program according to rules adopted under section 254A.03, subdivision 3; and

(2) concurrently receiving a chemical dependency treatment service in a program licensed by the commissioner and reimbursed by the chemical dependency fund.

(b) A county may, from its own resources, provide chemical dependency services for which state payments are not made. A county may elect to use the same invoice procedures and obtain the same state payment services as are used for chemical dependency services for which state payments are made under this section if county payments are made to the state in advance of state payments to vendors. When a county uses the state system for payment, the commissioner shall make monthly billings to the county using the most recent available information to determine the anticipated services for which payments will be made in the coming month. Adjustment of any overestimate or underestimate based on actual expenditures shall be made by the state agency by adjusting the estimate for any succeeding month.

(c) The commissioner shall coordinate chemical dependency services and determine whether there is a need for any proposed expansion of chemical dependency treatment services. The commissioner shall deny vendor certification to any provider that has not received prior approval from the commissioner for the creation of new programs or the expansion of existing program capacity. The commissioner shall consider the provider's capacity to obtain clients from outside the state based on plans, agreements, and previous utilization history, when determining the need for new treatment services.

Sec. 18. Minnesota Statutes 1998, section 254B.05, subdivision 1, is amended to read:

Subdivision 1. [LICENSURE REQUIRED.] Programs licensed by the commissioner are eligible vendors. Hospitals may apply for and receive licenses to be eligible vendors, notwithstanding the provisions of section 245A.03. American Indian programs located on federally recognized tribal lands that provide chemical dependency primary treatment, extended care, transitional residence, or outpatient treatment services, and are licensed by tribal government are eligible vendors. Detoxification programs are not eligible vendors. Programs that are not licensed as a chemical dependency residential or nonresidential treatment program by the commissioner or by tribal government are not eligible vendors. To be eligible for payment under the Consolidated Chemical Dependency Treatment Fund, a vendor of a chemical dependency service must participate in the Drug and Alcohol Abuse Normative Evaluation System and the treatment accountability plan.

Effective January 1, 2000, vendors of room and board are eligible for chemical dependency fund payment if the vendor:

(1) is certified by the county or tribal governing body as having rules prohibiting residents bringing chemicals into the facility or using chemicals while residing in the facility and provide consequences for infractions of those rules;

(2) has a current contract with a county or tribal governing body;

(3) is determined to meet applicable health and safety requirements;

(4) is not a jail or prison; and

(5) is not concurrently receiving funds under chapter 256I for the recipient.

Sec. 19. Minnesota Statutes 1998, section 256.01, subdivision 6, is amended to read:

Subd. 6. [ADVISORY TASK FORCES.] The commissioner may appoint advisory task forces to provide consultation on any of the programs under the commissioner's administration and supervision. A task force shall expire and the compensation, terms of office and removal of members shall be as provided in section 15.059. Notwithstanding section 15.059, the commissioner may pay a per diem of $35 to consumers and family members whose participation is needed in legislatively authorized state-level task forces, and whose participation on the task force is not as a paid representative of any agency, organization, or association.

Sec. 20. Minnesota Statutes 1998, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. [MENTAL HEALTH CASE MANAGEMENT.] (a) To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness and children with severe emotional disturbance. Services provided under this section must meet the relevant

standards in sections 245.461 to 245.4888, the Comprehensive Adult and Children's Mental Health Acts, Minnesota Rules, parts 9520.0900 to 9520.0926, and 9505.0322, excluding subpart 10.

(b) Entities meeting program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, are eligible for medical assistance reimbursement for case management services for children with severe emotional disturbance when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10.

(c) Medical assistance and MinnesotaCare payment for mental health case management shall be made on a monthly basis. In order to receive payment for an eligible child, the provider must document at least a face-to-face contact with the child, the child's parents, or the child's legal representative. To receive payment for an eligible adult, the provider must document:

(1) at least a face-to-face contact with the adult or the adult's legal representative; or

(2) at least a telephone contact with the adult or the adult's legal representative and document a face-to-face contact with the adult or the adult's legal representative within the preceding two months.

(d) Payment for mental health case management provided by county or state staff shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), with separate rates calculated for child welfare and mental health, and within mental health, separate rates for children and adults.

(e) Payment for mental health case management provided by county-contracted vendors shall be based on a monthly rate negotiated by the host county. 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 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, except to reimburse the county for advance funding provided by the county to the vendor.

(f) If the service is provided by a team which includes contracted vendors and county or state staff, the costs for county or state staff participation in the team shall be included in the rate for county-provided services. In this case, the contracted vendor and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, the county must document, in the recipient's file, the need for team case management and a description of the roles of the team members.

(g) The commissioner shall calculate the nonfederal share of actual medical assistance and general assistance medical care payments for each county, based on the higher of calendar year 1995 or 1996, by service date, project that amount forward to 1999, and transfer one-half of the result from medical assistance and general assistance medical care to each county's mental health grants under sections 245.4886 and 256E.12 for calendar year 1999. The annualized minimum amount added to each county's mental health grant shall be $3,000 per year for children and $5,000 per year for adults. The commissioner may reduce the statewide growth factor in order to fund these minimums. The annualized total amount transferred shall become part of the base for future mental health grants for each county.

(h) Any net increase in revenue to the county as a result of the change in this section must be used to provide expanded mental health services as defined in sections 245.461 to 245.4888, the Comprehensive Adult and Children's Mental Health Acts, excluding inpatient and residential treatment. For adults, increased revenue may also be used for services and consumer supports which are part of adult mental health projects approved under Laws 1997, chapter 203, article 7, section 25. For children, increased revenue may also be used for respite care and nonresidential individualized rehabilitation services as defined in section 245.492, subdivisions 17 and 23. "Increased revenue" has the meaning given in Minnesota Rules, part 9520.0903, subpart 3.

(i) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for mental health case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds.

(j) The commissioner may suspend, reduce, or terminate the reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, is responsible for any federal disallowances. The county may share this responsibility with its contracted vendors.

(k) 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

(2) programming the information systems.

(l) Notwithstanding section 256.025, subdivision 2, payments to counties for case management expenditures under this section shall only be made from federal earnings from services provided under this section. Payments to contracted vendors shall include both the federal earnings and the county share.

(m) Notwithstanding section 256B.041, county payments for the cost of mental health case management services provided by county or state staff shall not be made to the state treasurer. For the purposes of mental health case management services provided by county or state staff under this section, the centralized disbursement of payments to counties under section 256B.041 consists only of federal earnings from services provided under this section.

(n) Case management services under this subdivision do not include therapy, treatment, legal, or outreach services.

(o) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for case management services under this subdivision is limited to the last 30 days of the recipient's residency in that facility and may not exceed more than two months in a calendar year.

(p) Payment for case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

(q) By July 1, 2000, the commissioner shall evaluate the effectiveness of the changes required by this section, including changes in number of persons receiving mental health case management, changes in hours of service per person, and changes in caseload size.

(r) For each calendar year beginning with the calendar year 2001, the annualized amount of state funds for each county determined under paragraph (g) shall be adjusted by the county's percentage change in the average number of clients per month who received case management under this section during the fiscal year that ended six months prior to the calendar year in question, in comparison to the prior fiscal year.

(s) For counties receiving the minimum allocation of $3,000 or $5,000 described in paragraph (g), the adjustment in paragraph (r) shall be determined so that the county receives the higher of the following amounts:

(1) a continuation of the minimum allocation in paragraph (g); or

(2) an amount based on that county's average number of clients per month who received case management under this section during the fiscal year that ended six months prior to the calendar year in question, in comparison to the prior fiscal year, times the average statewide grant per person per month for counties not receiving the minimum allocation.

(t) The adjustments in paragraphs (r) and (s) shall be calculated separately for children and adults.

Sec. 21. Laws 1995, chapter 207, article 8, section 41, as amended by Laws 1997, chapter 203, article 7, section 25, is amended to read:

Sec. 41. [245.4661] [PILOT PROJECTS TO ~~TEST~~ PROVIDE ALTERNATIVES TO DELIVERY OF ADULT MENTAL HEALTH SERVICES.]

Subdivision 1. [AUTHORIZATION FOR PILOT PROJECTS.] The commissioner of human services may approve pilot projects to ~~test~~ provide alternatives to or ~~the enhanced~~ enhance coordination of the delivery of mental health services required under the Minnesota Comprehensive Adult Mental Health Act, Minnesota Statutes, sections 245.461 to 245.486.

Subd. 2. [PROGRAM DESIGN AND IMPLEMENTATION.] (a) The pilot projects shall be established to design, plan, and improve the mental health service delivery system for adults with serious and persistent mental illness that would:

(1) provide an expanded array of services from which clients can choose services appropriate to their needs;

(2) be based on purchasing strategies that improve access and coordinate services without cost shifting;

(3) incorporate existing state facilities and resources into the community mental health infrastructure through creative partnerships with local vendors; and

(4) utilize existing categorical funding streams and reimbursement sources in combined and creative ways, except appropriations to regional treatment centers and all funds that are attributable to the operation of state-operated services are excluded unless appropriated specifically by the legislature for a purpose consistent with this section.

(b) All projects funded by January 1, 1997, must complete the planning phase and be operational by June 30, 1997; all projects funded by January 1, 1998, must be operational by June 30, 1998.

Subd. 3. [PROGRAM EVALUATION.] Evaluation of each project will be based on outcome evaluation criteria negotiated with each project prior to implementation.

Subd. 4. [NOTICE OF PROJECT DISCONTINUATION.] Each project may be discontinued for any reason by the project's managing entity or the commissioner of human services, after 90 days' written notice to the other party.

Subd. 5. [PLANNING FOR PILOT PROJECTS.] Each local plan for a pilot project must be developed under the direction of the county board, or multiple county boards acting jointly, as the local mental health authority. The planning process for each pilot shall include, but not be limited to, mental health consumers, families, advocates, local mental health advisory councils, local and state providers, representatives of state and local public employee bargaining units, and the department of human services. As part of the planning process, the county board or boards shall designate a managing entity responsible for receipt of funds and management of the pilot project.

Subd. 6. [DUTIES OF COMMISSIONER.] (a) For purposes of the pilot projects, the commissioner shall facilitate integration of funds or other resources as needed and requested by each project. These resources may include:

(1) residential services funds administered under Minnesota Rules, parts 9535.2000 to 9535.3000, in an amount to be determined by mutual agreement between the project's managing entity and the commissioner of human services after an examination of the county's historical utilization of facilities located both within and outside of the county and licensed under Minnesota Rules, parts 9520.0500 to 9520.0690;

(2) community support services funds administered under Minnesota Rules, parts 9535.1700 to 9535.1760;

(3) other mental health special project funds;

(4) medical assistance, general assistance medical care, MinnesotaCare and group residential housing if requested by the project's managing entity, and if the commissioner determines this would be consistent with the state's overall health care reform efforts; and

(5) regional treatment center nonfiscal resources to the extent agreed to by the project's managing entity and the regional treatment center.

(b) The commissioner shall consider the following criteria in awarding start-up and implementation grants for the pilot projects:

(1) the ability of the proposed projects to accomplish the objectives described in subdivision 2;

(2) the size of the target population to be served; and

(3) geographical distribution.

(c) The commissioner shall review overall status of the projects initiatives at least every two years and recommend any legislative changes needed by January 15 of each odd-numbered year.

(d) The commissioner may waive administrative rule requirements which are incompatible with the implementation of the pilot project.

(e) The commissioner may exempt the participating counties from fiscal sanctions for noncompliance with requirements in laws and rules which are incompatible with the implementation of the pilot project.

(f) The commissioner may award grants to an entity designated by a county board or group of county boards to pay for start-up and implementation costs of the pilot project.

Subd. 7. [DUTIES OF COUNTY BOARD.] The county board, or other entity which is approved to administer a pilot project, shall:

(1) administer the project in a manner which is consistent with the objectives described in subdivision 2 and the planning process described in subdivision 5;

(2) assure that no one is denied services for which they would otherwise be eligible; and

(3) provide the commissioner of human services with timely and pertinent information through the following methods:

(i) submission of community social services act plans and plan amendments;

(ii) submission of social services expenditure and grant reconciliation reports, based on a coding format to be determined by mutual agreement between the project's managing entity and the commissioner; and

(iii) submission of data and participation in an evaluation of the pilot projects, to be designed cooperatively by the commissioner and the projects.

Sec. 22. Laws 1997, chapter 203, article 9, section 19, is amended to read:

Sec. 19. [TRANSITION FOR THE COMPULSIVE GAMBLING TREATMENT PROGRAM.]

The commissioner of human services shall conduct a transition of treatment programs for compulsive gambling from the treatment center model to a model in which reimbursement for treatment of an individual compulsive gambler from an approved provider is on a fee-for-service basis on the following schedule:

(1) one-third of compulsive gamblers treated through the program must receive services paid for from the individual treatment reimbursement model beginning October 1, 1997;

(2) two-thirds of compulsive gamblers treated through the program must receive services paid for from the individual treatment reimbursement model beginning July 1, 1998; and

(3) 100 percent of compulsive gamblers treated through the program must receive treatment paid for from the individual treatment reimbursement model beginning July 1, ~~1999~~ 2000.

Sec. 23. Laws 1998, chapter 407, article 7, section 2, subdivision 3, is amended to read:

Subd. 3. [LAND DESCRIPTION.] That part of the Northeast Quarter (NE l/4) of Section ~~30~~ 29, Township 45 North, Range 30 West, Crow Wing county, Minnesota, described as follows:

Commencing at the southeast corner of said Northeast quarter; thence North 00 degrees 46 minutes 05 seconds West, bearing based on the Crow Wing county Coordinate Database NAD 83/94, 1520.06 feet along the east line of said Northeast quarter to the point of beginning; thence continue North 00 degrees 46 minutes 05 seconds West 634.14 feet along said east line of the Northeast quarter; thence South 89 degrees 13 minutes 20 seconds West 550.00 feet; thence South 18 degrees 57 minutes 23 seconds East 115.59 feet; thence South 42 degrees 44 minutes 39 seconds East 692.37 feet; thence South 62 degrees 46 minutes 19 seconds East 20.24 feet; thence North 89 degrees 13 minutes 55 seconds East 33.00 feet to the point of beginning. Containing 4.69 acres, more or less. Subject to the right-of-way of the Township road along the east side thereof, subject to other easements, reservations, and restrictions of record, if any.

Sec. 24. [ESTABLISHMENT AND PURPOSE OF THE SUPPORTIVE HOUSING AND MANAGED CARE PILOT PROJECT.]

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] If funding is available, the commissioner of human services may establish a supportive housing and managed care pilot project to determine whether integrating the delivery of housing, supportive services, and health care into a single, flexible program will reduce public expenditures on homeless individuals, increase their employment rates, and provide a new alternative to providing services to a hard-to-serve population.

The commissioner of human services may create a block grant program for counties for the purpose of providing rent subsidies and supportive services to eligible individuals. Minimum project and application requirements may be developed by the commissioner in cooperation with counties and their nonprofit partners with the goal to provide the maximum flexibility in program design. If any funds are available, the funds must be coordinated with health care services for eligible individuals.

Subd. 2. [COUNTY ELIGIBILITY.] If the commissioner establishes the pilot project under subdivision 1, a county may request funding for the purposes of the pilot project if the county:

(1) agrees to develop, in cooperation with nonprofit partners, a supportive housing and managed care pilot project that integrates the delivery of housing, support services, and health care for eligible individuals or agrees to contract with an existing integrated program; and

(2) develops a method for evaluating the quality of the integrated services provided and the amount of any resulting cost savings to the county and state.

Subd. 3. [PARTICIPANT ELIGIBILITY.] In order to be eligible for the pilot project, a county must determine that an individual:

(1) meets the eligibility requirements of the group residential housing program under Minnesota Statutes, section 256I.04, subdivision 1;

(2) is a homeless person or a person at risk of homelessness. For purposes of this pilot project, "homeless person" means a person who is living, or at imminent risk of living, on the street, in a shelter, or is evicted from a dwelling or discharged from a regional human services center, community hospital, or residential treatment program, and has no appropriate housing available and lacks the resources necessary to access permanent housing as determined by the county requesting funding under the pilot project; and

(3) is a person with mental illness, a history of substance abuse, or a person with HIV.

Subd. 4. [FUNDING.] If the commissioner establishes the pilot project under subdivision 1, a county may request funding from the commissioner for a specified number of eligible participants for the pilot project. The commissioner shall review the request for compliance with subdivisions 1 to 3 and may approve or disapprove the request. The commissioner shall transfer funding to be allocated to participating counties as a block grant and paid on a monthly basis.

Subd. 5. [REPORT.] If the commissioner establishes the pilot project under subdivision 1, participating counties and the commissioner of human services shall collaborate to prepare and issue an annual report beginning December 1, 2001, to the appropriate committee chairs in the senate and house on the use of state resources, including other funds leveraged for this initiative, the status of individuals being served in the pilot project, and the cost-effectiveness of the pilot project. The commissioner shall provide data that may be needed to evaluate the pilot project to counties that request the data.

Subd. 6. [SUNSET.] The pilot project shall sunset June 30, 2005.

Sec. 25. [CONVEYANCE OF STATE LANDS TO COUNTY OF ISANTI.]

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of human services, through the commissioner of administration, may transfer to the county of Isanti the lands described in paragraph (c), for no consideration. The commissioner of human services and the county may attach to the transfer conditions that they agree are appropriate, including conditions that relate to water and sewer service. The deed to convey the property must contain a clause that the property shall revert to the state if the property ceases to be used for a public purpose.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land that may be transferred consists of 21.9 acres, more or less, and is described as follows:

That part of the Southwest Quarter of the Southeast Quarter and that part of Government Lot 4, both in Section 32, Township 36, Range 23, Isanti County, Minnesota, described jointly as follows: Commencing at the southwest corner of the Southwest Quarter of the Southeast Quarter of Section 32; thence North 89 degrees 45 minutes 12 seconds East, assumed bearing, along the south line of said SW 1/4 of SE 1/4, a distance of 609.48 feet; thence North 1 degree 30 minutes 30 seconds West, a distance of 149.17 feet to the point of beginning of the parcel to be herein described; thence continuing North 1 degrees 30 minutes 30 seconds West, a distance of 1113.59 feet; thence South 89 degrees 59 minutes 36 seconds West, a distance of 496.41 feet; thence southwesterly along a tangential curve concave to the southeast, radius 318.10 feet, central angle 90 degrees 16 minutes 37 seconds, for an arc length of 501.21 feet; thence South 0 degrees 17 minutes 01 seconds East, tangent to said curve, for a distance of 86.59 feet; thence southerly along a tangential curve concave to the west, radius 398.10 feet, central angle 29 degrees 47 minutes 02 seconds, for an arc length of 206.94 feet; thence south 29 degrees 30 minutes 01 seconds West, tangent to said curve, for a distance of 34.23 feet; thence southerly along a tangential curve concave to the east, radius 318.10 feet, central angle 29 degrees 49 minutes 32 seconds, for an arc length of 165.59 feet; thence South 0 degrees 19 minutes 31 seconds East, tangent to said curve for a distance of 320.65 feet to the point of intersection with a line that bears West (North 90 degrees 00 minutes West) from the point of beginning; thence East (North 90 degrees 00 minutes East), a distance of 951.22 feet to the point of beginning.

Subject to the existing city of Cambridge water main easement.

(d) The county of Isanti may use the land for economic development. Economic development is a public purpose within the meaning of the term as used in Laws 1990, chapter 610, article 1, section 12, subdivision 5, and sales or conveyances to private parties shall be considered economic development. Property conveyed by the state under this section shall not revert to the state if it is conveyed or otherwise encumbered by the county as part of the county economic development activity.

Sec. 26. [CONVEYANCE OF STATE LAND TO CITY OF CAMBRIDGE.]

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of human services, through the commissioner of administration, may transfer to the city of Cambridge the lands described in paragraph (c), for no consideration. The commissioner of human services and the city may attach to the transfer conditions that they agree are appropriate, including conditions that relate to water and sewer service. The deed to convey the property must contain a clause that the property shall revert to the state if the property ceases to be used for a public purpose.

(b) The conveyance must be in a form approved by the attorney general.

(c) Subject to the right-of-way for state trunk highway No. 293 and south Dellwood street and subject to other easements, reservations, road or street right-of-ways, and restrictions of record, if any, the land to be conveyed may include all or part of any of the parcels described as follows:

(1) that part of the Northeast Quarter of the Northeast Quarter of Section 5, Township 35, Range 23, Isanti County, Minnesota, lying north of a line drawn parallel with and 50 feet north of the center line of State Highway No. 293, as laid out and constructed and lying westerly of the following described line:

Commencing at a point where the West line of the right-of-way of the Great Northern Railway Company (presently the Burlington Northern and Santa Fe Railway) intersects the North line of said Section 5, said point now being the intersection of the North line of said Section 5 with the center line of State Trunk Highway No. 65 as now laid out and constructed (presently known as South Main Street); thence on a bearing of West and along the North line of said Section 5 a distance of 539.5 feet to the point of beginning of the line to be herein described; thence on a bearing of South, a distance of 451.75 feet to the point of intersection with a line drawn parallel with and distant 50 feet north of the center line of State Highway No. 293, as laid out and constructed and there terminating. Containing 1/4 acre, more or less.

(2) that part of the Northwest Quarter of the Southeast Quarter and that part of Governments Lots 3 and 4, all in Section 32, Township 36, Range 23, Isanti County, Minnesota, described jointly as follows:

Commencing at the East quarter corner of Section 32, Township 36, Range 23, Isanti County, Minnesota; thence South 89 degrees 44 minutes 35 seconds West, assumed bearing, along the east-west quarter line of said Section 32, a distance of 2251.43 feet; thence South 1 degree 48 minutes 40 seconds East, a distance of 344.47 feet to the south line of Lot 30 of Auditor's Subdivision No. 9; thence South 89 degrees 35 minutes 5 seconds West, along said south line and the westerly projection thereof, a distance of 740.00 feet to the point of beginning of the parcel to be herein described; thence North 89 degrees 35 minutes, 05 seconds East, retracing the last described course, a distance of 534.66 feet to the northwest corner of the recorded plat of RIVERWOOD VILLAGE; thence South 2 degrees 40 minutes 50 seconds East, a distance of 338.38 feet, along the westerly line of said RIVERWOOD VILLAGE to the southwest corner of said RIVERWOOD VILLAGE; thence North 89 degrees 44 minutes 50 seconds East, along the south line of said RIVERWOOD VILLAGE, a distance of 1074.56 feet; thence South 3 degrees 35 minutes 15 seconds East, a distance of 258.66 feet; thence southwesterly along a tangential curve concave to the northwest, radius 318.10 feet, central angle 93 degrees 34 minutes 51 seconds for an arc length of 519.56 feet; thence South 89 degrees 59 minutes 37 seconds West tangent to said curve for a distance of 825.86 feet; thence southwesterly along a tangential curve concave to the southeast, radius 398.10 feet, central angle 70 degrees 55 minutes 13 seconds, for an arc length of 492.76 feet; thence South 89 degrees 51 minutes 30 seconds West, not tangent to the last described curve for a distance of 523.31 feet; thence South 1 degree 57 minutes 33 seconds West, a distance of 29.59 feet; thence South 89 degrees 57 minutes 55 seconds West, a distance of 1020 feet, more or less, to the easterly shoreline of the Rum River; thence northerly along said easterly shoreline to the

point of intersection with a line that bears North 45 degrees 24 minutes 55 seconds West from the point of beginning; thence South 45 degrees 24 minutes 55 seconds East, along said line, a distance of 180 feet, more or less, to the point of beginning. Containing 48 acres, more or less.

(3) that part of the Northwest Quarter of the Northeast Quarter and that part of the Northeast Quarter of the Northwest Quarter, both in Section 5, Township 35, Range 23, Isanti County, Minnesota, described jointly as follows:

Beginning at the northwest corner of the NW 1/4 of NE 1/4 of Section 5; thence North 89 degrees 45 minutes 12 seconds East, assumed bearing, along the north line of said NW 1/4 of NE 1/4, a distance of 1321.82 feet to the northeast corner of said NW 1/4 of NE 1/4 thence South 4 degrees 04 minutes 02 seconds West, along the east line of said NW 1/4 of NE 1/4, a distance of 452.83 feet; thence South 89 degrees 45 minutes 02 seconds West, a distance of 1393.6 feet; thence northwesterly, along a nontangential curve concave to the northeast, radius 318.17 feet, central angle 75 degrees 28 minutes 03 seconds, for an arc length of 419.08 feet (the chord of said curve bears North 38 degrees 03 minutes 32 seconds West and has a length of 389.44 feet); thence North 0 degrees 19 minutes 31 seconds West, tangent to said curve, for a distance of 142.65 feet to the north line of the NE 1/4 of NW 1/4 of said Section 5; thence North 89 degrees 32 minutes 15 seconds East, along said north line, a distance of 344.81 feet to the point of beginning. Containing 16 acres, more or less.

(4) that part of the Southwest Quarter of the Southeast Quarter, that part of the Northwest Quarter of the Southeast Quarter and that part of Government Lot 4, all in Section 32, Township 36, Range 23, Isanti County, Minnesota, described jointly as follows:

Beginning at the southwest corner of the SW 1/4 of SE 1/4 of Section 32; thence North 89 degrees 45 minutes 12 seconds East, assumed bearing, along the south line of said SW 1/4 of SE 1/4, a distance of 1321.82 feet to the southeast corner of said SW 1/4 of SE 1/4 thence North 2 degrees 40 minutes 49 seconds West, along the east line of said SW 1/4 of SE 1/4 and along the east line of the NW 1/4 of SE 1/4, a distance of 1465.32 feet; thence southwesterly along a nontangential curve concave to the northwest, radius 398.10 feet, central angle 60 degrees 52 minutes 54 seconds, for an arc length of 423.02 feet (said curve has a chord that bears South 59 degrees 33 minutes 09 seconds West and a chord length of 403.40 feet); thence South 89 degrees 59 minutes 37 seconds West, tangent to said curve, for a distance of 825.68 feet; thence southwesterly along a tangential curve concave to the southeast, radius 318.10 feet, central angle 90 degrees 16 minutes 37 seconds, for an arc length of 501.21 feet; thence South 0 degrees 17 minutes 01 seconds East, tangent to said curve, for a distance of 86.59 feet; thence southerly along a tangential curve concave to the West, radius 398.10 feet, central angle 29 degrees 47 minutes 02 seconds, for an arc length of 206.94 feet; thence South 29 degrees 30 minutes 01 seconds West tangent to said curve, for a distance of 34.23 feet; thence southerly along a tangential curve concave to the east, radius 318.20 feet, central angle 29 degrees 49 minutes 32 seconds for an arc length of 165.59 feet; thence South 0 degrees 19 minutes 31 seconds East, tangent to said curve, for a distance of 475.17 feet to the south line of Government Lot 4, Section 32; thence North 89 degrees 32 minutes 15 seconds East, along said south line, a distance of 344.81 feet to the point of beginning. Containing 44.9 acres, more or less.

EXCEPTING THEREFROM that parcel described on Quit Claim Deed from the State of Minnesota to Wilfred R. and June E. Norman, filed in Book 92 of Deeds, page 647, in the office of the County Recorder, Isanti County, Minnesota.

ALSO EXCEPTING THEREFROM that parcel described on Quit Claim Deed from the State of Minnesota to Frank C. Brody and Lorraine D. S. Brody, filed in Book 102 of Deeds, page 232, in the office of the County Recorder, Isanti County, Minnesota.

(d) The city of Cambridge may use the land for economic development. Economic development is a public purpose within the meaning of the term as used in Laws 1990, chapter 610, article 1, section 12, subdivision 5, and sales or conveyances to private parties shall be considered economic development. Property conveyed by the state under this section shall not revert to the state if it is conveyed or otherwise encumbered by the city as a part of the city economic development activity.

Sec. 27. [CONVEYANCE OF CITY LAND TO STATE OF MINNESOTA.]

(a) The commissioner of administration may accept all, or any part of, the land described in paragraph (d) from the city of Cambridge, after the city council passes a resolution which declares the property is surplus to its needs.

(b) The conveyance shall be in a form approved by the attorney general.

(c) The conveyance may be subject to a scenic easement, as defined in Minnesota Statutes, section 103F.311, subdivision 6. The easement shall be under the custodial control of the commissioner of natural resources and only required on the portion of conveyed land that is designated for inclusion in the wild and scenic river system under Minnesota Statutes, section 103F.325. The scenic easement shall allow for continued use of any existing structures located within the easement and for development of walking paths or trails within the easement.

(d) Subject to the right-of-way for state trunk highway No. 293, and subject to other easements, reservations, street right-of-ways, and restrictions of record, if any, the land to be conveyed may include all, or part of, the parcel described as follows:

That part of Government Lot 4 and that part of the Northeast Quarter of the Northwest Quarter, all in Section 5, Township 35, Range 23, Isanti County, Minnesota, described jointly as follows: Commencing at the Northeast corner of the Northwest Quarter of Section 5, thence South 89 degrees 47 minutes 10 seconds West, assumed bearing along the north line of the Northwest Quarter of Section 5, a distance of 656.00 feet to the point of beginning of the parcel to be herein described, thence South 00 degrees 03 minutes 35 seconds East, a distance of 350.00 feet, thence South 89 degrees 47 minutes 10 seconds West, parallel with the north line of said Northwest Quarter of Section 5 to the easterly shoreline of the Rum River, thence northeasterly along said easterly shoreline to the north line of the Northwest Quarter of Section 5, thence North 89 degrees 47 minutes 10 seconds East, along said north line to the point of beginning.

Sec. 28. [REPORT TO LEGISLATURE ON ESTABLISHING ENTERPRISE ACTIVITIES WITHIN STATE-OPERATED SERVICES.]

The commissioner of human services shall report and make recommendations to the legislature, by December 15, 1999, on establishing enterprise activities within state-operated services, under Minnesota Statutes, section 246.0136, and their status.

Sec. 29. [REPEALER.]

Minnesota Statutes 1998, section 254A.145, is repealed.

ARTICLE 6

ASSISTANCE PROGRAMS

Section 1. Minnesota Statutes 1998, section 256D.051, subdivision 2a, is amended to read:

Subd. 2a. [DUTIES OF COMMISSIONER.] In addition to any other duties imposed by law, the commissioner shall:

(1) based on this section and section 256D.052 and Code of Federal Regulations, title 7, section 273.7, supervise the administration of food stamp employment and training services to county agencies;

(2) disburse money appropriated for food stamp employment and training services to county agencies based upon the county's costs as specified in section ~~256D.06~~ 256D.051, subdivision 6c;

(3) accept and supervise the disbursement of any funds that may be provided by the federal government or from other sources for use in this state for food stamp employment and training services;

(4) cooperate with other agencies including any agency of the United States or of another state in all matters concerning the powers and duties of the commissioner under this section and section 256D.052; and

(5) in cooperation with the commissioner of economic security, ensure that each component of an employment and training program carried out under this section is delivered through a statewide workforce development system, unless the component is not available locally through such a system.

Sec. 2. Minnesota Statutes 1998, section 256D.051, is amended by adding a subdivision to read:

Subd. 6c. [PROGRAM FUNDING.] Within the limits of available resources, the commissioner shall reimburse the actual costs of county agencies and their employment and training service providers for the provision of food stamp employment and training services, including participant support services, direct program services, and program administrative activities. The cost of services for each county's food stamp employment and training program shall not exceed an average of $400 per participant. No more than 15 percent of program funds may be used for administrative activities. The county agency may expend county funds in excess of the limits of this subdivision without state reimbursement.

Program funds shall be allocated based on the county's average number of food stamp cases as compared to the statewide total number of such cases. The average number of cases shall be based on counts of cases as of March 31, June 30, September 30, and December 31 of the previous calendar year. The commissioner may reallocate unexpended money appropriated under this section to those county agencies that demonstrate a need for additional funds.

Sec. 3. Minnesota Statutes 1998, section 256D.053, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED.] ~~For the period of July 1, 1998, to June 30, 1999,~~ The Minnesota food assistance program is established to provide food assistance to legal noncitizens residing in this state who are ineligible to participate in the federal Food Stamp Program solely due to the provisions of section 402 or 403 of Public Law Number 104-193, as authorized by Title VII of the 1997 Emergency Supplemental Appropriations Act, Public Law Number 105-18, and as amended by Public Law Number 105-185.

Beginning July 1, 2000, the Minnesota food assistance program is limited to those noncitizens described in this subdivision who are 50 years of age or older.

Sec. 4. Minnesota Statutes 1998, section 256D.06, subdivision 5, is amended to read:

Subd. 5. Any applicant, otherwise eligible for general assistance and possibly eligible for maintenance benefits from any other source shall (a) make application for those benefits within 30 days of the general assistance application; and (b) execute an interim assistance authorization agreement on a form as directed by the commissioner. The commissioner shall review a denial of an application for other maintenance benefits and may require a recipient of general assistance to file an appeal of the denial if appropriate. If found eligible for benefits from other sources, and a payment received from another source relates to the period during which general assistance was also being received, the recipient shall be required to reimburse the county agency for the interim assistance paid. Reimbursement shall not exceed the amount of general assistance paid during the time period to which the other maintenance benefits apply and shall not exceed the state standard applicable to that time period. The commissioner shall adopt rules authorizing county agencies or other client representatives to retain from the amount recovered under an interim assistance agreement 25 percent plus actual reasonable fees, costs, and disbursements of appeals and litigation, of providing special assistance to the recipient in processing the recipient's claim for maintenance benefits from another source. The money retained under this section shall be from the state share of the recovery. The commissioner or the county agency may contract with qualified persons to provide the special assistance. The rules adopted by the commissioner shall include the methods by which county agencies shall

identify, refer, and assist recipients who may be eligible for benefits under federal programs for the disabled. This subdivision does not require repayment of per diem payments made to shelters for battered women pursuant to section 256D.05, subdivision 3.

Sec. 5. Minnesota Statutes 1998, section 256J.02, subdivision 2, is amended to read:

Subd. 2. [USE OF MONEY.] State money appropriated for purposes of this section and TANF block grant money must be used for:

(1) financial assistance to or on behalf of any minor child who is a resident of this state under section 256J.12;

(2) employment and training services under this chapter or chapter 256K;

(3) emergency financial assistance and services under section 256J.48;

(4) diversionary assistance under section 256J.47; ~~and~~

(5) the health care and human services training and retention program under chapter 116L, for costs associated with families with children with incomes below 200 percent of the federal poverty guidelines;

(6) the pathways program under section 116L.04, subdivision 1a;

(7) welfare-to-work extended employment services for MFIP participants with severe impairment to employment as defined in section 268A.15, subdivision 1a;

(8) the family homeless prevention and assistance program under section 462A.204;

(9) the rent assistance for family stabilization demonstration project under section 462A.205; and

(10) program administration under this chapter.

Sec. 6. Minnesota Statutes 1998, section 256J.08, subdivision 11, is amended to read:

Subd. 11. [CAREGIVER.] "Caregiver" means a minor child's natural or adoptive parent or parents and stepparent who live in the home with the minor child. For purposes of determining eligibility for this program, caregiver also means any of the following individuals, if adults, who live with and provide care and support to a minor child when the minor child's natural or adoptive parent or parents or stepparents do not reside in the same home: legal custodian or guardian, grandfather, grandmother, brother, sister, half-brother, half-sister, stepbrother, stepsister, uncle, aunt, first cousin or first cousin once removed, nephew, niece, person of preceding generation as denoted by prefixes of "great," "great-great," or "great-great-great," or a spouse of any person named in the above groups even after the marriage ends by death or divorce.

Sec. 7. Minnesota Statutes 1998, section 256J.08, subdivision 24, is amended to read:

Subd. 24. [DISREGARD.] "Disregard" means earned income that is not counted when determining initial eligibility or ongoing eligibility and calculating the amount of the assistance payment for participants. The commissioner shall determine the amount of the disregard according to section 256J.24, subdivision 10.

Sec. 8. Minnesota Statutes 1998, section 256J.08, is amended by adding a subdivision to read:

Subd. 28a. [ENCUMBRANCE.] "Encumbrance" means a legal claim against real or personal property that is payable upon the sale of that property.

Sec. 9. Minnesota Statutes 1998, section 256J.08, is amended by adding a subdivision to read:

Subd. 55a. [MFIP STANDARD OF NEED.] "MFIP standard of need" means the appropriate standard used to determine MFIP benefit payments for the MFIP unit and applies to:

(1) the transitional standard, sections 256J.08, subdivision 85, and 256J.24, subdivision 5;

(2) the shared household standard, section 256J.24, subdivision 9; and

(3) the interstate transition standard, section 256J.43.

Sec. 10. Minnesota Statutes 1998, section 256J.08, subdivision 65, is amended to read:

Subd. 65. [PARTICIPANT.] "Participant" means a person who is currently receiving cash assistance ~~and~~ or the food portion available through ~~MFIP-S~~ MFIP as funded by TANF and the food stamp program. A person who fails to withdraw or access electronically any portion of the person's cash and food assistance payment by the end of the payment month, who makes a written request for closure before the first of a payment month and repays cash and food assistance electronically issued for that payment month within that payment month, or who returns any uncashed assistance check and food coupons and withdraws from the program is not a participant. A person who withdraws a cash or food assistance payment by electronic transfer or receives and cashes ~~a cash~~ an MFIP assistance check or food coupons and is subsequently determined to be ineligible for assistance for that period of time is a participant, regardless whether that assistance is repaid. The term "participant" includes the caregiver relative and the minor child whose needs are included in the assistance payment. A person in an assistance unit who does not receive a cash and food assistance payment because the person has been suspended from ~~MFIP-S or because the person's need falls below the $10 minimum payment level~~ MFIP is a participant.

Sec. 11. Minnesota Statutes 1998, section 256J.08, subdivision 82, is amended to read:

Subd. 82. [SANCTION.] "Sanction" means the reduction of a family's assistance payment by a specified percentage of the ~~applicable transitional~~ MFIP standard of need because: a nonexempt participant fails to comply with the requirements of sections 256J.52 to 256J.55; a parental caregiver fails without good cause to cooperate with the child support enforcement requirements; or a participant fails to comply with the insurance, tort liability, or other requirements of this chapter.

Sec. 12. Minnesota Statutes 1998, section 256J.08, subdivision 83, is amended to read:

Subd. 83. [SIGNIFICANT CHANGE.] "Significant change" means a decline in gross income of ~~36 percent~~ the amount of the disregard as defined in subdivision 24 or more from the income used to determine the grant for the current month.

Sec. 13. Minnesota Statutes 1998, section 256J.08, subdivision 86a, is amended to read:

Subd. 86a. [UNRELATED MEMBER.] "Unrelated member" means an individual in the household who does not meet the definition of an eligible caregiver~~, but does not include an individual who provides child care to a child in the assistance unit~~.

Sec. 14. Minnesota Statutes 1998, section 256J.11, subdivision 2, is amended to read:

Subd. 2. [NONCITIZENS; FOOD PORTION.] ~~(a) For the period September 1, 1997, to October 31, 1997, noncitizens who do not meet one of the exemptions in section 412 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, but were residing in this state as of July 1, 1997, are eligible for the 6/10 of the average value of food stamps for the same family size and composition until MFIP-S is operative in the noncitizen's county of financial responsibility and thereafter, the 6/10 of the food portion of MFIP-S. However, federal food stamp dollars cannot be used to fund the food portion of MFIP-S benefits for an individual under this subdivision.~~

~~(b) For the period November 1, 1997, to June 30, 1999, noncitizens who do not meet one of the exemptions in section 412 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and are receiving cash assistance under the AFDC, family general assistance, MFIP or MFIP-S programs are eligible for the average value of food stamps for the same family size and composition until MFIP-S is operative in the noncitizen's county of financial responsibility and thereafter, the food portion of MFIP-S. However, federal food stamp dollars cannot be used to fund the food portion of MFIP-S benefits for an individual under this subdivision~~ State dollars shall fund the food portion of a noncitizen's MFIP benefits when federal food stamp dollars cannot be used to fund those benefits. The assistance provided under this subdivision, which is designated as a supplement to replace lost benefits under the federal food stamp program, must be disregarded as income in all programs that do not count food stamps as income where the commissioner has the authority to make the income disregard determination for the program.

~~(c) The commissioner shall submit a state plan to the secretary of agriculture to allow the commissioner to purchase federal Food Stamp Program benefits in an amount equal to the MFIP-S food portion for each legal noncitizen receiving MFIP-S assistance who is ineligible to participate in the federal Food Stamp Program solely due to the provisions of section 402 or 403 of Public Law Number 104-193, as authorized by Title VII of the 1997 Emergency Supplemental Appropriations Act, Public Law Number 105-18. The commissioner shall enter into a contract as necessary with the secretary to use the existing federal Food Stamp Program benefits delivery system for the purposes of administering the food portion of MFIP-S under this subdivision.~~

Sec. 15. Minnesota Statutes 1998, section 256J.11, subdivision 3, is amended to read:

Subd. 3. [BENEFITS FUNDED WITH STATE MONEY.] Legal adult noncitizens who have resided in the country for four years or more as a lawful permanent resident, whose benefits are funded entirely with state money, and who are under 70 years of age, must, as a condition of eligibility:

(1) be enrolled in a literacy class, English as a second language class, or a citizen class;

(2) be applying for admission to a literacy class, English as a second language class, and is on a waiting list;

(3) be in the process of applying for a waiver from the Immigration and Naturalization Service of the English language or civics requirements of the citizenship test;

(4) have submitted an application for citizenship to the Immigration and Naturalization Service and is waiting for a testing date or a subsequent swearing in ceremony; or

(5) have been denied citizenship due to a failure to pass the test after two attempts or because of an inability to understand the rights and responsibilities of becoming a United States citizen, as documented by the Immigration and Naturalization Service or the county.

If the county social service agency determines that a legal noncitizen subject to the requirements of this subdivision will require more than one year of English language training, then the requirements of clause (1) or (2) shall be imposed after the legal noncitizen has resided in the country for three years. Individuals who reside in a facility licensed under chapter 144A, 144D, 245A, or 256I are exempt from the requirements of this subdivision.

Sec. 16. Minnesota Statutes 1998, section 256J.12, subdivision 1a, is amended to read:

Subd. 1a. [30-DAY RESIDENCY REQUIREMENT.] An assistance unit is considered to have established residency in this state only when a child or caregiver has resided in this state for at least 30 consecutive days with the intention of making the person's home here and not for any temporary purpose. The birth of a child in Minnesota to a member of the assistance unit does not automatically establish the residency in this state under this subdivision of the other members of the assistance unit. Time spent in a shelter for battered women shall count toward satisfying the 30-day residency requirement.

Sec. 17. Minnesota Statutes 1998, section 256J.12, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] (a) A county shall waive the 30-day residency requirement where unusual hardship would result from denial of assistance.

(b) For purposes of this section, unusual hardship means an assistance unit:

(1) is without alternative shelter; or

(2) is without available resources for food.

(c) For purposes of this subdivision, the following definitions apply (1) "metropolitan statistical area" is as defined by the U. S. Census Bureau; (2) "alternative shelter" includes any shelter that is located within the metropolitan statistical area containing the county and for which the family is eligible, provided the assistance unit does not have to travel more than 20 miles to reach the shelter and has access to transportation to the shelter. Clause (2) does not apply to counties in the Minneapolis-St. Paul metropolitan statistical area.

(d) Applicants are considered to meet the residency requirement under subdivision 1a if they once resided in Minnesota and:

(1) joined the United States armed services, returned to Minnesota within 30 days of leaving the armed services, and intend to remain in Minnesota; or

(2) left to attend school in another state, paid nonresident tuition or Minnesota tuition rates under a reciprocity agreement, and returned to Minnesota within 30 days of graduation with the intent to remain in Minnesota.

(e) The 30-day residence requirement is met when:

(1) a minor child or a minor caregiver moves from another state to the residence of a relative caregiver; and

~~(2) the minor caregiver applies for and receives family cash assistance;~~

~~(3) the relative caregiver chooses not to be part of the MFIP-S assistance unit; and~~

~~(4) the relative caregiver has resided in Minnesota for at least 30 days prior to the date the assistance unit applies for cash assistance.~~

~~(f) Ineligible mandatory unit members who have resided in Minnesota for 12 months immediately before the unit's date of application establish the other assistance unit members' eligibility for the MFIP-S transitional standard.~~

(2) the relative caregiver has resided in Minnesota for at least 30 consecutive days and:

(i) the minor caregiver applies for and receives MFIP; or

(ii) the relative caregiver applies for assistance for the minor child but does not choose to be a member of the MFIP assistance unit.

Sec. 18. Minnesota Statutes 1998, section 256J.14, is amended to read:

256J.14 [ELIGIBILITY FOR PARENTING OR PREGNANT MINORS.]

(a) The definitions in this paragraph only apply to this subdivision.

(1) "Household of a parent, legal guardian, or other adult relative" means the place of residence of:

(i) a natural or adoptive parent;

(ii) a legal guardian according to appointment or acceptance under section 260.242, 525.615, or 525.6165, and related laws;

(iii) a caregiver as defined in section 256J.08, subdivision 11; or

(iv) an appropriate adult relative designated by a county agency.

(2) "Adult-supervised supportive living arrangement" means a private family setting which assumes responsibility for the care and control of the minor parent and minor child, or other living arrangement, not including a public institution, licensed by the commissioner of human services which ensures that the minor parent receives adult supervision and supportive services, such as counseling, guidance, independent living skills training, or supervision.

(b) A minor parent and the minor child who is in the care of the minor parent must reside in the household of a parent, legal guardian, other adult relative, or in an adult-supervised supportive living arrangement in order to receive ~~MFIP-S~~ MFIP unless:

(1) the minor parent has no living parent, other adult relative, or legal guardian whose whereabouts is known;

(2) no living parent, other adult relative, or legal guardian of the minor parent allows the minor parent to live in the parent's, other adult relative's, or legal guardian's home;

(3) the minor parent lived apart from the minor parent's own parent or legal guardian for a period of at least one year before either the birth of the minor child or the minor parent's application for ~~MFIP-S~~ MFIP;

(4) the physical or emotional health or safety of the minor parent or minor child would be jeopardized if the minor parent and the minor child resided in the same residence with the minor parent's parent, other adult relative, or legal guardian; or

(5) an adult supervised supportive living arrangement is not available for the minor parent and child in the county in which the minor parent and child currently reside. If an adult supervised supportive living arrangement becomes available within the county, the minor parent and child must reside in that arrangement.

(c) The county agency shall inform minor applicants ~~must be informed~~ both orally and in writing about the eligibility requirements ~~and,~~ their rights and obligations under the ~~MFIP-S~~ MFIP program, and any other applicable orientation information. The county must advise the minor of the possible exemptions and specifically ask whether one or more of these exemptions is applicable. If the minor alleges one or more of these exemptions, then the county must assist the minor in obtaining the necessary verifications to determine whether or not these exemptions apply.

(d) If the county worker has reason to suspect that the physical or emotional health or safety of the minor parent or minor child would be jeopardized if they resided with the minor parent's parent, other adult relative, or legal guardian, then the county worker must make a referral to child protective services to determine if paragraph (b), clause (4), applies. A new determination by the county worker is not necessary if one has been made within the last six months, unless there has been a significant change in circumstances which justifies a new referral and determination.

(e) If a minor parent is not living with a parent, legal guardian, or other adult relative due to paragraph (b), clause (1), (2), or (4), the minor parent must reside, when possible, in a living arrangement that meets the standards of paragraph (a), clause (2).

(f) ~~When a minor parent and minor child live with a parent, other adult relative, legal guardian, or in an adult-supervised supportive~~ Regardless of living arrangement, ~~MFIP-S~~ MFIP must be paid, when possible, in the form of a protective payment on behalf of the minor parent and minor child according to section 256J.39, subdivisions 2 to 4.

Sec. 19. Minnesota Statutes 1998, section 256J.20, subdivision 3, is amended to read:

Subd. 3. [OTHER PROPERTY LIMITATIONS.] To be eligible for ~~MFIP-S~~ MFIP, the equity value of all nonexcluded real and personal property of the assistance unit must not exceed $2,000 for applicants and $5,000 for ongoing participants. The value of assets in clauses (1) to (20) must be excluded when determining the equity value of real and personal property:

(1) a licensed vehicle up to a loan value of less than or equal to $7,500. The county agency shall apply any excess loan value as if it were equity value to the asset limit described in this section. If the assistance unit owns more than one licensed vehicle, the county agency shall determine the vehicle with the highest loan value and count only the loan value over $7,500, excluding: (i) the value of one vehicle per physically disabled person when the vehicle is needed to transport the disabled unit member; this exclusion does not apply to mentally disabled people; (ii) the value of special equipment for a handicapped member of the assistance unit; and (iii) any vehicle used for long-distance travel, other than daily commuting, for the employment of a unit member.

The county agency shall count the loan value of all other vehicles and apply this amount as if it were equity value to the asset limit described in this section. ~~The value of special equipment for a handicapped member of the assistance unit is excluded.~~ To establish the loan value of vehicles, a county agency must use the N.A.D.A. Official Used Car Guide, Midwest Edition, for newer model cars. When a vehicle is not listed in the guidebook, or when the applicant or participant disputes the loan value listed in the guidebook as unreasonable given the condition of the particular vehicle, the county agency may require the applicant or participant document the loan value by securing a written statement from a motor vehicle dealer licensed under section 168.27, stating the amount that the dealer would pay to purchase the vehicle. The county agency shall reimburse the applicant or participant for the cost of a written statement that documents a lower loan value;

(2) the value of life insurance policies for members of the assistance unit;

(3) one burial plot per member of an assistance unit;

(4) the value of personal property needed to produce earned income, including tools, implements, farm animals, inventory, business loans, business checking and savings accounts used at least annually and used exclusively for the operation of a self-employment business, and any motor vehicles if at least 50 percent of the vehicle's use is to produce income and if the vehicles are essential for the self-employment business;

(5) the value of personal property not otherwise specified which is commonly used by household members in day-to-day living such as clothing, necessary household furniture, equipment, and other basic maintenance items essential for daily living;

(6) the value of real and personal property owned by a recipient of Supplemental Security Income or Minnesota supplemental aid;

(7) the value of corrective payments, but only for the month in which the payment is received and for the following month;

(8) a mobile home or other vehicle used by an applicant or participant as the applicant's or participant's home;

(9) money in a separate escrow account that is needed to pay real estate taxes or insurance and that is used for this purpose;

(10) money held in escrow to cover employee FICA, employee tax withholding, sales tax withholding, employee worker compensation, business insurance, property rental, property taxes, and other costs that are paid at least annually, but less often than monthly;

(11) monthly assistance, emergency assistance, and diversionary payments for the current month's needs;

(12) the value of school loans, grants, or scholarships for the period they are intended to cover;

(13) payments listed in section 256J.21, subdivision 2, clause (9), which are held in escrow for a period not to exceed three months to replace or repair personal or real property;

(14) income received in a budget month through the end of the payment month;

(15) savings from earned income of a minor child or a minor parent that are set aside in a separate account designated specifically for future education or employment costs;

(16) the federal earned income credit, Minnesota working family credit, state and federal income tax refunds, state homeowners and renters credits under chapter 290A, property tax rebates ~~under Laws 1997, chapter 231, article 1, section 16,~~ and other federal or state tax rebates in the month received and the following month;

(17) payments excluded under federal law as long as those payments are held in a separate account from any nonexcluded funds;

(18) money received by a participant of the corps to career program under section 84.0887, subdivision 2, paragraph (b), as a postservice benefit under the federal Americorps Act;

(19) the assets of children ineligible to receive ~~MFIP-S~~ MFIP benefits because foster care or adoption assistance payments are made on their behalf; and

(20) the assets of persons whose income is excluded under section 256J.21, subdivision 2, clause (43).

Sec. 20. Minnesota Statutes 1998, section 256J.21, subdivision 2, is amended to read:

Subd. 2. [INCOME EXCLUSIONS.] (a) The following must be excluded in determining a family's available income:

(1) payments for basic care, difficulty of care, and clothing allowances received for providing family foster care to children or adults under Minnesota Rules, parts 9545.0010 to 9545.0260 and 9555.5050 to 9555.6265, and payments received and used for care and maintenance of a third-party beneficiary who is not a household member;

(2) reimbursements for employment training received through the Job Training Partnership Act, United States Code, title 29, chapter 19, sections 1501 to 1792b;

(3) reimbursement for out-of-pocket expenses incurred while performing volunteer services, jury duty, ~~or~~ employment, or informal carpooling arrangements directly related to employment;

(4) all educational assistance, except the county agency must count graduate student teaching assistantships, fellowships, and other similar paid work as earned income and, after allowing deductions for any unmet and necessary educational expenses, shall count scholarships or grants awarded to graduate students that do not require teaching or research as unearned income;

(5) loans, regardless of purpose, from public or private lending institutions, governmental lending institutions, or governmental agencies;

(6) loans from private individuals, regardless of purpose, provided an applicant or participant documents that the lender expects repayment;

(7)(i) state income tax refunds; and

(ii) federal income tax refunds;

(8)(i) federal earned income credits;

(ii) Minnesota working family credits;

(iii) state homeowners and renters credits under chapter 290A; and

(iv) ~~property tax rebates under Laws 1997, chapter 231, article 1, section 16; and~~

~~(v) other~~ federal or state tax rebates;

(9) funds received for reimbursement, replacement, or rebate of personal or real property when these payments are made by public agencies, awarded by a court, solicited through public appeal, or made as a grant by a federal agency, state or local government, or disaster assistance organizations, subsequent to a presidential declaration of disaster;

(10) the portion of an insurance settlement that is used to pay medical, funeral, and burial expenses, or to repair or replace insured property;

(11) reimbursements for medical expenses that cannot be paid by medical assistance;

(12) payments by a vocational rehabilitation program administered by the state under chapter 268A, except those payments that are for current living expenses;

(13) in-kind income, including any payments directly made by a third party to a provider of goods and services;

(14) assistance payments to correct underpayments, but only for the month in which the payment is received;

(15) emergency assistance payments;

(16) funeral and cemetery payments as provided by section 256.935;

(17) nonrecurring cash gifts of $30 or less, not exceeding $30 per participant in a calendar month;

(18) any form of energy assistance payment made through Public Law Number 97-35, Low-Income Home Energy Assistance Act of 1981, payments made directly to energy providers by other public and private agencies, and any form of credit or rebate payment issued by energy providers;

(19) Supplemental Security Income, including retroactive payments;

(20) Minnesota supplemental aid, including retroactive payments;

(21) proceeds from the sale of real or personal property;

(22) adoption assistance payments under section 259.67;

(23) state-funded family subsidy program payments made under section 252.32 to help families care for children with mental retardation or related conditions;

(24) interest payments and dividends from property that is not excluded from and that does not exceed the asset limit;

(25) rent rebates;

(26) income earned by a minor caregiver ~~or,~~ minor child through age 6, or a minor child who is at least a half-time student in an approved elementary or secondary education program;

(27) income earned by a caregiver under age 20 who is at least a half-time student in an approved elementary or secondary education program;

(28) ~~MFIP-S~~ MFIP child care payments under section 119B.05;

(29) all other payments made through ~~MFIP-S~~ MFIP to support a caregiver's pursuit of greater self-support;

(30) income a participant receives related to shared living expenses;

(31) reverse mortgages;

(32) benefits provided by the Child Nutrition Act of 1966, United States Code, title 42, chapter 13A, sections 1771 to 1790;

(33) benefits provided by the women, infants, and children (WIC) nutrition program, United States Code, title 42, chapter 13A, section 1786;

(34) benefits from the National School Lunch Act, United States Code, title 42, chapter 13, sections 1751 to 1769e;

(35) relocation assistance for displaced persons under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, United States Code, title 42, chapter 61, subchapter II, section 4636, or the National Housing Act, United States Code, title 12, chapter 13, sections 1701 to 1750jj;

(36) benefits from the Trade Act of 1974, United States Code, title 19, chapter 12, part 2, sections 2271 to 2322;

(37) war reparations payments to Japanese Americans and Aleuts under United States Code, title 50, sections 1989 to 1989d;

(38) payments to veterans or their dependents as a result of legal settlements regarding Agent Orange or other chemical exposure under Public Law Number 101-239, section 10405, paragraph (a)(2)(E);

(39) income that is otherwise specifically excluded from ~~the MFIP-S program~~ MFIP consideration in federal law, state law, or federal regulation;

(40) security and utility deposit refunds;

(41) American Indian tribal land settlements excluded under Public Law Numbers 98-123, 98-124, and 99-377 to the Mississippi Band Chippewa Indians of White Earth, Leech Lake, and Mille Lacs reservations and payments to members of the White Earth Band, under United States Code, title 25, chapter 9, section 331, and chapter 16, section 1407;

(42) all income of the minor parent's ~~parent~~ parents and ~~stepparent~~ stepparents when determining the grant for the minor parent in households that include a minor parent living with ~~a parent~~ parents or ~~stepparent~~ stepparents on ~~MFIP-S~~ MFIP with other children; and

(43) income of the minor parent's ~~parent~~ parents and ~~stepparent~~ stepparents equal to 200 percent of the federal poverty guideline for a family size not including the minor parent and the minor parent's child in households that include a minor parent living with ~~a parent~~ parents or ~~stepparent~~ stepparents not on ~~MFIP-S~~ MFIP when determining the grant for the minor parent. The remainder of income is deemed as specified in section 256J.37, subdivision 1b;

(44) payments made to children eligible for relative custody assistance under section 257.85;

(45) vendor payments for goods and services made on behalf of a client unless the client has the option of receiving the payment in cash; and

(46) the principal portion of a contract for deed payment.

Sec. 21. Minnesota Statutes 1998, section 256J.21, subdivision 3, is amended to read:

Subd. 3. [INITIAL INCOME TEST.] The county agency shall determine initial eligibility by considering all earned and unearned income that is not excluded under subdivision 2. To be eligible for ~~MFIP-S~~ MFIP, the assistance unit's countable income minus the disregards in paragraphs (a) and (b) must be below the transitional standard of assistance according to section 256J.24 for that size assistance unit.

(a) The initial eligibility determination must disregard the following items:

(1) the employment disregard is 18 percent of the gross earned income whether or not the member is working full time or part time;

(2) dependent care costs must be deducted from gross earned income for the actual amount paid for dependent care up to a maximum of $200 per month for each child less than two years of age, and $175 per month for each child two years of age and older under this chapter and chapter 119B;

(3) all payments made according to a court order for spousal support or the support of children not living in the assistance unit's household shall be disregarded from the income of the person with the legal obligation to pay support, provided that, if there has been a change in the financial circumstances of the person with the legal obligation to pay support since the support order was entered, the person with the legal obligation to pay support has petitioned for a modification of the support order; and

(4) an allocation for the unmet need of an ineligible spouse or an ineligible child under the age of 21 for whom the caregiver is financially responsible and who lives with the caregiver according to section 256J.36.

(b) Notwithstanding paragraph (a), when determining initial eligibility for applicant units when at least one member has received ~~AFDC, family general assistance, MFIP, MFIP-R,~~ work first~~,~~ or ~~MFIP-S~~ MFIP in this state within four months of the most recent application for ~~MFIP-S~~ MFIP, apply the ~~employment~~ disregard as defined in section 256J.08, subdivision 24, for all unit members ~~is 36 percent of the gross earned income~~.

After initial eligibility is established, the assistance payment calculation is based on the monthly income test.

Sec. 22. Minnesota Statutes 1998, section 256J.21, subdivision 4, is amended to read:

Subd. 4. [MONTHLY INCOME TEST AND DETERMINATION OF ASSISTANCE PAYMENT.] The county agency shall determine ongoing eligibility and the assistance payment amount according to the monthly income test. To be eligible for ~~MFIP-S~~ MFIP, the result of the computations in paragraphs (a) to (e) must be at least $1.

(a) Apply ~~a 36 percent~~ an income disregard as defined in section 256J.08, subdivision 24, to gross earnings and subtract this amount from the family wage level. If the difference is equal to or greater than the ~~transitional~~ MFIP standard of need, the assistance payment is equal to the ~~transitional~~ MFIP standard of need. If the difference is less than the ~~transitional~~ MFIP standard of need, the assistance payment is equal to the difference. The employment disregard in this paragraph must be deducted every month there is earned income.

(b) All payments made according to a court order for spousal support or the support of children not living in the assistance unit's household must be disregarded from the income of the person with the legal obligation to pay support, provided that, if there has been a change in the financial circumstances of the person with the legal obligation to pay support since the support order was entered, the person with the legal obligation to pay support has petitioned for a modification of the court order.

(c) An allocation for the unmet need of an ineligible spouse or an ineligible child under the age of 21 for whom the caregiver is financially responsible and who lives with the caregiver must be made according to section 256J.36.

(d) Subtract unearned income dollar for dollar from the ~~transitional~~ MFIP standard of need to determine the assistance payment amount.

(e) When income is both earned and unearned, the amount of the assistance payment must be determined by first treating gross earned income as specified in paragraph (a). After determining the amount of the assistance payment under paragraph (a), unearned income must be subtracted from that amount dollar for dollar to determine the assistance payment amount.

(f) When the monthly income is greater than the ~~transitional or family wage level~~ MFIP standard of need after ~~applicable~~ deductions and the income will only exceed the standard for one month, the county agency must suspend the assistance payment for the payment month.

Sec. 23. Minnesota Statutes 1998, section 256J.24, subdivision 2, is amended to read:

Subd. 2. [MANDATORY ASSISTANCE UNIT COMPOSITION.] Except for minor caregivers and their children who must be in a separate assistance unit from the other persons in the household, when the following individuals live together, they must be included in the assistance unit:

(1) a minor child, including a pregnant minor;

(2) the minor child's minor siblings, minor half-siblings, and minor step-siblings;

(3) the minor child's natural parents, adoptive parents, and stepparents; and

(4) the spouse of a pregnant woman.

Sec. 24. Minnesota Statutes 1998, section 256J.24, subdivision 3, is amended to read:

Subd. 3. [INDIVIDUALS WHO MUST BE EXCLUDED FROM AN ASSISTANCE UNIT.] (a) The following individuals who are part of the assistance unit determined under subdivision 2 are ineligible to receive ~~MFIP-S~~ MFIP:

(1) individuals receiving Supplemental Security Income or Minnesota supplemental aid;

(2) ~~individuals living at home while performing court-imposed, unpaid community service work due to a criminal conviction;~~

~~(3)~~ individuals disqualified from the food stamp program or ~~MFIP-S~~ MFIP, until the disqualification ends;

~~(4)~~ (3) children on whose behalf federal, state or local foster care payments are made, except as provided in sections 256J.13, subdivision 2, and 256J.74, subdivision 2; and

~~(5)~~ (4) children receiving ongoing monthly adoption assistance payments under section 259.67.

(b) The exclusion of a person under this subdivision does not alter the mandatory assistance unit composition.

Sec. 25. Minnesota Statutes 1998, section 256J.24, subdivision 7, is amended to read:

Subd. 7. [FAMILY WAGE LEVEL STANDARD.] The family wage level standard is 110 percent of the transitional standard under subdivision 5 and is the standard used when there is earned income in the assistance unit. As specified in section 256J.21, earned income is subtracted from the family wage level to determine the amount of the assistance payment. Not including the family wage level standard, assistance payments may not exceed the ~~shared household standard or the transitional~~ MFIP standard of need for the assistance unit~~, whichever is less~~.

Sec. 26. Minnesota Statutes 1998, section 256J.24, subdivision 8, is amended to read:

Subd. 8. [ASSISTANCE PAID TO ELIGIBLE ASSISTANCE UNITS.] Except for assistance units where a nonparental caregiver is not included in the grant, payments for shelter up to the amount of the cash portion of ~~MFIP-S~~ MFIP benefits for which the assistance unit is eligible shall be vendor paid for as many months as the assistance unit is eligible or six months, whichever comes first. The residual amount of the grant after vendor payment, if any, must be paid to the ~~MFIP-S~~ MFIP caregiver.

Sec. 27. Minnesota Statutes 1998, section 256J.24, subdivision 9, is amended to read:

Subd. 9. [SHARED HOUSEHOLD STANDARD; ~~MFIP-S~~ MFIP.] (a) Except as prohibited in paragraph (b), the county agency must use the shared household standard when the household includes one or more unrelated members, as that term is defined in section 256J.08, subdivision 86a. The county agency must use the shared household standard, unless a member of the assistance unit is a victim of domestic violence and has an approved safety plan, regardless of the number of unrelated members in the household.

(b) The county agency must not use the shared household standard when all unrelated members are one of the following:

(1) a recipient of public assistance benefits, including food stamps, Supplemental Security Income, adoption assistance, relative custody assistance, or foster care payments;

(2) a roomer or boarder, or a person to whom the assistance unit is paying room or board;

(3) a minor child under the age of 18;

(4) a minor caregiver living with the minor caregiver's parents or in an approved supervised living arrangement; ~~or~~

(5) a caregiver who is not the parent of the minor child in the assistance unit; or

(6) an individual who provides child care to a child in the MFIP assistance unit.

(c) The shared household standard must be discontinued if it is not approved by the United States Department of Agriculture under the ~~MFIP-S~~ MFIP waiver.

Sec. 28. Minnesota Statutes 1998, section 256J.24, is amended by adding a subdivision to read:

Subd. 10. [MFIP EXIT LEVEL.] (a) In state fiscal years 2000 and 2001, the commissioner shall adjust the MFIP earned income disregard to ensure that most participants do not lose eligibility for MFIP until their income reaches at least 120 percent of the federal poverty guidelines in effect in October of each fiscal year. The adjustment to the disregard shall be based on a household size of three, and the resulting earned income disregard percentage must be applied to all household sizes. The adjustment under this subdivision must be implemented at the same time as the October food stamp cost-of-living adjustment is reflected in the food portion of MFIP transitional standard as required under subdivision 5a.

(b) In state fiscal year 2002 and thereafter, the earned income disregard percentage must be the same as the percentage implemented in October 2000.

Sec. 29. Minnesota Statutes 1998, section 256J.26, subdivision 1, is amended to read:

Subdivision 1. [PERSON CONVICTED OF DRUG OFFENSES.] (a) Applicants or participants who have been convicted of a drug offense committed after July 1, 1997, may, if otherwise eligible, receive ~~AFDC or MFIP-S~~ MFIP benefits subject to the following conditions:

(1) Benefits for the entire assistance unit must be paid in vendor form for shelter and utilities during any time the applicant is part of the assistance unit.

(2) The convicted applicant or participant shall be subject to random drug testing as a condition of continued eligibility and following any positive test for an illegal controlled substance is subject to the following sanctions:

(i) for failing a drug test the first time, the participant's grant shall be reduced by ten percent of the ~~MFIP-S transitional~~ MFIP standard of need, ~~the shared household standard, or the interstate transitional standard, whichever is applicable~~ prior to making vendor payments for shelter and utility costs; or

(ii) for failing a drug test two or more times, the residual amount of the participant's grant after making vendor payments for shelter and utility costs, if any, must be reduced by an amount equal to 30 percent of the ~~MFIP-S transitional standard, the shared household standard, or the interstate transitional standard, whichever is applicable~~ MFIP standard of need.

(3) A participant who fails an initial drug test and is under a sanction due to other MFIP program requirements is subject to the sanction in clause (2)(ii).

(b) Applicants requesting only food stamps or participants receiving only food stamps, who have been convicted of a drug offense that occurred after July 1, 1997, may, if otherwise eligible, receive food stamps if the convicted applicant or participant is subject to random drug testing as a condition of continued eligibility. Following a positive test for an illegal controlled substance, the applicant is subject to the following sanctions:

(1) for failing a drug test the first time, food stamps shall be reduced by ten percent of the applicable food stamp allotment; and

(2) for failing a drug test two or more times, food stamps shall be reduced by an amount equal to 30 percent of the applicable food stamp allotment.

(c) For the purposes of this subdivision, "drug offense" means ~~a conviction~~ an offense that occurred after July 1, 1997, of sections 152.021 to 152.025, 152.0261, or 152.096. Drug offense also means a conviction in another jurisdiction of the possession, use, or distribution of a controlled substance, or conspiracy to commit any of these offenses, if the offense occurred after July 1, 1997, and the conviction is a felony offense in that jurisdiction, or in the case of New Jersey, a high misdemeanor.

Sec. 30. Minnesota Statutes 1998, section 256J.30, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENT TO APPLY FOR OTHER BENEFITS.] An applicant or participant must apply for, accept if eligible, and follow through with appealing any denials of eligibility for benefits from other programs for which the applicant or participant is potentially eligible and which would, if received, offset assistance payments. An applicant's or participant's failure to complete application for these benefits without good cause results in denial or termination of assistance. Good cause for failure to apply for these benefits is allowed when circumstances beyond the control of the applicant or participant prevent the applicant or participant from making an application.

Sec. 31. Minnesota Statutes 1998, section 256J.30, subdivision 7, is amended to read:

Subd. 7. [DUE DATE OF ~~MFIP-S~~ MFIP HOUSEHOLD REPORT FORM.] An ~~MFIP-S~~ MFIP household report form must be received by the county agency by the eighth calendar day of the month following the reporting period covered by the form. When the eighth calendar day of the month falls on a weekend or holiday, the ~~MFIP-S~~ MFIP household report form must be received by the county agency the first working day that follows the eighth calendar day. ~~The county agency must send a notice of termination because of a late or incomplete MFIP-S household report form.~~

Sec. 32. Minnesota Statutes 1998, section 256J.30, subdivision 8, is amended to read:

Subd. 8. [LATE ~~MFIP-S~~ MFIP HOUSEHOLD REPORT FORMS.] Paragraphs (a) to (d) apply to the reporting requirements in subdivision 7.

(a) When ~~a caregiver submits~~ the county agency receives an incomplete ~~MFIP-S~~ MFIP household report form ~~before the last working day of the month on which a ten-day notice of termination can be issued~~, the county agency must immediately return the incomplete form ~~on or before the ten-day notice deadline or any previously sent ten-day notice of termination is invalid~~ and clearly state what the caregiver must do for the form to be complete.

(b) ~~When a complete MFIP-S household report form is not received by a county agency before the last ten days of the month in which the form is due, the county agency must send~~ The automated eligibility system must send a notice of proposed termination of assistance to the assistance unit if a complete MFIP household report form is not received by a county agency. The automated notice must be mailed to the caregiver by approximately the 16th of the month. When a caregiver submits an incomplete form on or after the date a notice of proposed termination has been sent, the termination is valid unless the caregiver submits a complete form before the end of the month.

(c) An assistance unit required to submit an ~~MFIP-S~~ MFIP household report form is considered to have continued its application for assistance if a complete ~~MFIP-S~~ MFIP household report form is received within a calendar month after the month in which ~~assistance was received~~ the form was due and assistance shall be paid for the period beginning with the first day of ~~the month in which the report was due~~ that calendar month.

(d) A county agency must allow good cause exemptions from the reporting requirements under subdivisions 5 and 6 when any of the following factors cause a caregiver to fail to provide the county agency with a completed ~~MFIP-S~~ MFIP household report form before the end of the month in which the form is due:

(1) an employer delays completion of employment verification;

(2) a county agency does not help a caregiver complete the ~~MFIP-S~~ MFIP household report form when the caregiver asks for help;

(3) a caregiver does not receive an ~~MFIP-S~~ MFIP household report form due to mistake on the part of the department or the county agency or due to a reported change in address;

(4) a caregiver is ill, or physically or mentally incapacitated; or

(5) some other circumstance occurs that a caregiver could not avoid with reasonable care which prevents the caregiver from providing a completed ~~MFIP-S~~ MFIP household report form before the end of the month in which the form is due.

Sec. 33. Minnesota Statutes 1998, section 256J.30, subdivision 9, is amended to read:

Subd. 9. [CHANGES THAT MUST BE REPORTED.] A caregiver must report the changes or anticipated changes specified in clauses (1) to ~~(16)~~ (17) within ten days of the date they occur, ~~within ten days of the date the caregiver learns that the change will occur,~~ at the time of the periodic recertification of eligibility under section 256J.32, subdivision 6, or within eight calendar days of a reporting period as in subdivision 5 or 6, whichever occurs first. A caregiver must report other changes at the time of the periodic recertification of eligibility under section 256J.32, subdivision 6, or at the end of a reporting period under subdivision 5 or 6, as applicable. A caregiver must make these reports in writing to the county agency. When a county agency could have reduced or terminated assistance for one or more payment months if a delay in reporting a change specified under clauses (1) to (16) had not occurred, the county agency must determine whether a timely notice under section 256J.31, subdivision 4, could have been issued on the day that the change occurred. When a timely notice could have been issued, each month's overpayment subsequent to that notice must be considered a client error overpayment under section 256J.38. Calculation of overpayments for late reporting under clause (17) is specified in section 256J.09, subdivision 9. Changes in circumstances which must be reported within ten days must also be reported on the ~~MFIP-S~~ MFIP household report form for the reporting period in which those changes occurred. Within ten days, a caregiver must report:

(1) a change in initial employment;

(2) a change in initial receipt of unearned income;

(3) a recurring change in unearned income;

(4) a nonrecurring change of unearned income that exceeds $30;

(5) the receipt of a lump sum;

(6) an increase in assets that may cause the assistance unit to exceed asset limits;

(7) a change in the physical or mental status of an incapacitated member of the assistance unit if the physical or mental status is the basis of exemption from an ~~MFIP-S work and training~~ MFIP employment services program;

(8) a change in employment status;

(9) ~~a change in household composition, including births, returns to and departures from the home of assistance unit members and financially responsible persons, or a change in the custody of a minor child~~ information affecting an exception under section 256J.24, subdivision 9;

(10) a change in health insurance coverage;

(11) the marriage or divorce of an assistance unit member;

(12) the death of a parent, minor child, or financially responsible person;

(13) a change in address or living quarters of the assistance unit;

(14) the sale, purchase, or other transfer of property;

(15) a change in school attendance of a custodial parent or an employed child; ~~and~~

(16) filing a lawsuit, a workers' compensation claim, or a monetary claim against a third party; and

(17) a change in household composition, including births, returns to and departures from the home of assistance unit members and financially responsible persons, or a change in the custody of a minor child.

Sec. 34. Minnesota Statutes 1998, section 256J.31, subdivision 5, is amended to read:

Subd. 5. [MAILING OF NOTICE.] The notice of adverse action shall be issued according to paragraphs (a) to ~~(c)~~ (d).

(a) A ~~county agency shall mail a~~ notice of adverse action must be mailed at least ten days before the effective date of the adverse action, except as provided in paragraphs (b) ~~and (c)~~ to (d).

(b) ~~A county agency must mail a notice of adverse action at least five days before the effective date of the adverse action when the county agency has factual information that requires an action to reduce, suspend, or terminate assistance based on probable fraud.~~

~~(c) A county agency shall mail~~ A notice of adverse action ~~before or on the effective date of the adverse action~~ must be mailed no later than four working days before the end of the month when the county agency:

(1) ~~receives the caregiver's signed monthly MFIP-S household report form that includes information that requires payment reduction, suspension, or termination;~~

~~(2)~~ is informed of the death of ~~a participant~~ the only caregiver or ~~the~~ payee in an assistance unit;

~~(3)~~ (2) receives a signed statement from the caregiver that assistance is no longer wanted;

~~(4) receives a signed statement from the caregiver that provides information that requires the termination or reduction of assistance~~ (3) has factual information to reduce, suspend, or terminate assistance based on the failure to timely report changes;

~~(5) verifies that a member of the assistance unit is absent from the home and does not meet temporary absence provisions in section 256J.13;~~

~~(6)~~ (4) verifies that a member of the assistance unit has entered a regional treatment center or a licensed residential facility for medical or psychological treatment or rehabilitation;

~~(7)~~ (5) verifies that a member of an assistance unit has been removed from the home as a result of a judicial determination or placed in foster care, and the provisions of section 256J.13, subdivision 2, paragraph (c), clause (2), do not apply;

~~(8) verifies that a member of an assistance unit has been approved to receive assistance by another state;~~ or

~~(9)~~ (6) cannot locate a caregiver.

(c) A notice of adverse action must be mailed for a payment month when the caregiver makes a written request for closure before the first of that payment month.

(d) A notice of adverse action must be mailed before the effective date of the adverse action when the county agency receives the caregiver's signed and completed MFIP household report form or recertification form that includes information that requires payment reduction, suspension, or termination.

Sec. 35. Minnesota Statutes 1998, section 256J.31, subdivision 12, is amended to read:

Subd. 12. [RIGHT TO DISCONTINUE CASH ASSISTANCE.] A participant who is not in vendor payment status may discontinue receipt of the cash assistance portion of ~~MFIP-S~~ the MFIP assistance grant and retain eligibility for child care assistance under section 119B.05 and for medical assistance under sections 256B.055, subdivision 3a, and 256B.0635. For the months a participant chooses to discontinue the receipt of the cash portion of the MFIP grant, the assistance unit accrues months of eligibility to be applied toward eligibility for child care under section 119B.05 and for medical assistance under sections 256B.055, subdivision 3a, and 256B.0635.

Sec. 36. Minnesota Statutes 1998, section 256J.32, subdivision 4, is amended to read:

Subd. 4. [FACTORS TO BE VERIFIED.] The county agency shall verify the following at application:

(1) identity of adults;

(2) presence of the minor child in the home, if questionable;

(3) relationship of a minor child to caregivers in the assistance unit;

(4) age, if necessary to determine ~~MFIP-S~~ MFIP eligibility;

(5) immigration status;

(6) social security number according to the requirements of section 256J.30, subdivision 12;

(7) income;

(8) self-employment expenses used as a deduction;

(9) source and purpose of deposits and withdrawals from business accounts;

(10) spousal support and child support payments made to persons outside the household;

(11) real property;

(12) vehicles;

(13) checking and savings accounts;

(14) savings certificates, savings bonds, stocks, and individual retirement accounts;

(15) pregnancy, if related to eligibility;

(16) inconsistent information, if related to eligibility;

(17) medical insurance;

(18) ~~anticipated graduation date of an 18-year-old;~~

~~(19)~~ burial accounts;

~~(20)~~ (19) school attendance, if related to eligibility;

~~(21)~~ (20) residence;

~~(22)~~ (21) a claim of domestic violence if used as a basis for a deferral or exemption from the 60-month time limit in section 256J.42 or employment and training services requirements in section 256J.56; ~~and~~

~~(23)~~ (22) disability if used as an exemption from employment and training services requirements under section 256J.56; and

(23) information needed to establish an exception under section 256J.24, subdivision 9.

Sec. 37. Minnesota Statutes 1998, section 256J.32, subdivision 6, is amended to read:

Subd. 6. [RECERTIFICATION.] The county agency shall recertify eligibility in an annual face-to-face interview with the participant and verify the following:

(1) presence of the minor child in the home, if questionable;

(2) income, unless excluded, including self-employment expenses used as a deduction or deposits or withdrawals from business accounts;

(3) assets when the value is within $200 of the asset limit; ~~and~~

(4) information to establish an exception under section 256J.24, subdivision 9, if questionable; and

(5) inconsistent information, if related to eligibility.

Sec. 38. Minnesota Statutes 1998, section 256J.33, is amended to read:

256J.33 [PROSPECTIVE AND RETROSPECTIVE DETERMINATION OF ~~MFIP-S~~ MFIP ELIGIBILITY.]

Subdivision 1. [DETERMINATION OF ELIGIBILITY.] A county agency must determine ~~MFIP-S~~ MFIP eligibility prospectively for a payment month based on retrospectively assessing income and the county agency's best estimate of the circumstances that will exist in the payment month.

Except as described in section 256J.34, subdivision 1, when prospective eligibility exists, a county agency must calculate the amount of the assistance payment using retrospective budgeting. To determine ~~MFIP-S~~ MFIP eligibility and the assistance payment amount, a county agency must apply countable income, described in section 256J.37, subdivisions 3 to 10, received by members of an assistance unit or by other persons whose income is counted for the assistance unit, described under sections 256J.21 and 256J.37, subdivisions 1 to 2.

This income must be applied to the ~~transitional~~ MFIP standard~~, shared household standard,~~ of need or family wage ~~standard~~ level subject to this section and sections 256J.34 to 256J.36. Income received in a calendar month and not otherwise excluded under section 256J.21, subdivision 2, must be applied to the needs of an assistance unit.

Subd. 2. [PROSPECTIVE ELIGIBILITY.] A county agency must determine whether the eligibility requirements that pertain to an assistance unit, including those in sections 256J.11 to 256J.15 and 256J.20, will be met prospectively for the payment month. Except for the provisions in section 256J.34, subdivision 1, the income test will be applied retrospectively.

Subd. 3. [RETROSPECTIVE ELIGIBILITY.] After the first two months of ~~MFIP-S~~ MFIP eligibility, a county agency must continue to determine whether an assistance unit is prospectively eligible for the payment month by looking at all factors other than income and then determine whether the assistance unit is retrospectively income eligible by applying the monthly income test to the income from the budget month. When the monthly income test is not satisfied, the assistance payment must be suspended when ineligibility exists for one month or ended when ineligibility exists for more than one month.

Subd. 4. [MONTHLY INCOME TEST.] A county agency must apply the monthly income test retrospectively for each month of ~~MFIP-S~~ MFIP eligibility. An assistance unit is not eligible when the countable income equals or exceeds the ~~transitional~~ MFIP standard~~, the shared household standard,~~ of need or the family wage level for the assistance unit. The income applied against the monthly income test must include:

(1) gross earned income from employment, prior to mandatory payroll deductions, voluntary payroll deductions, wage authorizations, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36, unless the employment income is specifically excluded under section 256J.21, subdivision 2;

(2) gross earned income from self-employment less deductions for self-employment expenses in section 256J.37, subdivision 5, but prior to any reductions for personal or business state and federal income taxes, personal FICA, personal health and life insurance, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36;

(3) unearned income after deductions for allowable expenses in section 256J.37, subdivision 9, and allocations in section 256J.36, unless the income has been specifically excluded in section 256J.21, subdivision 2;

(4) gross earned income from employment as determined under clause (1) which is received by a member of an assistance unit who is a minor child or minor caregiver and less than a half-time student;

(5) child support and spousal support received or anticipated to be received by an assistance unit;

(6) the income of a parent when that parent is not included in the assistance unit;

(7) the income of an eligible relative and spouse who seek to be included in the assistance unit; and

(8) the unearned income of a minor child included in the assistance unit.

Subd. 5. [WHEN TO TERMINATE ASSISTANCE.] When an assistance unit is ineligible for ~~MFIP-S~~ MFIP assistance for two consecutive months, the county agency must terminate ~~MFIP-S~~ MFIP assistance.

Sec. 39. Minnesota Statutes 1998, section 256J.34, subdivision 1, is amended to read:

Subdivision 1. [PROSPECTIVE BUDGETING.] A county agency must use prospective budgeting to calculate the assistance payment amount for the first two months for an applicant who has not received assistance in this state for at least one payment month preceding the first month of payment under a current application. Notwithstanding subdivision 3, paragraph (a), clause (2), a county agency must use prospective budgeting for the first two months for a person who applies to be added to an assistance unit. Prospective budgeting is not subject to overpayments or underpayments unless fraud is determined under section 256.98.

(a) The county agency must apply the income received or anticipated in the first month of ~~MFIP-S~~ MFIP eligibility against the need of the first month. The county agency must apply the income received or anticipated in the second month against the need of the second month.

(b) When the assistance payment for any part of the first two months is based on anticipated income, the county agency must base the initial assistance payment amount on the information available at the time the initial assistance payment is made.

(c) The county agency must determine the assistance payment amount for the first two months of ~~MFIP-S~~ MFIP eligibility by budgeting both recurring and nonrecurring income for those two months.

(d) The county agency must budget the child support income received or anticipated to be received by an assistance unit to determine the assistance payment amount from the month of application through the date in which ~~MFIP-S~~ MFIP eligibility is determined and assistance is authorized. Child support income which has been budgeted to determine the assistance payment in the initial two months is considered nonrecurring income. An assistance unit must forward any payment of child support to the child support enforcement unit of the county agency following the date in which assistance is authorized.

Sec. 40. Minnesota Statutes 1998, section 256J.34, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL USES OF RETROSPECTIVE BUDGETING.] Notwithstanding subdivision 1, the county agency must use retrospective budgeting to calculate the monthly assistance payment amount for the first two months under paragraphs (a) and (b).

(a) The county agency must use retrospective budgeting to determine the amount of the assistance payment in the first two months of ~~MFIP-S~~ MFIP eligibility:

(1) when an assistance unit applies for assistance for the same month for which assistance has been interrupted, the interruption in eligibility is less than one payment month, the assistance payment for the preceding month was issued in this state, and the assistance payment for the immediately preceding month was determined retrospectively; or

(2) when a person applies in order to be added to an assistance unit, that assistance unit has received assistance in this state for at least the two preceding months, and that person has been living with and has been financially responsible for one or more members of that assistance unit for at least the two preceding months.

(b) Except as provided in clauses (1) to (4), the county agency must use retrospective budgeting and apply income received in the budget month by an assistance unit and by a financially responsible household member who is not included in the assistance unit against the ~~appropriate transitional or family wage level~~ MFIP standard of need or family wage level to determine the assistance payment to be issued for the payment month.

(1) When a source of income ends prior to the third payment month, that income is not considered in calculating the assistance payment for that month. When a source of income ends prior to the fourth payment month, that income is not considered when determining the assistance payment for that month.

(2) When a member of an assistance unit or a financially responsible household member leaves the household of the assistance unit, the income of that departed household member is not budgeted retrospectively for any full payment month in which that household member does not live with that household and is not included in the assistance unit.

(3) When an individual is removed from an assistance unit because the individual is no longer a minor child, the income of that individual is not budgeted retrospectively for payment months in which that individual is not a member of the assistance unit, except that income of an ineligible child in the household must continue to be budgeted retrospectively against the child's needs when the parent or parents of that child request allocation of their income against any unmet needs of that ineligible child.

(4) When a person ceases to have financial responsibility for one or more members of an assistance unit, the income of that person is not budgeted retrospectively for the payment months which follow the month in which financial responsibility ends.

Sec. 41. Minnesota Statutes 1998, section 256J.34, subdivision 4, is amended to read:

Subd. 4. [SIGNIFICANT CHANGE IN GROSS INCOME.] The county agency must recalculate the assistance payment when an assistance unit experiences a significant change, as defined in section 256J.08, resulting in a reduction in the gross income received in the payment month from the gross income received in the budget month. The county agency must issue a supplemental assistance payment based on the county agency's best estimate of the assistance unit's income and circumstances for the payment month. ~~Budget adjustments~~ Supplemental assistance payments that result from significant changes are limited to two in a 12-month period regardless of the reason for the change. ~~Budget adjustments~~ Notwithstanding any other statute or rule of law, supplementary assistance payments shall not be made when the significant change in income is the result of receipt of a lump sum, receipt of an extra paycheck, business fluctuation in self-employment income, or an assistance unit member's participation in a strike or other labor action. Supplementary assistance payments due to a significant change in the amount of direct support received must not be made after the date the assistance unit is required to forward support to the child support enforcement unit under subdivision 1, paragraph (d).

Sec. 42. Minnesota Statutes 1998, section 256J.35, is amended to read:

256J.35 [AMOUNT OF ASSISTANCE PAYMENT.]

Except as provided in paragraphs (a) to ~~(d)~~ (c), the amount of an assistance payment is equal to the difference between the ~~transitional~~ MFIP standard~~, shared household standard,~~ of need or the Minnesota family wage level in section 256J.24~~, whichever is less,~~ and countable income.

(a) When ~~MFIP-S~~ MFIP eligibility exists for the month of application, the amount of the assistance payment for the month of application must be prorated from the date of application or the date all other eligibility factors are met for that applicant, whichever is later. This provision applies when an applicant loses at least one day of ~~MFIP-S~~ MFIP eligibility.

(b) ~~MFIP-S~~ MFIP overpayments to an assistance unit must be recouped according to section 256J.38, subdivision 4.

(c) An initial assistance payment must not be made to an applicant who is not eligible on the date payment is made.

~~(d) An individual whose needs have been otherwise provided for in another state, in whole or in part by county, state, or federal dollars during a month, is ineligible to receive MFIP-S for the month.~~

Sec. 43. Minnesota Statutes 1998, section 256J.36, is amended to read:

256J.36 [ALLOCATION FOR UNMET NEED OF OTHER HOUSEHOLD MEMBERS.]

Except as prohibited in paragraphs (a) and (b), an allocation of income is allowed from the caregiver's income to meet the unmet need of an ineligible spouse or an ineligible child under the age of 21 for whom the caregiver is financially responsible who also lives with the caregiver. That allocation is allowed in an amount up to the difference between the ~~MFIP-S transitional~~ MFIP standard of need for the assistance unit when that ineligible person is included in the assistance unit and the ~~MFIP-S family allowance~~ MFIP standard of need for the assistance unit when the ineligible person is not included in the assistance unit. These allocations must be deducted from the caregiver's counted earnings and from unearned income subject to paragraphs (a) and (b).

(a) Income of a minor child in the assistance unit must not be allocated to meet the need of an ineligible person, including the child's parent, even when that parent is the payee of the child's income.

(b) Income of a caregiver must not be allocated to meet the needs of a disqualified person.

Sec. 44. Minnesota Statutes 1998, section 256J.37, subdivision 1, is amended to read:

Subdivision 1. [DEEMED INCOME FROM INELIGIBLE HOUSEHOLD MEMBERS.] Unless otherwise provided under subdivision 1a or 1b, the income of ineligible household members must be deemed after allowing the following disregards:

(1) the first 18 percent of the ineligible family member's gross earned income;

(2) amounts the ineligible person actually paid to individuals not living in the same household but whom the ineligible person claims or could claim as dependents for determining federal personal income tax liability;

(3) all payments made by the ineligible person according to a court order for spousal support or the support of children not living in the assistance unit's household, provided that, if there has been a change in the financial circumstances of the ineligible person since the support order was entered, the ineligible person has petitioned for a modification of the support order; and

(4) an amount for the needs of the ineligible person and other persons who live in the household but are not included in the assistance unit and are or could be claimed by an ineligible person as dependents for determining federal personal income tax liability. This amount is equal to the difference between the ~~MFIP-S transitional~~ MFIP standard of need when the ineligible person is included in the assistance unit and the ~~MFIP-S transitional~~ MFIP standard of need when the ineligible person is not included in the assistance unit.

Sec. 45. Minnesota Statutes 1998, section 256J.37, subdivision 1a, is amended to read:

Subd. 1a. [DEEMED INCOME FROM DISQUALIFIED MEMBERS.] The income of disqualified members must be deemed after allowing the following disregards:

(1) the first 18 percent of the disqualified member's gross earned income;

(2) amounts the disqualified member actually paid to individuals not living in the same household but whom the disqualified member claims or could claim as dependents for determining federal personal income tax liability;

(3) all payments made by the disqualified member according to a court order for spousal support or the support of children not living in the assistance unit's household, provided that, if there has been a change in the financial circumstances of the disqualified member's legal obligation to pay support since the support order was entered, the disqualified member has petitioned for a modification of the support order; and

(4) an amount for the needs of other persons who live in the household but are not included in the assistance unit and are or could be claimed by the disqualified member as dependents for determining federal personal income tax liability. This amount is equal to the difference between the ~~MFIP-S transitional~~ MFIP standard of need when the ineligible person is included in the assistance unit and the ~~MFIP-S transitional~~ MFIP standard of need when the ineligible person is not included in the assistance unit. An amount shall not be allowed for the needs of a disqualified member.

Sec. 46. Minnesota Statutes 1998, section 256J.37, subdivision 2, is amended to read:

Subd. 2. [DEEMED INCOME AND ASSETS OF SPONSOR OF NONCITIZENS.] ~~If a noncitizen applies for or receives MFIP-S, the county must deem the income and assets of the noncitizen's sponsor and the sponsor's spouse who have signed an affidavit of support for the noncitizen as specified in Public Law Number 104-193, title IV, sections 421 and 422, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The income of a sponsor and the sponsor's spouse is considered unearned income of the noncitizen. The assets of a sponsor and the sponsor's spouse are considered available assets of the noncitizen.~~ (a) If a noncitizen applies for or receives MFIP, the county must deem the income and assets of the noncitizen's sponsor and the sponsor's spouse as provided in this paragraph and paragraph (b) or (c), whichever is applicable. The deemed income of a sponsor and the sponsor's spouse is considered unearned income of the noncitizen. The deemed assets of a sponsor and the sponsor's spouse are considered available assets of the noncitizen.

(b) The income and assets of a sponsor who signed an affidavit of support under title IV, sections 421, 422, and 423, of Public Law Number 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and the income and assets of the sponsor's spouse, must be deemed to the noncitizen to the extent required by those sections of Public Law Number 104-193.

(c) The income and assets of a sponsor and the sponsor's spouse to whom the provisions of paragraph (b) do not apply must be deemed to the noncitizen to the full extent allowed under title V, section 5505, of Public Law Number 105-33, the Balanced Budget Act of 1997.

Sec. 47. Minnesota Statutes 1998, section 256J.37, subdivision 9, is amended to read:

Subd. 9. [UNEARNED INCOME.] (a) The county agency must apply unearned income to the ~~transitional~~ MFIP standard of need. When determining the amount of unearned income, the county agency must deduct the costs necessary to secure payments of unearned income. These costs include legal fees, medical fees, and mandatory deductions such as federal and state income taxes.

(b) Effective ~~July 1, 1999~~ January 1, 2001, the county agency shall count $100 of the value of public and assisted rental subsidies provided through the Department of Housing and Urban Development (HUD) as unearned income. The full amount of the subsidy must be counted as unearned income when the subsidy is less than $100.

(c) The provisions of paragraph (b) shall not apply to MFIP participants who are exempt from the employment and training services component because they are:

(i) individuals who are age 60 or older;

(ii) individuals who are suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment; or

(iii) caregivers whose presence in the home is required because of the professionally certified illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household.

(d) The provisions of paragraph (b) shall not apply to an MFIP assistance unit where the parental caregiver receives supplemental security income.

Sec. 48. Minnesota Statutes 1998, section 256J.37, subdivision 10, is amended to read:

Subd. 10. [TREATMENT OF LUMP SUMS.] (a) The county agency must treat lump-sum payments as earned or unearned income. If the lump-sum payment is included in the category of income identified in subdivision 9, it must be treated as unearned income. A lump sum is counted as income in the month received and budgeted either prospectively or retrospectively depending on the budget cycle at the time of receipt. When an individual receives a lump-sum payment, that lump sum must be combined with all other earned and unearned income received in the same budget month, and it must be applied according to paragraphs (a) to (c). A lump sum may not be carried over into subsequent months. Any funds that remain in the third month after the month of receipt are counted in the asset limit.

(b) For a lump sum received by an applicant during the first two months, prospective budgeting is used to determine the payment and the lump sum must be combined with other earned or unearned income received and budgeted in that prospective month.

(c) For a lump sum received by a participant after the first two months of ~~MFIP-S~~ MFIP eligibility, the lump sum must be combined with other income received in that budget month, and the combined amount must be applied retrospectively against the applicable payment month.

(d) When a lump sum, combined with other income under paragraphs (b) and (c), is less than the ~~transitional~~ MFIP standard of need for the ~~applicable~~ appropriate payment month, the assistance payment must be reduced according to the amount of the countable income. When the countable income is greater than the ~~transitional~~ MFIP standard ~~or the family wage standard~~ or family wage level, the assistance payment must be suspended for the payment month.

Sec. 49. Minnesota Statutes 1998, section 256J.38, subdivision 4, is amended to read:

Subd. 4. [RECOUPING OVERPAYMENTS FROM PARTICIPANTS.] A participant may voluntarily repay, in part or in full, an overpayment even if assistance is reduced under this subdivision, until the total amount of the overpayment is repaid. When an overpayment occurs due to fraud, the county agency must recover ten percent of the ~~transitional~~ applicable standard or the amount of the monthly assistance payment, whichever is less. When a nonfraud overpayment occurs, the county agency must recover three percent of the ~~transitional~~ MFIP standard of need or the amount of the monthly assistance payment, whichever is less.

Sec. 50. Minnesota Statutes 1998, section 256J.42, subdivision 1, is amended to read:

Subdivision 1. [TIME LIMIT.] (a) Except for the exemptions in this section ~~and in section 256J.11, subdivision 2~~, an assistance unit in which any adult caregiver has received 60 months of cash assistance funded in whole or in part by the TANF block grant in this or any other state or United States territory, ~~MFIP-S~~ or from a tribal TANF program, MFIP, AFDC, or family general assistance, funded in whole or in part by state appropriations, is ineligible to receive ~~MFIP-S~~ MFIP. Any cash assistance funded with TANF dollars in this or any other state or United States territory, or from a tribal TANF program, or ~~MFIP-S~~ MFIP assistance funded in whole or in part by state appropriations, that was received by the unit on or after the date TANF was implemented, including any assistance received in states or United States territories of prior residence, counts toward the 60-month limitation. The 60-month limit applies to a minor who is the head of a household or who is married to the head of a household except under subdivision 5. The 60-month time period does not need to be consecutive months for this provision to apply.

(b) The months before July 1998 in which individuals ~~receive~~ received assistance as part of the field trials as an MFIP, MFIP-R, or MFIP or MFIP-R comparison group family ~~under sections 256.031 to 256.0361 or sections 256.047 to 256.048~~ are not included in the 60-month time limit.

Sec. 51. Minnesota Statutes 1998, section 256J.42, subdivision 5, is amended to read:

Subd. 5. [EXEMPTION FOR CERTAIN FAMILIES.] (a) Any cash assistance received by an assistance unit does not count toward the 60-month limit on assistance during a month in which the caregiver is in the category in section 256J.56, paragraph (a), clause (1). ~~The exemption applies for the period of time the caregiver belongs to one of the categories specified in this subdivision.~~

(b) From July 1, 1997, until the date ~~MFIP-S~~ MFIP is operative in the caregiver's county of financial responsibility, any cash assistance received by a caregiver who is complying with sections 256.73, subdivision 5a, and 256.736, if applicable, does not count toward the 60-month limit on assistance. Thereafter, any cash assistance received by a minor caregiver who is complying with the requirements of sections 256J.14 and 256J.54, if applicable, does not count towards the 60-month limit on assistance.

(c) Any diversionary assistance or emergency assistance received does not count toward the 60-month limit.

(d) Any cash assistance received by an 18- or 19-year-old caregiver who is complying with the requirements of section 256J.54 does not count toward the 60-month limit.

Sec. 52. Minnesota Statutes 1998, section 256J.43, is amended to read:

256J.43 [INTERSTATE ~~PAYMENT~~ TRANSITIONAL STANDARDS.]

Subdivision 1. [PAYMENT.] (a) Effective July 1, 1997, the amount of assistance paid to an eligible unit in which all members have resided in this state for fewer than 12 consecutive calendar months immediately preceding the date of application shall be the lesser of either the interstate transitional standard that would have been received by the assistance unit from the state of immediate prior residence, or the amount calculated in accordance with ~~AFDC or MFIP-S~~ MFIP standards. The lesser payment must continue until the assistance unit meets the 12-month requirement. An assistance unit that has not resided in Minnesota for 12 months from the date of application is not exempt from the interstate ~~payment~~ transitional standards provisions solely because a child is born in Minnesota to a member of the assistance unit. Payment must be calculated by applying this ~~state's~~ MFIP's budgeting policies, and the unit's net income must be deducted from the payment standard in the other state or the MFIP transitional or shared household standard in this state, whichever is lower. Payment shall be made in vendor form for shelter and utilities, up to the limit of the grant amount, and residual amounts, if any, shall be paid directly to the assistance unit.

(b) During the first 12 months an assistance unit resides in this state, the number of months that a unit is eligible to receive ~~AFDC or MFIP-S~~ MFIP benefits is limited to the number of months the assistance unit would have been eligible to receive similar benefits in the state of immediate prior residence.

(c) This policy applies whether or not the assistance unit received similar benefits while residing in the state of previous residence.

(d) When an assistance unit moves to this state from another state where the assistance unit has exhausted that state's time limit for receiving benefits under that state's TANF program, the unit will not be eligible to receive any ~~AFDC or MFIP-S~~ MFIP benefits in this state for 12 months from the date the assistance unit moves here.

(e) For the purposes of this section, "state of immediate prior residence" means:

(1) the state in which the applicant declares the applicant spent the most time in the 30 days prior to moving to this state; or

(2) the state in which an applicant who is a migrant worker maintains a home.

(f) The commissioner shall annually verify and update all other states' payment standards as they are to be in effect in July of each year.

(g) Applicants must provide verification of their state of immediate prior residence, in the form of tax statements, a driver's license, automobile registration, rent receipts, or other forms of verification approved by the commissioner.

(h) Migrant workers, as defined in section 256J.08, and their immediate families are exempt from this section, provided the migrant worker provides verification that the migrant family worked in this state within the last 12 months and earned at least $1,000 in gross wages during the time the migrant worker worked in this state.

Subd. 2. [TEMPORARY ABSENCE FROM MINNESOTA.] (a) For an assistance unit that has met the requirements of section 256J.12, the number of months that the assistance unit receives benefits under the interstate ~~payment~~ transitional standards in this section is not affected by an absence from Minnesota for fewer than 30 consecutive days.

(b) For an assistance unit that has met the requirements of section 256J.12, the number of months that the assistance unit receives benefits under the interstate ~~payment~~ transitional standards in this section is not affected by an absence from Minnesota for more than 30 consecutive days but fewer than 90 consecutive days, provided the assistance unit continues to maintain a residence in Minnesota during the period of absence.

Subd. 3. [EXCEPTIONS TO THE INTERSTATE PAYMENT POLICY.] Applicants who lived in another state in the 12 months prior to applying for assistance are exempt from the interstate payment policy for the months that a member of the unit:

(1) served in the United States armed services, provided the person returned to Minnesota within 30 days of leaving the armed forces, and intends to remain in Minnesota;

(2) attended school in another state, paid nonresident tuition or Minnesota tuition rates under a reciprocity agreement, provided the person left Minnesota specifically to attend school and returned to Minnesota within 30 days of graduation with the intent to remain in Minnesota; or

(3) meets the following criteria:

(i) a minor child or a minor caregiver moves from another state to the residence of a relative caregiver;

(ii) the minor caregiver applies for and receives family cash assistance;

(iii) the relative caregiver chooses not to be part of the ~~MFIP-S~~ MFIP assistance unit; and

(iv) the relative caregiver has resided in Minnesota for at least 12 months from the date the assistance unit applies for cash assistance.

Subd. 4. [INELIGIBLE MANDATORY UNIT MEMBERS.] Ineligible mandatory unit members who have resided in Minnesota for 12 months immediately before the unit's date of application establish the other assistance unit members' eligibility for the ~~MFIP-S~~ MFIP transitional standard, shared household or family wage level, whichever is applicable.

Sec. 53. Minnesota Statutes 1998, section 256J.45, subdivision 1, is amended to read:

Subdivision 1. [COUNTY AGENCY TO PROVIDE ORIENTATION.] A county agency must provide each ~~MFIP-S~~ MFIP caregiver who is not exempt under section 256J.56, paragraph (a), clause (6) or (8), with a face-to-face orientation. ~~The caregiver must attend the orientation.~~ The county agency must inform ~~the caregiver~~ caregivers who are not exempt under section 256J.56, paragraph (a), clause (6) or (8), that failure to attend the orientation is considered an occurrence of noncompliance with program requirements, and will result in the imposition of a sanction under section 256J.46. If the client complies with the orientation requirement prior to the first day of the month in which the grant reduction is proposed to occur, the orientation sanction shall be lifted.

Sec. 54. Minnesota Statutes 1998, section 256J.45, is amended by adding a subdivision to read:

Subd. 1a. [PREGNANT AND PARENTING MINORS.] Pregnant and parenting minors who are complying with the provisions of section 256J.54 are exempt from the requirement under subdivision 1, however, the county agency must provide information to the minor as required under section 256J.14.

Sec. 55. Minnesota Statutes 1998, section 256J.46, subdivision 1, is amended to read:

Subdivision 1. [SANCTIONS FOR PARTICIPANTS NOT COMPLYING WITH PROGRAM REQUIREMENTS.] (a) A participant who fails without good cause to comply with the requirements of this chapter, and who is not subject to a sanction under subdivision 2, shall be subject to a sanction as provided in this subdivision.

A sanction under this subdivision becomes effective the month following the month in which a required notice is given. A sanction must not be imposed when a participant comes into compliance with the requirements for orientation under section 256J.45 or third-party liability for medical services under section 256J.30, subdivision 10, prior to the effective date of the sanction. A sanction must not be imposed when a participant comes into compliance with the requirements for employment and training services under sections 256J.49 to 256J.72 ten days prior to the effective date of the sanction. For purposes of this subdivision, each month that a participant fails to comply with a requirement of this chapter shall be considered a separate occurrence of noncompliance. A participant who has had one or more sanctions imposed must remain in compliance with the provisions of this chapter for six months in order for a subsequent occurrence of noncompliance to be considered a first occurrence.

(b) Sanctions for noncompliance shall be imposed as follows:

(1) For the first occurrence of noncompliance by a participant in a single-parent household or by one participant in a two-parent household, the assistance unit's grant shall be reduced by ten percent of the ~~MFIP-S transitional~~ MFIP standard~~, the shared household standard, or the interstate transitional standard~~ of need for an assistance unit of the same size~~, whichever is applicable,~~ with the residual grant paid to the participant. The reduction in the grant amount must be in effect for a minimum of one month and shall be removed in the month following the month that the participant returns to compliance.

(2) For a second or subsequent occurrence of noncompliance, or when both participants in a two-parent household are out of compliance at the same time, the assistance unit's shelter costs shall be vendor paid up to the amount of the cash portion of the ~~MFIP-S~~ MFIP grant for which the participant's assistance unit is eligible. At county option, the assistance unit's utilities may also be vendor paid up to the amount of the cash portion of the ~~MFIP-S~~ MFIP grant remaining after vendor payment of the assistance unit's shelter costs. The residual amount of the grant after vendor payment, if any, must be reduced by an amount equal to 30 percent of the ~~MFIP-S transitional~~ MFIP standard~~, the shared household standard, or the interstate transitional standard~~ of need for an assistance unit of the same size~~, whichever is applicable,~~ before the residual grant is paid to the assistance unit. The reduction in the grant amount must be in effect for a minimum of one month and shall be removed in the month following the month that a participant in a one-parent household returns to compliance. In a two-parent household, the grant reduction must be in effect for a minimum of one month and shall be removed in the month following the month both participants return to compliance. The vendor payment of shelter costs and, if applicable, utilities shall be removed six months after the month in which the participant or participants return to compliance.

(c) No later than during the second month that a sanction under paragraph (b), clause (2), is in effect due to noncompliance with employment services, the participant's case file must be reviewed to determine if:

(i) the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (16);

(ii) the participant qualifies for a good cause exception under section 256J.57; or

(iii) the participant qualifies for an exemption under section 256J.56.

If the lack of an identified activity can explain the noncompliance, the county must work with the participant to provide the identified activity, and the county must restore the participant's grant amount to the full amount for which the assistance unit is eligible. The grant must be restored retroactively to the first day of the month in which the participant was found to lack preemployment activities or to qualify for an exemption or good cause exception.

If the participant is found to qualify for a good cause exception or an exemption, the county must restore the participant's grant to the full amount for which the assistance unit is eligible.

Sec. 56. Minnesota Statutes 1998, section 256J.46, subdivision 2, is amended to read:

Subd. 2. [SANCTIONS FOR REFUSAL TO COOPERATE WITH SUPPORT REQUIREMENTS.] The grant of an ~~MFIP-S~~ MFIP caregiver who refuses to cooperate, as determined by the child support enforcement agency, with support requirements under section 256.741, shall be subject to sanction as specified in this subdivision. The assistance unit's grant must be reduced by 25 percent of the applicable ~~transitional~~ MFIP standard of need. The residual amount of the grant, if any, must be paid to the caregiver. A sanction under this subdivision becomes effective the first month following the month in which a required notice is given. A sanction must not be imposed when a caregiver comes into compliance with the requirements under section 256.741 prior to the effective date of the sanction. The sanction shall be removed in the month following the month that the caregiver cooperates with the support requirements. Each month that an ~~MFIP-S~~ MFIP caregiver fails to comply with the requirements of section 256.741 must be considered a separate occurrence of noncompliance. An ~~MFIP-S~~ MFIP caregiver who has had one or more sanctions imposed must remain in compliance with the requirements of section 256.741 for six months in order for a subsequent sanction to be considered a first occurrence.

Sec. 57. Minnesota Statutes 1998, section 256J.46, subdivision 2a, is amended to read:

Subd. 2a. [DUAL SANCTIONS.] (a) Notwithstanding the provisions of subdivisions 1 and 2, for a participant subject to a sanction for refusal to comply with child support requirements under subdivision 2 and subject to a concurrent sanction for refusal to cooperate with other program requirements under subdivision 1, sanctions shall be imposed in the manner prescribed in this subdivision.

A participant who has had one or more sanctions imposed under this subdivision must remain in compliance with the provisions of this chapter for six months in order for a subsequent occurrence of noncompliance to be considered a first occurrence. Any vendor payment of shelter costs or utilities under this subdivision must remain in effect for six months after the month in which the participant is no longer subject to sanction under subdivision 1.

(b) If the participant was subject to sanction for:

(i) noncompliance under subdivision 1 before being subject to sanction for noncooperation under subdivision 2; or

(ii) noncooperation under subdivision 2 before being subject to sanction for noncompliance under subdivision 1;

the participant shall be sanctioned as provided in subdivision 1, paragraph (b), clause (2), and the requirement that the county conduct a review as specified in subdivision 1, paragraph (c), remains in effect.

(c) A participant who first becomes subject to sanction under both subdivisions 1 and 2 in the same month is subject to sanction as follows:

(i) in the first month of noncompliance and noncooperation, the participant's grant must be reduced by 25 percent of the applicable ~~transitional~~ MFIP standard of need, with any residual amount paid to the participant;

(ii) in the second and subsequent months of noncompliance and noncooperation, the participant shall be sanctioned as provided in subdivision 1, paragraph (b), clause (2).

The requirement that the county conduct a review as specified in subdivision 1, paragraph (c), remains in effect.

(d) A participant remains subject to sanction under subdivision 2 if the participant:

(i) returns to compliance and is no longer subject to sanction under subdivision 1; or

(ii) has the sanction under subdivision 1, paragraph (b), removed upon completion of the review under subdivision 1, paragraph (c).

A participant remains subject to sanction under subdivision 1, paragraph (b), if the participant cooperates and is no longer subject to sanction under subdivision 2.

Sec. 58. Minnesota Statutes 1998, section 256J.47, subdivision 4, is amended to read:

Subd. 4. [INELIGIBILITY FOR ~~MFIP-S~~ MFIP; EMERGENCY ASSISTANCE; AND EMERGENCY GENERAL ASSISTANCE.] Upon receipt of diversionary assistance, the family is ineligible for ~~MFIP-S~~ MFIP, emergency assistance, and emergency general assistance for a period of time. To determine the period of ineligibility, the county shall use the following formula: regardless of household changes, the county agency must calculate the number of days of ineligibility by dividing the diversionary assistance issued by the ~~transitional~~ MFIP standard of need a family of the same size and composition would have received under ~~MFIP-S, or if applicable the interstate transitional standard,~~ MFIP multiplied by 30, truncating the result. The ineligibility period begins the date the diversionary assistance is issued.

Sec. 59. Minnesota Statutes 1998, section 256J.48, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Notwithstanding other eligibility provisions of this chapter, any family without resources immediately available to meet emergency needs identified in subdivision 3 shall be eligible for an emergency grant under the following conditions:

(1) a family member has resided in this state for at least 30 days;

(2) the family is without resources immediately available to meet emergency needs;

(3) assistance is necessary to avoid destitution or provide emergency shelter arrangements;

(4) the family's destitution or need for shelter or utilities did not arise because the assistance unit is under sanction, the caregiver is disqualified, or the child or relative caregiver refused without good cause under section 256J.57 to accept employment or training for employment in this state or another state; and

(5) at least one child or pregnant woman in the emergency assistance unit meets ~~MFIP-S~~ MFIP citizenship requirements in section 256J.11.

Sec. 60. Minnesota Statutes 1998, section 256J.48, subdivision 3, is amended to read:

Subd. 3. [EMERGENCY NEEDS.] Emergency needs are limited to the following:

(a) [RENT.] A county agency may deny assistance to prevent eviction from rented or leased shelter of an otherwise eligible applicant when the county agency determines that an applicant's anticipated income will not cover continued payment for shelter, subject to conditions in clauses (1) to (3):

(1) a county agency must not deny assistance when an applicant can document that the applicant is unable to locate habitable shelter, unless the county agency can document that one or more habitable shelters are available in the community that will result in at least a 20 percent reduction in monthly expense for shelter and that this shelter will be cost-effective for the applicant;

(2) when no alternative shelter can be identified by either the applicant or the county agency, the county agency shall not deny assistance because anticipated income will not cover rental obligation; and

(3) when cost-effective alternative shelter is identified, the county agency shall issue assistance for moving expenses as provided in paragraph (e).

(b) [DEFINITIONS.] For purposes of paragraph (a), the following definitions apply (1) "metropolitan statistical area" is as defined by the United States Census Bureau; (2) "alternative shelter" includes any shelter that is located within the metropolitan statistical area containing the county and for which the applicant is eligible, provided the applicant does not have to travel more than 20 miles to reach the shelter and has access to transportation to the shelter. Clause (2) does not apply to counties in the Minneapolis-St. Paul metropolitan statistical area.

(c) [MORTGAGE AND CONTRACT FOR DEED ARREARAGES.] A county agency shall issue assistance for mortgage or contract for deed arrearages on behalf of an otherwise eligible applicant according to clauses (1) to (4):

(1) assistance for arrearages must be issued only when a home is owned, occupied, and maintained by the applicant;

(2) assistance for arrearages must be issued only when no subsequent foreclosure action is expected within the 12 months following the issuance;

(3) assistance for arrearages must be issued only when an applicant has been refused refinancing through a bank or other lending institution and the amount payable, when combined with any payments made by the applicant, will be accepted by the creditor as full payment of the arrearage;

(4) costs paid by a family which are counted toward the payment requirements in this clause are: principal and interest payments on mortgages or contracts for deed, balloon payments, homeowner's insurance payments, manufactured home lot rental payments, and tax or special assessment payments related to the homestead. Costs which are not counted include closing costs related to the sale or purchase of real property.

To be eligible for assistance for costs specified in clause (4) which are outstanding at the time of foreclosure, an applicant must have paid at least 40 percent of the family's gross income toward these costs in the month of application and the 11-month period immediately preceding the month of application.

When an applicant is eligible under clause (4), a county agency shall issue assistance up to a maximum of four times the ~~MFIP-S transitional~~ MFIP standard of need for a comparable assistance unit.

(d) [DAMAGE OR UTILITY DEPOSITS.] A county agency shall issue assistance for damage or utility deposits when necessary to alleviate the emergency. The county may require that assistance paid in the form of a damage deposit, less any amount retained by the landlord to remedy a tenant's default in payment of rent or other funds due to the landlord under a rental agreement, or to restore the premises to the condition at the commencement of the tenancy, ordinary wear and tear excepted, be returned to the county when the individual vacates the premises or be paid to the recipient's new landlord as a vendor payment. The county may require that assistance paid in the form of a utility deposit less any amount retained to satisfy outstanding utility costs be returned to the county when the person vacates the premises, or be paid for the person's new housing unit as a vendor payment. The vendor payment of returned funds shall not be considered a new use of emergency assistance.

(e) [MOVING EXPENSES.] A county agency shall issue assistance for expenses incurred when a family must move to a different shelter according to clauses (1) to (4):

(1) moving expenses include the cost to transport personal property belonging to a family, the cost for utility connection, and the cost for securing different shelter;

(2) moving expenses must be paid only when the county agency determines that a move is cost-effective;

(3) moving expenses must be paid at the request of an applicant, but only when destitution or threatened destitution exists; and

(4) moving expenses must be paid when a county agency denies assistance to prevent an eviction because the county agency has determined that an applicant's anticipated income will not cover continued shelter obligation in paragraph (a).

(f) [HOME REPAIRS.] A county agency shall pay for repairs to the roof, foundation, wiring, heating system, chimney, and water and sewer system of a home that is owned and lived in by an applicant.

The applicant shall document, and the county agency shall verify the need for and method of repair.

The payment must be cost-effective in relation to the overall condition of the home and in relation to the cost and availability of alternative housing.

(g) [UTILITY COSTS.] Assistance for utility costs must be made when an otherwise eligible family has had a termination or is threatened with a termination of municipal water and sewer service, electric, gas or heating fuel service, refuse removal service, or lacks wood when that is the heating source, subject to the conditions in clauses (1) and (2):

(1) a county agency must not issue assistance unless the county agency receives confirmation from the utility provider that assistance combined with payment by the applicant will continue or restore the utility; and

(2) a county agency shall not issue assistance for utility costs unless a family paid at least eight percent of the family's gross income toward utility costs due during the preceding 12 months.

Clauses (1) and (2) must not be construed to prevent the issuance of assistance when a county agency must take immediate and temporary action necessary to protect the life or health of a child.

(h) [SPECIAL DIETS.] Effective January 1, 1998, a county shall pay for special diets or dietary items for ~~MFIP-S~~ MFIP participants. Persons receiving emergency assistance funds for special diets or dietary items are also eligible to receive emergency assistance for shelter and utility emergencies, if otherwise eligible. The need for special diets or dietary items must be prescribed by a licensed physician. Costs for special diets shall be determined as percentages of the allotment for a one-person household under the Thrifty Food Plan as defined by the United States Department of Agriculture. The types of diets and the percentages of the Thrifty Food Plan that are covered are as follows:

(1) high protein diet, at least 80 grams daily, 25 percent of Thrifty Food Plan;

(2) controlled protein diet, 40 to 60 grams and requires special products, 100 percent of Thrifty Food Plan;

(3) controlled protein diet, less than 40 grams and requires special products, 125 percent of Thrifty Food Plan;

(4) low cholesterol diet, 25 percent of Thrifty Food Plan;

(5) high residue diet, 20 percent of Thrifty Food Plan;

(6) pregnancy and lactation diet, 35 percent of Thrifty Food Plan;

(7) gluten-free diet, 25 percent of Thrifty Food Plan;

(8) lactose-free diet, 25 percent of Thrifty Food Plan;

(9) antidumping diet, 15 percent of Thrifty Food Plan;

(10) hypoglycemic diet, 15 percent of Thrifty Food Plan; or

(11) ketogenic diet, 25 percent of Thrifty Food Plan.

Sec. 61. Minnesota Statutes 1998, section 256J.50, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYMENT AND TRAINING SERVICES COMPONENT OF ~~MFIP-S~~ MFIP.] (a) By January 1, 1998, each county must develop and implement an employment and training services component of ~~MFIP-S~~ MFIP which is designed to put participants on the most direct path to unsubsidized employment. Participation in these services is mandatory for all ~~MFIP-S~~ MFIP caregivers, unless the caregiver is exempt under section 256J.56.

(b) ~~A county may provide employment and training services to MFIP-S caregivers who are exempt from the employment and training services component but volunteer for the services.~~ A county must provide employment and training services under sections 256J.515 to 256J.74 within 30 days after the caregiver's participation becomes mandatory under subdivision 5.

Sec. 62. Minnesota Statutes 1998, section 256J.515, is amended to read:

256J.515 [OVERVIEW OF EMPLOYMENT AND TRAINING SERVICES.]

During the first meeting with participants, job counselors must ensure that an overview of employment and training services is provided that:

(1) stresses the necessity and opportunity of immediate employment;

(2) outlines the job search resources offered;

(3) outlines education or training opportunities available;

(4) describes the range of work activities, including activities under section 256J.49, subdivision 13, clause (18), that are allowable under ~~MFIP-S~~ MFIP to meet the individual needs of participants;

(5) explains the requirements to comply with an employment plan;

(6) explains the consequences for failing to comply; and

(7) explains the services that are available to support job search and work and education.

Failure to attend the overview of employment and training services without good cause results in the imposition of a sanction under section 256J.46.

Sec. 63. Minnesota Statutes 1998, section 256J.52, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION LIMITED TO CERTAIN PARTICIPANTS.] This section applies to participants receiving ~~MFIP-S~~ MFIP assistance who are not exempt under section 256J.56, and to caregivers who volunteer for employment and training services ~~under section 256J.50~~.

Sec. 64. Minnesota Statutes 1998, section 256J.52, subdivision 3, is amended to read:

Subd. 3. [JOB SEARCH; JOB SEARCH SUPPORT PLAN.] (a) If, after the initial assessment, the job counselor determines that the participant possesses sufficient skills that the participant is likely to succeed in obtaining suitable employment, the participant must conduct job search for a period of up to eight weeks, for at least 30 hours per week. The participant must accept any offer of suitable employment. Upon agreement by the job counselor and the

participant, a job search support plan may limit a job search to jobs that are consistent with the participant's employment goal. The job counselor and participant must develop a job search support plan which specifies, at a minimum: whether the job search is to be supervised or unsupervised; support services that will be provided while the participant conducts job search activities; the courses necessary to obtain certification or licensure, if applicable, and after obtaining the license or certificate, the client must comply with subdivision 5; and how frequently the participant must report to the job counselor on the status of the participant's job search activities. The job search support plan may also specify that the participant fulfill a specified portion of the required hours of job search through attending adult basic education or English as a second language classes.

(b) During the eight-week job search period, either the job counselor or the participant may request a review of the participant's job search plan and progress towards obtaining suitable employment. If a review is requested by the participant, the job counselor must concur that the review is appropriate for the participant at that time. If a review is conducted, the job counselor may make a determination to conduct a secondary assessment prior to the conclusion of the job search.

(c) Failure to conduct the required job search, to accept any offer of suitable employment, to develop or comply with a job search support plan, or voluntarily quitting suitable employment without good cause results in the imposition of a sanction under section 256J.46. If at the end of eight weeks the participant has not obtained suitable employment, the job counselor must conduct a secondary assessment of the participant under subdivision 3.

Sec. 65. Minnesota Statutes 1998, section 256J.52, subdivision 4, is amended to read:

Subd. 4. [SECONDARY ASSESSMENT.] (a) The job counselor must conduct a secondary assessment for those participants who:

(1) in the judgment of the job counselor, have barriers to obtaining employment that will not be overcome with a job search support plan under subdivision 3;

(2) have completed eight weeks of job search under subdivision 3 without obtaining suitable employment;

(3) have not received a secondary assessment, are working at least 20 hours per week, and the participant, job counselor, or county agency requests a secondary assessment; or

(4) have an existing job search plan or employment plan developed for another program or are already involved in training or education activities under section 256J.55, subdivision 5.

(b) In the secondary assessment the job counselor must evaluate the participant's skills and prior work experience, family circumstances, interests and abilities, need for preemployment activities, supportive or educational services, and the extent of any barriers to employment. Failure to complete a secondary assessment shall result in the imposition of a sanction as specified in sections 256J.46 and 256J.57. The job counselor must use the information gathered through the secondary assessment to develop an employment plan under subdivision 5.

(c) The job counselor may require the participant to complete a professional chemical use assessment to be performed according to the rules adopted under section 254A.03, subdivision 3, including provisions in the administrative rules which recognize the cultural background of the participant, or a professional psychological assessment as a component of the secondary assessment, when the job counselor has a reasonable belief, based on objective evidence, that a participant's ability to obtain and retain suitable employment is impaired by a medical condition. The job counselor may ensure that appropriate services, including child care assistance and transportation, are available to the participant to meet needs identified by the assessment. Data gathered as part of a professional assessment must be classified and disclosed according to the provisions in section 13.46.

(d) The provider shall make available to participants information regarding additional vendors or resources which provide employment and training services that may be available to the participant under a plan developed under this section. At a minimum, the provider must make available information on the following resources: business and

higher education partnerships operated under the Minnesota job skills partnership, community and technical colleges, adult basic education programs, and services offered by vocational rehabilitation programs. The information must include a brief summary of services provided and related performance indicators. Performance indicators must include, but are not limited to, the average time to complete program offerings, placement rates, entry and average wages, and retention rates. To be included in the information given to participants, a vendor or resource must provide counties with relevant information in the format required by the county.

Sec. 66. Minnesota Statutes 1998, section 256J.52, subdivision 5, is amended to read:

Subd. 5. [EMPLOYMENT PLAN; CONTENTS.] Based on the secondary assessment under subdivision 4, the job counselor and the participant must develop an employment plan for the participant that includes specific activities that are tied to an employment goal and a plan for long-term self-sufficiency, and that is designed to move the participant along the most direct path to unsubsidized employment. The employment plan must list the specific steps that will be taken to obtain employment and a timetable for completion of each of the steps. Upon agreement by the job counselor and the participant, the employment plan may limit a job search to jobs that are consistent with the participant's employment goal. As part of the development of the participant's employment plan, the participant shall have the option of selecting from among the vendors or resources that the job counselor determines will be effective in supplying one or more of the services necessary to meet the employment goals specified in the participant's plan. In compiling the list of vendors and resources that the job counselor determines would be effective in meeting the participant's employment goals, the job counselor must determine that adequate financial resources are available for the vendors or resources ultimately selected by the participant. The job counselor and the participant must sign the developed plan to indicate agreement between the job counselor and the participant on the contents of the plan.

Sec. 67. Minnesota Statutes 1998, section 256J.52, is amended by adding a subdivision to read:

Subd. 5a. [BASIC EDUCATION ACTIVITIES IN PLAN.] Participants with low skills in reading or mathematics who are proficient only at or below an eighth-grade level must be allowed to include basic education activities in a job search support plan or an employment plan, whichever is applicable.

Sec. 68. Minnesota Statutes 1998, section 256J.54, subdivision 2, is amended to read:

Subd. 2. [RESPONSIBILITY FOR ASSESSMENT AND EMPLOYMENT PLAN.] For caregivers who are under age 18 without a high school diploma or its equivalent, the assessment under subdivision 1 and the employment plan under subdivision 3 must be completed by the social services agency under section 257.33. For caregivers who are age 18 or 19 without a high school diploma or its equivalent, the assessment under subdivision 1 and the employment plan under subdivision 3 must be completed by the job counselor or, at county option, by the social services agency under section 257.33. Upon reaching age 18 or 19 a caregiver who received social services under section 257.33 and is without a high school diploma or its equivalent has the option to choose whether to continue receiving services under the caregiver's plan from the social services agency or to utilize an MFIP employment and training service provider. The social services agency or the job counselor shall consult with representatives of educational agencies that are required to assist in developing educational plans under section 124D.331.

Sec. 69. Minnesota Statutes 1998, section 256J.55, subdivision 4, is amended to read:

Subd. 4. [CHOICE OF PROVIDER.] ~~A participant~~ MFIP caregivers must be able to choose from at least two employment and training service providers, unless the county has demonstrated to the commissioner that the provision of multiple employment and training service providers would result in financial hardship for the county, or the county is utilizing a workforce center as specified in section 256J.50, subdivision 8. Both parents in a two-parent family must choose the same employment and training service provider unless a special need, such as bilingual services, is identified but not available through one service provider.

Sec. 70. Minnesota Statutes 1998, section 256J.56, is amended to read:

256J.56 [EMPLOYMENT AND TRAINING SERVICES COMPONENT; EXEMPTIONS.]

(a) An ~~MFIP-S~~ MFIP caregiver is exempt from the requirements of sections 256J.52 to 256J.55 if the caregiver belongs to any of the following groups:

(1) individuals who are age 60 or older;

(2) individuals who are suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment. Persons in this category with a temporary illness, injury, or incapacity must be reevaluated at least quarterly;

(3) caregivers whose presence in the home is required because of the professionally certified illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household;

(4) women who are pregnant, if the pregnancy has resulted in a professionally certified incapacity that prevents the woman from obtaining or retaining employment;

(5) caregivers of a child under the age of one year who personally provide full-time care for the child. This exemption may be used for only 12 months in a lifetime. In two-parent households, only one parent or other relative may qualify for this exemption;

(6) individuals who are single parents, or one parent in a two-parent family, employed at least 35 hours per week;

(7) individuals experiencing a personal or family crisis that makes them incapable of participating in the program, as determined by the county agency. If the participant does not agree with the county agency's determination, the participant may seek professional certification, as defined in section 256J.08, that the participant is incapable of participating in the program.

Persons in this exemption category must be reevaluated every 60 days; or

(8) second parents in two-parent families employed for 20 or more hours per week, provided the first parent is employed at least 35 hours per week.

A caregiver who is exempt under clause (5) must enroll in and attend an early childhood and family education class, a parenting class, or some similar activity, if available, during the period of time the caregiver is exempt under this section. Notwithstanding section 256J.46, failure to attend the required activity shall not result in the imposition of a sanction.

(b) The county agency must provide employment and training services to ~~MFIP-S~~ MFIP caregivers who are exempt under this section, but who volunteer to participate. Exempt volunteers may request approval for any work activity under section 256J.49, subdivision 13. The hourly participation requirements for nonexempt caregivers under section 256J.50, subdivision 5, do not apply to exempt caregivers who volunteer to participate.

Sec. 71. Minnesota Statutes 1998, section 256J.57, subdivision 1, is amended to read:

Subdivision 1. [GOOD CAUSE FOR FAILURE TO COMPLY.] The county agency shall not impose the sanction under section 256J.46 if it determines that the participant has good cause for failing to comply with the requirements of sections 256J.52 to 256J.55. Good cause exists when:

(1) appropriate child care is not available;

(2) the job does not meet the definition of suitable employment;

(3) the participant is ill or injured;

(4) a member of the assistance unit, a relative in the household, or a foster child in the household is ill and needs care by the participant that prevents the participant from complying with the job search support plan or employment plan;

(5) the parental caregiver is unable to secure necessary transportation;

(6) the parental caregiver is in an emergency situation that prevents compliance with the job search support plan or employment plan;

(7) the schedule of compliance with the job search support plan or employment plan conflicts with judicial proceedings;

(8) a mandatory MFIP meeting is scheduled during a time that conflicts with a judicial proceeding or a meeting related to a juvenile court matter, or a participant's work schedule;

(9) the parental caregiver is already participating in acceptable work activities;

~~(9)~~ (10) the employment plan requires an educational program for a caregiver under age 20, but the educational program is not available;

~~(10)~~ (11) activities identified in the job search support plan or employment plan are not available;

~~(11)~~ (12) the parental caregiver is willing to accept suitable employment, but suitable employment is not available; or

~~(12)~~ (13) the parental caregiver documents other verifiable impediments to compliance with the job search support plan or employment plan beyond the parental caregiver's control.

The job counselor shall work with the participant to reschedule mandatory meetings for individuals who fall under clauses (1), (3), (4), (5), (6), (7), and (8).

Sec. 72. Minnesota Statutes 1998, section 256J.62, subdivision 1, is amended to read:

Subdivision 1. [ALLOCATION.] Money appropriated for ~~MFIP-S~~ MFIP employment and training services must be allocated to counties and eligible tribal providers as specified in this section.

Sec. 73. Minnesota Statutes 1998, section 256J.62, is amended by adding a subdivision to read:

Subd. 2a. [CASELOAD-BASED FUNDS ALLOCATION.] Effective for state fiscal year 2000, and for all subsequent years, money shall be allocated to counties and eligible tribal providers based on their average number of MFIP cases as a proportion of the statewide total number of MFIP cases:

(1) the average number of cases must be based upon counts of MFIP or tribal TANF cases as of March 31, June 30, September 30, and December 31 of the previous calendar year, less the number of child only cases and cases where all the caregivers are age 60 or over. Two-parent cases, with the exception of those with a caregiver age 60 or over, will be multiplied by a factor of two;

(2) the MFIP or tribal TANF case count for each eligible tribal provider shall be based upon the number of MFIP or tribal TANF cases who are enrolled in, or are eligible for enrollment in the tribe; and the case must be an active MFIP case; and the case members must reside within the tribal program's service delivery area;

(3) MFIP or tribal TANF cases counted for determining allocations to tribal providers shall be removed from the case counts of the respective counties where they reside to prevent duplicate counts;

(4) prior to allocating funds to counties and tribal providers, $1,000,000 shall be set aside to allow the commissioner to use these set-aside funds to provide funding to county or tribal providers who experience an unforeseen influx of participants or other emergent situations beyond their control; and

(5) the commissioner shall use a portion of the funds in clause (4) to offset a reduction in funds allocated to any county between state fiscal year 1999 and state fiscal year 2000 that results from the adjustment in clause (3). The funding provided under this clause must reduce by half the reduction for state fiscal year 2000 that any county would otherwise experience in the absence of this clause.

Any funds specified in this clause that remain unspent by March 31 of each year shall be reallocated out to county and tribal providers using the funding formula detailed in clauses (1) to (5).

Sec. 74. Minnesota Statutes 1998, section 256J.62, subdivision 6, is amended to read:

Subd. 6. [BILINGUAL EMPLOYMENT AND TRAINING SERVICES TO REFUGEES.] Funds appropriated to cover the costs of bilingual employment and training services to refugees shall be allocated to county agencies as follows:

(1) for state fiscal year 1998, the allocation shall be based on the county's proportion of the total statewide number of AFDC refugee cases in the previous fiscal year. Counties with less than one percent of the statewide number of AFDC, MFIP-R, or MFIP refugee cases shall not receive an allocation of bilingual employment and training services funds; and

(2) for each subsequent fiscal year, the allocation shall be based on the county's proportion of the total statewide number of ~~MFIP-S~~ MFIP refugee cases in the previous fiscal year. Counties with less than one percent of the statewide number of ~~MFIP-S~~ MFIP refugee cases shall not receive an allocation of bilingual employment and training services funds.

Sec. 75. Minnesota Statutes 1998, section 256J.62, subdivision 7, is amended to read:

Subd. 7. [WORK LITERACY LANGUAGE PROGRAMS.] Funds appropriated to cover the costs of work literacy language programs to non-English-speaking recipients shall be allocated to county agencies as follows:

(1) for state fiscal year 1998, the allocation shall be based on the county's proportion of the total statewide number of AFDC or MFIP cases in the previous fiscal year where the lack of English is a barrier to employment. Counties with less than two percent of the statewide number of AFDC or MFIP cases where the lack of English is a barrier to employment shall not receive an allocation of the work literacy language program funds; and

(2) for each subsequent fiscal year, the allocation shall be based on the county's proportion of the total statewide number of ~~MFIP-S~~ MFIP cases in the previous fiscal year where the lack of English is a barrier to employment. Counties with less than two percent of the statewide number of ~~MFIP-S~~ MFIP cases where the lack of English is a barrier to employment shall not receive an allocation of the work literacy language program funds.

Sec. 76. Minnesota Statutes 1998, section 256J.62, subdivision 8, is amended to read:

Subd. 8. [REALLOCATION.] The commissioner of human services shall review county agency expenditures of ~~MFIP-S~~ MFIP employment and training services funds at the end of the third quarter of the first year of the biennium and each quarter after that and may reallocate unencumbered or unexpended money appropriated under this section to those county agencies that can demonstrate a need for additional money.

Sec. 77. Minnesota Statutes 1998, section 256J.62, subdivision 9, is amended to read:

Subd. 9. [CONTINUATION OF CERTAIN SERVICES.] At the request of the caregiver, the county may continue to provide case management, counseling or other support services to a participant following the participant's achievement of the employment goal, for up to ~~six~~ 12 months following termination of the participant's eligibility for ~~MFIP-S~~ MFIP.

A county may expend funds for a specific employment and training service for the duration of that service to a participant if the funds are obligated or expended prior to the participant losing ~~MFIP-S~~ MFIP eligibility.

Sec. 78. Minnesota Statutes 1998, section 256J.67, subdivision 4, is amended to read:

Subd. 4. [EMPLOYMENT PLAN.] (a) The caretaker's employment plan must include the length of time needed in the work experience program, the need to continue job-seeking activities while participating in work experience, and the caregiver's employment goals.

(b) After each six months of a caregiver's participation in a work experience job placement, and at the conclusion of each work experience assignment under this section, the county agency shall reassess and revise, as appropriate, the caregiver's employment plan.

(c) A caregiver may claim good cause under section 256J.57, subdivision 1, for failure to cooperate with a work experience job placement.

(d) The county agency shall limit the maximum number of hours any participant may work under this section to the amount of the ~~transitional~~ MFIP standard of need divided by the federal or applicable state minimum wage, whichever is higher. After a participant has been assigned to a position for nine months, the participant may not continue in that assignment unless the maximum number of hours a participant works is no greater than the amount of the ~~transitional~~ MFIP standard of need divided by the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site. This limit does not apply if it would prevent a participant from counting toward the federal work participation rate.

Sec. 79. Minnesota Statutes 1998, section 256J.74, subdivision 2, is amended to read:

Subd. 2. [CONCURRENT ELIGIBILITY, LIMITATIONS.] (a) An individual whose needs have been otherwise provided for in another state, in whole or in part by county, state, or federal dollars during a month, is ineligible to receive MFIP for the month.

(b) A county agency must not count an applicant or participant as a member of more than one assistance unit in this state in a given payment month, except as provided in clauses (1) and (2).

(1) A participant who is a member of an assistance unit ~~in this state~~ is eligible to be included in a second assistance unit the ~~first full~~ month after the month the participant joins the second unit.

(2) An applicant whose needs are met through federal, state, or local foster care ~~that is reimbursed under title IV-E of the Social Security Act~~ payments for the first part of an application month is eligible to receive assistance for the remaining part of the month in which the applicant returns home. ~~Title IV-E~~ Foster care payments ~~and adoption assistance payments~~ must be considered prorated payments rather than a duplication of ~~MFIP-S~~ MFIP need.

Sec. 80. [256J.751] [COUNTY PERFORMANCE MANAGEMENT.]

(a) The commissioner shall report quarterly to all counties each county's performance on the following measures:

(1) percent of MFIP caseload working in paid employment;

(2) percent of MFIP caseload receiving only the food portion of assistance;

(3) number of MFIP cases that have left assistance;

(4) federal participation requirements as specified in title 1 of Public Law Number 104-193; and

(5) median placement wage rate.

(b) The commissioner shall, in consultation with counties, develop measures for county performance in addition to those in paragraph (a). In developing these measures, the commissioner must consider:

(1) a measure for MFIP cases that leave assistance due to employment;

(2) job retention after participants leave MFIP; and

(3) participant's earnings at a follow-up point after the participant has left MFIP.

(c) If sanctions occur for failure to meet the performance standards specified in title 1 of Public Law Number 104-193 of the Personal Responsibility and Work Opportunity Act of 1996, the state shall pay 88 percent of the sanction. The remaining 12 percent of the sanction will be paid by the counties. The county portion of the sanction will be distributed across all counties in proportion to each county's percentage of the MFIP average monthly caseload during the period for which the sanction was applied.

(d) If a county fails to meet the performance standards specified in title 1 of Public Law Number 104-193 of the Personal Responsibility and Work Opportunity Act of 1996 for any year, the commissioner shall work with counties to organize a joint state-county technical assistance team to work with the county. The commissioner shall coordinate any technical assistance with other departments and agencies including the departments of economic security and children, families, and learning as necessary to achieve the purpose of this paragraph.

Sec. 81. Minnesota Statutes 1998, section 256J.76, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATIVE FUNCTIONS.] Beginning July 1, 1997, counties will receive federal funds from the TANF block grant for use in supporting eligibility, fraud control, and other related administrative functions. The federal funds available for distribution, as determined by the commissioner, must be an amount equal to federal administrative aid distributed for fiscal year 1996 under titles IV-A and IV-F of the Social Security Act in effect prior to October 1, 1996. This amount must include the amount paid for local collaboratives under sections 245.4932 and 256F.13, but must not include administrative aid associated with child care under section 119B.05, with emergency assistance intensive family preservation services under section 256.8711, with administrative activities as part of the employment and training services under section 256.736, or with fraud prevention investigation activities under section 256.983. Before July 15, 1999, a county may ask for a review of the commissioner's determination when the county believes fiscal year 1996 information was inaccurate or incomplete. By August 15, 1999, the commissioner must adjust that county's base when the commissioner has determined that inaccurate or incomplete information was used to develop that base. The commissioner shall adjust the county's 1999 allocation amount to reflect the base change.

Sec. 82. Minnesota Statutes 1998, section 256J.76, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION OF COUNTY FUNDS.] (a) The commissioner shall determine and allocate the funds available to each county, on a calendar year basis, proportional to the amount paid to each county for fiscal year 1996, excluding the amount paid for local collaboratives under sections 245.4932 and 256F.13. For the period beginning July 1, 1997, and ending December 31, 1998, each county shall receive 150 percent of its base year allocation.

(b) Beginning January 1, 2000, the commissioner shall allocate funds made available under this section on a calendar year basis to each county first, in amounts equal to each county's guaranteed floor as described in clause (1), second, to provide an allocation of up to $2,000 to each county as provided for in clause (2), and third, any remaining funds shall be allocated in proportion to the sum of each county's average monthly MFIP cases plus ten percent of each county's average monthly MFIP recipients with budgeted earnings as determined by the most recent calendar year data available.

(1) Each county's guaranteed floor shall be calculated as follows:

(i) 90 percent of that county's allocation in the preceding calendar year; or

(ii) when the amount of funds available is less than the guaranteed floor, each county's allocation shall be equal to the previous calendar year allocation reduced by the same percentage that the statewide allocation was reduced.

(2) Each county shall be allocated up to $2,000. If, after application of the guaranteed floor, funds are insufficient to provide $2,000 per county, each county's allocation under this clause shall be an equal share of remaining funds available.

Sec. 83. Minnesota Statutes 1998, section 256J.76, subdivision 4, is amended to read:

Subd. 4. [REPORTING REQUIREMENT AND REIMBURSEMENT.] The commissioner shall specify requirements for reporting according to section 256.01, subdivision 2, paragraph (17). Each county shall be reimbursed at a rate of 50 percent of eligible expenditures up to the limit of its allocation. The commissioner shall regularly review each county's eligible expenditures compared to its allocation. The commissioner may reallocate funds at any time, from counties which have not or will not have expended their allocations, to counties that have eligible expenditures in excess of their allocation.

Sec. 84. [RECOMMENDATIONS TO 60-MONTH LIMIT.]

By January 15, 2000, the commissioner of human services shall submit to the legislature recommendations regarding MFIP families that include an adult caregiver who has received 60 months of cash assistance funded in whole or in part by the TANF block grant.

Sec. 85. [REVIEW OF MINNESOTA SUPPLEMENTAL AID SPECIAL DIET ALLOWANCE; REPORT.]

The commissioner of human services shall review the Minnesota supplemental aid special diet allowance under Minnesota Statutes, section 256D.44, subdivision 5, and provide a report to the appropriate senate and house committee chairs by December 1, 1999, which contains updated special diet allowance rates.

Sec. 86. [PROPOSAL REQUIRED.]

By January 15, 2000, the commissioner shall submit to the legislature a proposal for creating an MFIP incentive bonus program for high-performing counties. The proposal must include recommendations on how to implement a system that would provide an incentive bonus to a county that demonstrates high performance with respect to the county's MFIP participants.

Sec. 87. [ASSESSMENT PROTOCOLS.]

The commissioner of human services shall consult with county agencies, employment and training service providers, the commissioners of human rights, economic security, and children, families, and learning, and advocates to develop protocols to guide the implementation of Minnesota Statutes, section 256J.52, subdivision 4, paragraph (c), as amended.

Sec. 88. [FATHER PROJECT; TIME-LIMITED WAIVER OF EXISTING STATUTORY PROVISIONS.]

The commissioner of human services shall waive the enforcement of any existing specific statutory program requirements, administrative rules, and standards, including the relevant provisions of the following sections of Minnesota Statutes:

(1) 256J.30, subdivision 11;

(2) 256J.33, subdivision 4, clause (5); and

(3) 256J.34, subdivision 1, paragraph (d).

The waivers permitted under this section are for the limited purposes of allowing an amount equal to the entire amount of current child support payments made by child support obligors participating in the FATHER project to be disbursed to the child support obligees for the children of child support obligors participating in the FATHER project and excluding any such disbursements as income under the MFIP program for child support obligees receiving such disbursements who also receive MFIP assistance. The waiver authority granted by this section sunsets on July 1, 2002.

Sec. 89. [REPEALER.]

Minnesota Statutes 1998, sections 256D.051, subdivisions 6 and 19; 256D.053, subdivision 4; 256J.30, subdivision 6; and 256J.62, subdivisions 2, 3, and 5; and Laws 1997, chapter 85, article 1, section 63, are repealed.

Sec. 90. [EFFECTIVE DATE.]

Section 34 is effective October 1, 1999.

ARTICLE 7

CHILD SUPPORT

Section 1. Minnesota Statutes 1998, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names, social security numbers, income, addresses, and other data as required, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, early refund of refundable tax credits, and the income tax. "Refundable tax credits" means the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and, if the required federal waiver or waivers are granted, the federal earned income tax credit under section 32 of the Internal Revenue Code;

(9) between the department of human services and the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for reemployment insurance, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the statewide Minnesota family investment program by exchanging data on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education services office to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a recipient of aid to families with dependent children or Minnesota family investment program-statewide may be disclosed to law enforcement officers who provide the name of the recipient and notify the agency that:

(i) the recipient:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, social security number, and, if available, photograph of any member of a household receiving food stamps shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) certain information regarding child support obligors who are in arrears may be made public according to section 518.575;

(20) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(21) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(22) to the department of children, families, and learning for the purpose of matching department of children, families, and learning student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to produce accurate numbers of students receiving aid to families with dependent children or Minnesota family investment program-statewide as required by section 126C.06; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(23) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(24) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(25) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs; ~~or~~

(26) to monitor and evaluate the statewide Minnesota family investment program by exchanging data between the departments of human services and children, families, and learning, on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L; or

(27) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the department of human services, department of revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), department of health, department of economic security, and other state agencies as is reasonably necessary to perform these functions.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 2. Minnesota Statutes 1998, section 256.87, subdivision 1a, is amended to read:

Subd. 1a. [CONTINUING SUPPORT CONTRIBUTIONS.] In addition to granting the county or state agency a money judgment, the court may, upon a motion or order to show cause, order continuing support contributions by a parent found able to reimburse the county or state agency. The order shall be effective for the period of time during which the recipient receives public assistance from any county or state agency and thereafter. The order shall require support according to chapter 518 and include the names and social security numbers of the father, mother, and the child or children. An order for continuing contributions is reinstated without further hearing upon notice to the parent by any county or state agency that public assistance, as defined in section 256.741, is again being provided for the child of the parent. The notice shall be in writing and shall indicate that the parent may request a hearing for modification of the amount of support or maintenance.

Sec. 3. Minnesota Statutes 1998, section 256.978, subdivision 1, is amended to read:

Subdivision 1. [REQUEST FOR INFORMATION.] (a) The public authority responsible for child support in this state or any other state, in order to locate a person or to obtain information necessary to establish paternity and child support or to modify or enforce child support or distribute collections, may request information reasonably necessary to the inquiry from the records of (1) all departments, boards, bureaus, or other agencies of this state, which shall, notwithstanding the provisions of section 268.19 or any other law to the contrary, provide the information necessary for this purpose~~.~~; and (2) employers, utility companies, insurance companies, financial institutions, credit grantors, and labor associations doing business in this state. They shall provide ~~information as provided under subdivision 2~~ a response upon written or electronic request ~~by an agency responsible for child support enforcement regarding individuals owing or allegedly owing a duty to support~~ within 30 days of service of the request made by the public authority. Information requested and used or transmitted by the commissioner according to the authority conferred by this section may be made available to other agencies, statewide systems, and political subdivisions of this state, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program.

(b) For purposes of this section, "state" includes the District of Columbia, Puerto Rico, the United States Virgin Islands, and any territory or insular possession subject to the jurisdiction of the United States.

Sec. 4. Minnesota Statutes 1998, section 257.62, subdivision 5, is amended to read:

Subd. 5. [POSITIVE TEST RESULTS.] (a) If the results of blood or genetic tests completed in a laboratory accredited by the American Association of Blood Banks indicate that the likelihood of the alleged father's paternity, calculated with a prior probability of no more than 0.5 (50 percent), is 92 percent or greater, upon motion the court

shall order the alleged father to pay temporary child support determined according to chapter 518. The alleged father shall pay the support money to the public authority if the public authority is a party and is providing services to the parties or, if not, into court pursuant to the rules of civil procedure to await the results of the paternity proceedings.

(b) If the results of blood or genetic tests completed in a laboratory accredited by the American Association of Blood Banks indicate that likelihood of the alleged father's paternity, calculated with a prior probability of no more than 0.5 (50 percent), is 99 percent or greater, the alleged father is presumed to be the parent and the party opposing the establishment of the alleged father's paternity has the burden of proving by clear and convincing evidence that the alleged father is not the father of the child.

Sec. 5. Minnesota Statutes 1998, section 257.66, subdivision 3, is amended to read:

Subd. 3. [JUDGMENT; ORDER.] The judgment or order shall contain provisions concerning the duty of support, the custody of the child, the name of the child, the social security number of the mother, father, and child, if known at the time of adjudication, visitation privileges with the child, the furnishing of bond or other security for the payment of the judgment, or any other matter in the best interest of the child. Custody and visitation and all subsequent motions related to them shall proceed and be determined under section 257.541. The remaining matters and all subsequent motions related to them shall proceed and be determined in accordance with chapter 518. The judgment or order may direct the appropriate party to pay all or a proportion of the reasonable expenses of the mother's pregnancy and confinement, including the mother's lost wages due to medical necessity, after consideration of the relevant facts, including the relative financial means of the parents; the earning ability of each parent; and any health insurance policies held by either parent, or by a spouse or parent of the parent, which would provide benefits for the expenses incurred by the mother during her pregnancy and confinement. Pregnancy and confinement expenses and genetic testing costs, submitted by the public authority, are admissible as evidence without third-party foundation testimony and constitute prima facie evidence of the amounts incurred for those services or for the genetic testing. Remedies available for the collection and enforcement of child support apply to confinement costs and are considered additional child support.

Sec. 6. Minnesota Statutes 1998, section 257.75, subdivision 2, is amended to read:

Subd. 2. [REVOCATION OF RECOGNITION.] A recognition may be revoked in a writing signed by the mother or father before a notary public and filed with the state registrar of vital statistics within the earlier of ~~30~~ 60 days after the recognition is executed or the date of an administrative or judicial hearing relating to the child in which the revoking party is a party to the related action. A joinder in a recognition may be revoked in a writing signed by the man who executed the joinder and filed with the state registrar of vital statistics within ~~30~~ 60 days after the joinder is executed. Upon receipt of a revocation of the recognition of parentage or joinder in a recognition, the state registrar of vital statistics shall forward a copy of the revocation to the nonrevoking parent, or, in the case of a joinder in a recognition, to the mother and father who executed the recognition.

Sec. 7. Minnesota Statutes 1998, section 518.10, is amended to read:

518.10 [REQUISITES OF PETITION.]

The petition for dissolution of marriage or legal separation shall state and allege:

(a) the name, address, and, in circumstances in which child support or spousal maintenance will be addressed, social security number of the petitioner and any prior or other name used by the petitioner;

(b) the name and, if known, the address and, in circumstances in which child support or spousal maintenance will be addressed, social security number of the respondent and any prior or other name used by the respondent and known to the petitioner;

(c) the place and date of the marriage of the parties;

(d) in the case of a petition for dissolution, that either the petitioner or the respondent or both:

(1) has resided in this state for not less than 180 days immediately preceding the commencement of the proceeding, or

(2) has been a member of the armed services and has been stationed in this state for not less than 180 days immediately preceding the commencement of the proceeding, or

(3) has been a domiciliary of this state for not less than 180 days immediately preceding the commencement of the proceeding;

(e) the name at the time of the petition and any prior or other name, social security number, age, and date of birth of each living minor or dependent child of the parties born before the marriage or born or adopted during the marriage and a reference to, and the expected date of birth of, a child of the parties conceived during the marriage but not born;

(f) whether or not a separate proceeding for dissolution, legal separation, or custody is pending in a court in this state or elsewhere;

(g) in the case of a petition for dissolution, that there has been an irretrievable breakdown of the marriage relationship;

(h) in the case of a petition for legal separation, that there is a need for a decree of legal separation;

(i) any temporary or permanent maintenance, child support, child custody, disposition of property, attorneys' fees, costs and disbursements applied for without setting forth the amounts; and

(j) whether an order for protection under chapter 518B or a similar law of another state that governs the parties or a party and a minor child of the parties is in effect and, if so, the district court or similar jurisdiction in which it was entered.

The petition shall be verified by the petitioner or petitioners, and its allegations established by competent evidence.

Sec. 8. Minnesota Statutes 1998, section 518.551, is amended by adding a subdivision to read:

Subd. 15. [LICENSE SUSPENSION.] (a) Upon motion of an obligee or the public authority, which has been properly served on the obligor by first class mail at the last known address or in person, and if at a hearing, the court finds that (1) the obligor is in arrears in court-ordered child support or maintenance payments, or both, in an amount equal to or greater than six times the obligor's total monthly support and maintenance payments and is not in compliance with a written payment agreement regarding both current support and arrearages, or (2) has failed, after receiving notice, to comply with a subpoena relating to a paternity or child support proceeding, the court may direct the commissioner of natural resources to suspend or bar receipt of the obligor's recreational license or licenses. Prior to utilizing this subdivision, the court must find that other substantial enforcement mechanisms have been attempted but have not resulted in compliance.

(b) For purposes of this subdivision, a recreational license includes all licenses, permits, and stamps issued centrally by the commissioner of natural resources under sections 97B.301, 97B.401, 97B.501, 97B.515, 97B.601, 97B.715, 97B.721, 97B.801, 97C.301, and 97C.305.

(c) An obligor whose recreational license or licenses have been suspended or barred may provide proof to the court that the obligor is in compliance with all written payment agreements regarding both current support and arrearages. Within 15 days of receipt of that proof, the court shall notify the commissioner of natural resources that the obligor's recreational license or licenses should no longer be suspended nor should receipt be barred.

Sec. 9. Minnesota Statutes 1998, section 518.5851, is amended by adding a subdivision to read:

Subd. 6. [CREDITOR COLLECTIONS.] The central collections unit under this section is not a third party under chapters 550, 552, and 571 for purposes of creditor collection efforts against child support and maintenance order obligors or obligees, and shall not be subject to creditor levy, attachment, or garnishment.

Sec. 10. Minnesota Statutes 1998, section 518.5853, is amended by adding a subdivision to read:

Subd. 11. [COLLECTIONS UNIT RECOUPMENT ACCOUNT.] The commissioner of human services may establish a revolving account to cover funds issued in error due to insufficient funds or other reasons. Appropriations for this purpose and all recoupments against payments from the account shall be deposited in the collections unit's recoupment account and are appropriated to the commissioner. Any unexpended balance in the account does not cancel, but is available until expended.

Sec. 11. Minnesota Statutes 1998, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party or the child or children that are the subject of these proceedings; (3) receipt of assistance under sections 256.72 to 256.87 or 256B.01 to 256B.40; (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair; (5) extraordinary medical expenses of the child not provided for under section 518.171; or (6) the addition of work-related or education-related child care expenses of the obligee or a substantial increase or decrease in existing work-related or education-related child care expenses.

On a motion to modify support, the needs of any child the obligor has after the entry of the support order that is the subject of a modification motion shall be considered as provided by section 518.551, subdivision 5f.

(b) It is presumed that there has been a substantial change in circumstances under paragraph (a) and the terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if:

(1) the application of the child support guidelines in section 518.551, subdivision 5, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least $50 per month higher or lower than the current support order;

(2) the medical support provisions of the order established under section 518.171 are not enforceable by the public authority or the custodial parent;

(3) health coverage ordered under section 518.171 is not available to the child for whom the order is established by the parent ordered to provide; or

(4) the existing support obligation is in the form of a statement of percentage and not a specific dollar amount.

(c) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

(1) shall apply section 518.551, subdivision 5, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;

(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(d) A modification of support or maintenance, including interest that accrued pursuant to section 548.091, may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record. However, modification may be applied to an earlier period if the court makes express findings that:

(1) the party seeking modification was precluded from serving a motion by reason of a significant physical or mental disability, a material misrepresentation of another party, or fraud upon the court and that the party seeking modification, when no longer precluded, promptly served a motion;

(2) the party seeking modification was a recipient of federal Supplemental Security Income (SSI), Title II Older Americans, Survivor's Disability Insurance (OASDI), other disability benefits, or public assistance based upon need during the period for which retroactive modification is sought; or

(3) the order for which the party seeks amendment was entered by default, the party shows good cause for not appearing, and the record contains no factual evidence, or clearly erroneous evidence regarding the individual obligor's ability to pay.

The court may provide that a reduction in the amount allocated for child care expenses based on a substantial decrease in the expenses is effective as of the date the expenses decreased.

(e) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

(f) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

(g) Section 518.14 shall govern the award of attorney fees for motions brought under this subdivision.

Sec. 12. Minnesota Statutes 1998, section 548.09, subdivision 1, is amended to read:

Subdivision 1. [ENTRY AND DOCKETING; SURVIVAL OF JUDGMENT.] Except as provided in section 548.091, every judgment requiring the payment of money shall be ~~docketed~~ entered by the court administrator ~~upon its entry~~ when ordered by the court and will be docketed by the court administrator upon the filing of an affidavit as provided in subdivision 2. Upon a transcript of the docket being filed with the court administrator in any other county, the court administrator shall also docket it. From the time of docketing the judgment is a lien, in the amount unpaid, upon all real property in the county then or thereafter owned by the judgment debtor, but it is not a lien upon

registered land unless it is also filed pursuant to sections 508.63 and 508A.63. The judgment survives, and the lien continues, for ten years after its entry. Child support judgments may be renewed ~~by service of notice upon the debtor. Service shall be by certified mail at the last known address of the debtor or in the manner provided for the service of civil process. Upon the filing of the notice and proof of service the court administrator shall renew the judgment for child support without any additional filing fee~~ pursuant to section 548.091.

Sec. 13. Minnesota Statutes 1998, section 548.091, subdivision 1, is amended to read:

Subdivision 1. [ENTRY AND DOCKETING OF MAINTENANCE JUDGMENT.] (a) A judgment for unpaid amounts under a judgment or decree of dissolution or legal separation that provides for installment or periodic payments of maintenance shall be entered ~~and docketed~~ by the court administrator ~~only~~ when ordered by the court or shall be entered and docketed by the court administrator when the following conditions are met:

~~(a)~~ (1) the obligee determines that the obligor is at least 30 days in arrears;

~~(b)~~ (2) the obligee serves a copy of an affidavit of default and notice of intent to enter and docket judgment on the obligor by first class mail at the obligor's last known post office address. Service shall be deemed complete upon mailing in the manner designated. The affidavit shall state the full name, occupation, place of residence, and last known post office address of the obligor, the name and post office address of the obligee, the date of the first unpaid amount, the date of the last unpaid amount, and the total amount unpaid;

~~(c)~~ (3) the obligor fails within 20 days after mailing of the notice either to pay all unpaid amounts or to request a hearing on the issue of whether arrears claimed owing have been paid and to seek, ex parte, a stay of entry of judgment; and

~~(d)~~ (4) not less than 20 days after service on the obligor in the manner provided, the obligee files with the court administrator the affidavit of default together with proof of service and, if payments have been received by the obligee since execution of the affidavit of default, a supplemental affidavit setting forth the amount of payment received and the amount for which judgment is to be entered and docketed.

(b) A judgment entered and docketed under this subdivision has the same effect and is subject to the same procedures, defenses, and proceedings as any other judgment in district court, and may be enforced or satisfied in the same manner as judgments under section 548.09.

(c) An obligor whose property is subject to the lien of a judgment for installment of periodic payments of maintenance under section 548.09, and who claims that no amount of maintenance is in arrears, may move the court ex parte for an order directing the court administrator to vacate the lien of the judgment on the docket and register of the action where it was entered. The obligor shall file with the motion an affidavit stating:

(1) the lien attached upon the docketing of a judgment or decree of dissolution or separate maintenance;

(2) the docket was made while no installment or periodic payment of maintenance was unpaid or overdue; and

(3) no installment or periodic payment of maintenance that was due prior to the filing of the motion remains unpaid or overdue.

The court shall grant the obligor's motion as soon as possible if the pleadings and affidavit show that there is and has been no default.

Sec. 14. Minnesota Statutes 1998, section 548.091, subdivision 1a, is amended to read:

Subd. 1a. [CHILD SUPPORT JUDGMENT BY OPERATION OF LAW.] (a) Any payment or installment of support required by a judgment or decree of dissolution or legal separation, determination of parentage, an order under chapter 518C, an order under section 256.87, or an order under section 260.251, that is not paid or withheld

from the obligor's income as required under section 518.6111, or which is ordered as child support by judgment, decree, or order by a court in any other state, is a judgment by operation of law on and after the date it is due ~~and~~, is entitled to full faith and credit in this state and any other state, and shall be entered and docketed by the court administrator on the filing of affidavits as provided in subdivision 2a. Except as otherwise provided by paragraph (b), interest accrues from the date the unpaid amount due is greater than the current support due at the annual rate provided in section 549.09, subdivision 1, plus two percent, not to exceed an annual rate of 18 percent. A payment or installment of support that becomes a judgment by operation of law between the date on which a party served notice of a motion for modification under section 518.64, subdivision 2, and the date of the court's order on modification may be modified under that subdivision.

(b) Notwithstanding the provisions of section 549.09, upon motion to the court and upon proof by the obligor of 36 consecutive months of complete and timely payments of both current support and court-ordered paybacks of a child support debt or arrearage, the court may order interest on the remaining debt or arrearage to stop accruing. Timely payments are those made in the month in which they are due. If, after that time, the obligor fails to make complete and timely payments of both current support and court-ordered paybacks of child support debt or arrearage, the public authority or the obligee may move the court for the reinstatement of interest as of the month in which the obligor ceased making complete and timely payments.

The court shall provide copies of all orders issued under this section to the public authority. The commissioner of human services shall prepare and make available to the court and the parties forms to be submitted by the parties in support of a motion under this paragraph.

(c) Notwithstanding the provisions of section 549.09, upon motion to the court, the court may order interest on a child support debt to stop accruing where the court finds that the obligor is:

(1) unable to pay support because of a significant physical or mental disability; or

(2) a recipient of Supplemental Security Income (SSI), Title II Older Americans Survivor's Disability Insurance (OASDI), other disability benefits, or public assistance based upon need.

Sec. 15. Minnesota Statutes 1998, section 548.091, subdivision 2a, is amended to read:

Subd. 2a. [ENTRY AND DOCKETING OF CHILD SUPPORT JUDGMENT.] (a) On or after the date an unpaid amount becomes a judgment by operation of law under subdivision 1a, the obligee or the public authority may file with the court administrator~~, either electronically or by other means~~:

(1) a statement identifying, or a copy of, the judgment or decree of dissolution or legal separation, determination of parentage, order under chapter 518B or 518C, an order under section 256.87, an order under section 260.251, or judgment, decree, or order for child support by a court in any other state, which provides for periodic installments of child support, or a judgment or notice of attorney fees and collection costs under section 518.14, subdivision 2;

(2) an affidavit of default. The affidavit of default must state the full name, occupation, place of residence, and last known post office address of the obligor, the name and post office address of the obligee, the date or dates payment was due and not received and judgment was obtained by operation of law, the total amount of the judgments to ~~the date of filing, and the amount and frequency of the periodic installments of child support that will continue to become due and payable subsequent to the date of filing~~ be entered and docketed; and

(3) an affidavit of service of a notice of intent to enter and docket judgment and to recover attorney fees and collection costs on the obligor, in person or by first class mail at the obligor's last known post office address. Service is completed upon mailing in the manner designated. Where applicable, a notice of interstate lien in the form promulgated under United States Code, title 42, section 652(a), is sufficient to satisfy the requirements of clauses (1) and (2).

(b) A judgment entered and docketed under this subdivision has the same effect and is subject to the same procedures, defenses, and proceedings as any other judgment in district court, and may be enforced or satisfied in the same manner as judgments under section 548.09, except as otherwise provided.

Sec. 16. Minnesota Statutes 1998, section 548.091, subdivision 3a, is amended to read:

Subd. 3a. [ENTRY, DOCKETING, AND SURVIVAL OF CHILD SUPPORT JUDGMENT.] Upon receipt of the documents filed under subdivision 2a, the court administrator shall enter and docket the judgment in the amount of the unpaid obligation identified in the affidavit of default. ~~and note the amount and frequency of the periodic installments of child support that will continue to become due and payable after the date of docketing. From the time of docketing, the judgment is a lien upon all the real property in the county owned by the judgment debtor, but it is not a lien on registered land unless the obligee or the public authority causes a notice of judgment lien or certified copy of the judgment to be memorialized on the certificate of title or certificate of possessory title under section 508.63 or 508A.63. The judgment survives and the lien continues for ten years after the date the judgment was docketed.~~

Subd. 3b. [CHILD SUPPORT JUDGMENT ADMINISTRATIVE RENEWALS.] Child support judgments may be renewed by service of notice upon the debtor. Service ~~shall~~ must be by ~~certified~~ first class mail at the last known address of the debtor, with service deemed complete upon mailing in the manner designated, or in the manner provided for the service of civil process. Upon the filing of the notice and proof of service, the court administrator shall administratively renew the judgment for child support without any additional filing fee in the same court file as the original child support judgment. The judgment must be renewed in an amount equal to the unpaid principle plus the accrued unpaid interest. Child support judgments may be renewed multiple times until paid.

Sec. 17. Minnesota Statutes 1998, section 548.091, subdivision 4, is amended to read:

Subd. 4. [CHILD SUPPORT HEARING.] A child support obligor may request a hearing under the rules of civil procedure on the issue of whether the judgment amount or amounts have been paid and may move the court for an order directing the court administrator to vacate or modify the judgment or judgments ~~on the docket and register in any county or other jurisdiction in which judgment or judgments were~~ entered pursuant to this action.

The court shall grant the obligor's motion if it determines that there is no default.

Sec. 18. Minnesota Statutes 1998, section 548.091, is amended by adding a subdivision to read:

Subd. 5a. [ADDITIONAL CHILD SUPPORT JUDGMENTS.] As child support payments continue to become due and are unpaid, additional judgments may be entered and docketed by following the procedures in subdivision 1a. Each judgment entered and docketed for unpaid child support payments must be treated as a distinct judgment for purposes of enforcement and satisfaction.

Sec. 19. Minnesota Statutes 1998, section 548.091, subdivision 10, is amended to read:

Subd. 10. [RELEASE OF LIEN.] Upon payment of the amount due ~~under subdivision 5~~, the public authority shall execute and deliver a satisfaction of the judgment lien within five business days.

Sec. 20. Minnesota Statutes 1998, section 548.091, subdivision 11, is amended to read:

Subd. 11. [SPECIAL PROCEDURES.] The public authority shall negotiate a release of lien on specific property for less than the full amount due where the proceeds of a sale or financing, less reasonable and necessary closing expenses, are not sufficient to satisfy all encumbrances on the liened property. Partial releases do not release the obligor's personal liability for the amount unpaid. A partial satisfaction for the amount received must be filed with the court administrator.

Sec. 21. Minnesota Statutes 1998, section 548.091, subdivision 12, is amended to read:

Subd. 12. [CORRECTING ERRORS.] The public authority shall maintain a process to review the identity of the obligor and to issue releases of lien in cases of misidentification. The public authority shall maintain a process to review the amount of child support ~~determined to be delinquent and to issue amended notices of judgment lien in cases of incorrectly docketed~~ judgments arising by operation of law. The public authority may move the court for an order to amend the judgment when the amount of judgment entered and docketed is incorrect.

Sec. 22. Laws 1995, chapter 257, article 1, section 35, subdivision 1, is amended to read:

Subdivision 1. [CHILD SUPPORT ASSURANCE.] ~~The commissioner of human services shall seek a waiver from the secretary of the United States Department of Health and Human Services to enable the department of human services to operate a demonstration project of child support assurance. The commissioner shall seek authority from the legislature to implement a demonstration project of child support assurance when enhanced federal funds become available for this purpose.~~ The department of human services shall continue to plan a demonstration project of child support assurance by administering the grant awarded under the federal program entitled "Developing a Plan for a Child Support Assurance Program.

Sec. 23. [CHILD SUPPORT ARREARAGE FORGIVENESS REPORT.]

The commissioner of human services shall examine the feasibility of forgiving child support arrears in a fair and consistent manner and shall develop child support arrearage forgiveness policies to be used throughout the state. Also, the commissioner shall explore the possibility of forwarding a portion of, or the entire amount of, the current child support payment to the custodial parent in order to bridge the child support with the family. The information must be in a report to the chairs of the appropriate senate and house committees and their members by December 1, 1999.

Sec. 24. [REPEALER.]

Minnesota Statutes 1998, section 548.091, subdivisions 3, 5, and 6, are repealed.

ARTICLE 8

CHILD PROTECTION AND
RELATED MAXIMIZATION OF FEDERAL FUNDS

Section 1. Minnesota Statutes 1998, section 144.1761, subdivision 1, is amended to read:

Subdivision 1. [REQUEST.] (a) Whenever an adopted person requests the state registrar to disclose the information on the adopted person's original birth certificate, the state registrar shall act in accordance with the provisions of section 259.89.

(b) 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. Information contained on the birth certificate may not be used to provide the adopted person information about the person's birth parents except as provided in this section or section 259.83.

Sec. 2. Minnesota Statutes 1998, section 245A.30, is amended to read:

245A.30 [LICENSING PROHIBITION FOR CERTAIN JUVENILE FACILITIES.]

The commissioner may not:

(1) issue any license under Minnesota Rules, parts 9545.0905 to 9545.1125, for the residential placement of juveniles at a facility if the facility accepts juveniles who reside outside of Minnesota without an agreement with the entity placing the juvenile at the facility that obligates the entity to pay the educational and medical expenses of the juvenile; or

(2) renew a license under Minnesota Rules, parts 9545.0905 to 9545.1125, for the residential placement of juveniles if the facility accepts juveniles who reside outside of Minnesota without an agreement with the entity placing the juvenile at the facility that obligates the entity to pay the educational and medical expenses of the juvenile.

Sec. 3. [254A.175] [CHEMICAL DEPENDENCY TREATMENT MODELS FOR FAMILIES WITH POTENTIAL CHILD PROTECTION PROBLEMS.]

The commissioner shall explore and experiment with different chemical dependency service models for parents with children who are found to be in need of chemical dependency treatment pursuant to an assessment under section 626.556, subdivision 10, or a case plan under section 257.071 or 260.191, subdivision 1e. The commissioner shall tailor services to better serve this high-risk population, which may include long-term treatment that allows the children to stay with the parent at the treatment facility.

Sec. 4. Minnesota Statutes 1998, section 254B.04, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) Persons eligible for benefits under Code of Federal Regulations, title 25, part 20, persons eligible for medical assistance benefits under sections 256B.055, 256B.056, and 256B.057, subdivisions 1, 2, 5, and 6, or who meet the income standards of section 256B.056, subdivision 4, and persons eligible for general assistance medical care under section 256D.03, subdivision 3, are entitled to chemical dependency fund services. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

Persons with dependent children who are determined to be in need of chemical dependency treatment pursuant to an assessment under section 626.556, subdivision 10, or a case plan under section 257.071 or 260.191, subdivision 1e, shall be assisted by the local agency to access needed treatment services. Treatment services must be appropriate for the individual or family, which may include long-term care treatment or treatment in a facility that allows the dependent children to stay in the treatment facility. The county shall pay for out-of-home placement costs, if applicable.

(b) A person not entitled to services under paragraph (a), but with family income that is less than 60 percent of the state median income for a family of like size and composition, shall be eligible to receive chemical dependency fund services within the limit of funds available after persons entitled to services under paragraph (a) have been served. If notified by the state agency of limited funds, a county must give preferential treatment to persons with dependent children who are in need of chemical dependency treatment pursuant to an assessment under section 626.556, subdivision 10, or a case plan under section 257.071 or 260.191, subdivision 1e. A county may spend money from its own sources to serve persons under this paragraph. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

(c) Persons whose income is between 60 percent and 115 percent of the state median income shall be eligible for chemical dependency services on a sliding fee basis, within the limit of funds available, after persons entitled to services under paragraph (a) and persons eligible for services under paragraph (b) have been served. Persons eligible under this paragraph must contribute to the cost of services according to the sliding fee scale established under subdivision 3. A county may spend money from its own sources to provide services to persons under this paragraph. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

Sec. 5. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 41. [RESIDENTIAL SERVICES FOR CHILDREN WITH SEVERE EMOTIONAL DISTURBANCE.] Medical assistance covers rehabilitative services in accordance with section 256B.0945 that are provided by a county through a residential facility, for children who have been diagnosed with severe emotional disturbance and have been determined to require the level of care provided in a residential facility.

Sec. 6. 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. 7. 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. 8. 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) Payments for tribes may be made according to 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. 9. [256B.0945] [RESIDENTIAL SERVICES FOR CHILDREN WITH SEVERE EMOTIONAL DISTURBANCE.]

Subdivision 1. [PROVIDER QUALIFICATIONS.] Counties must arrange to provide residential services for children with severe emotional disturbance according to section 245.4882 and this section. Services must be provided by a facility that is licensed according to section 245.4882 and administrative rules promulgated thereunder, and under contract with the county. Facilities providing services under subdivision 2, paragraph (a), must be accredited as a psychiatric facility by the Joint Commission on Accreditation of Healthcare Organizations, the Commission on Accreditation of Rehabilitation Facilities, or the Council on Accreditation. Accreditation is not required for facilities providing services under subdivision 2, paragraph (b).

Subd. 2. [COVERED SERVICES.] All services must be included in a child's individualized treatment or collaborative family service plan as defined in chapter 245.

(a) For facilities that are institutions for mental diseases according to statute and regulation or are not institutions for mental diseases but choose to provide services under this paragraph, medical assistance covers the full contract rate, including room and board if the services meet the requirements of Code of Federal Regulations, title 42, section 440.160.

(b) For facilities that are not institutions for mental diseases according to federal statute and regulation and are not providing services under paragraph (a), medical assistance covers mental health related services that are required to be provided by a residential facility under section 245.4882 and administrative rules promulgated thereunder, except for room and board.

Subd. 3. [CENTRALIZED DISBURSEMENT OF MEDICAL ASSISTANCE PAYMENTS.] Notwithstanding section 256B.041, county payments for the cost of residential services provided under this section shall not be made to the state treasurer.

Subd. 4. [PAYMENT RATES.] (a) Notwithstanding sections 256.025, subdivision 2; 256B.19; and 256B.041, payments to counties for residential services provided by a residential facility shall only be made of federal earnings for services provided under this section, and the nonfederal share of costs for services provided under this section shall be paid by the county from sources other than federal funds or funds used to match other federal funds. Total

annual payments for federal earnings shall not exceed the federal medical assistance percentage matching rate multiplied by the total county expenditures for services provided under section 245.4882 for either (1) the calendar year 1999 or (2) the average annual expenditures for the calendar years 1995 to 1999, whichever is greater. Payment to counties for services provided according to subdivision 2, paragraph (a), shall be the federal share of the contract rate. Payment to counties for services provided according to subdivision 2, paragraph (b), shall be a proportion of the per day contract rate that relates to rehabilitative mental health services and shall not include payment for costs or services that are billed to the IV-E program as room and board.

(b) Annual earnings that exceed a county's limit as established under paragraph (a) shall be retained by the commissioner and managed as grants for community-based children's mental health services under section 245.4886. The commissioner may target these grant funds as necessary to reduce reliance on residential treatment of children with severe emotional disturbance.

(c) The commissioner shall set aside a portion of the federal funds earned under this section to cover the state costs of two staff positions and support costs necessary in administering this section. Any unexpended funds from the set-aside shall be distributed to the counties in proportion to their earnings under this section.

Subd. 5. [QUALITY MEASURES.] Counties must collect and report to the commissioner information on outcomes for services provided under this section using standardized tools that measure functioning, living stability, and parent and child satisfaction consistent with the goals of sections 245.4876, subdivision 1, and 256F.01. The commissioner shall designate standardized tools to be used and shall collect and analyze individualized outcome data on a statewide basis and report to the legislature by December 1, 2003. The commissioner shall provide standardized tools that measure child and adolescent functional assessment for intake and discharge, child behavior, residential living environment and placement stability, and satisfaction for youth and family members.

Subd. 6. [FEDERAL EARNINGS.] Use of new federal funding earned from services provided under this section is limited to:

(1) increasing prevention and early intervention and supportive services to meet the mental health and child welfare needs of the children and families in the system of care;

(2) replacing reductions in federal IV-E reimbursement resulting from new medical assistance coverage; and

(3) paying the nonfederal share of additional provider costs due to accreditation and new program standards necessary for Medicaid reimbursement.

For purposes of this section, early intervention and supportive services include alternative responses to child maltreatment reports under chapter 626 and services outlined in sections 245.4875, subdivision 2, children's mental health, and 256F.05, subdivision 8, family preservation services.

Subd. 7. [MAINTENANCE OF EFFORT.] (a) Counties that receive payment under this section must maintain a level of expenditures such that each year's county expenditures for early intervention and supportive services is at least equal to that county's average expenditures for those services for calendar years 1998 and 1999. For purposes of this section, "county expenditures" are the total expenditures for those services minus the state and federal revenues specifically designated for these services.

(b) The commissioner may waive the requirements in paragraph (a) if any of the conditions specified in section 256F.13, subdivision 1, paragraph (a), clause (4), items (i) to (iv), are met.

Subd. 8. [REPORTS.] The commissioner shall review county expenditures annually using reports required under sections 245.482; 256.01, subdivision 2, clause (17); and 256E.08, subdivision 8, to ensure that counties meet their obligation under subdivision 7, and that the base level of expenditures for mental health and child welfare early intervention and family support services and children's mental health residential treatment is continued from sources other than federal funds earned under this section.

Subd. 9. [SANCTIONS.] The commissioner may suspend, reduce, or terminate the federal reimbursement to a county that does not meet one or all of the requirements of this section.

Subd. 10. [RECOMMENDATIONS.] The commissioner shall provide recommendations to the legislature by January 15, 2000, regarding any amendments to this section that may be necessary or advisable prior to implementation.

Sec. 10. 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. 11. 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 ~~(e)~~ (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. 12. 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. 13. 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. 14. 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 agency chooses to be a provider of child welfare targeted case management and if that county or tribal social services agency 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 agency 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 agency to the integrated fund. The federal reimbursement transferred to the integrated fund by the county or tribal social services agency 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. 15. 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. 16. 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. 17. Minnesota Statutes 1998, section 256F.10, subdivision 9, is amended to read:

Subd. 9. [PAYMENTS.] Notwithstanding section 256.025, subdivision 2, payments to certified providers for child welfare targeted case management expenditures under section 256B.094 and this section shall only be made of federal earnings from services provided under section 256B.094 and this section. Payments to contracted vendors shall include both the federal earnings and the nonfederal share.

Sec. 18. 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. 19. 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 a permanent legal 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 permanent legal placement 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 permanent legal placement. 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. 20. Minnesota Statutes 1998, section 257.071, subdivision 1a, is amended to read:

Subd. 1a. [PLACEMENT DECISIONS BASED ON BEST INTEREST OF THE CHILD.] (a) The policy of the state of Minnesota is to ensure that the child's best interests are met by requiring an individualized determination of the needs of the child and of how the selected placement will serve the needs of the child being placed. The authorized child-placing agency shall place a child, released by court order or by voluntary release by the parent or parents, in a family foster home selected by considering placement with relatives and important friends consistent with section 260.181, subdivision 3.

(b) Among the factors the agency shall consider in determining the needs of the child are those specified under section 260.181, subdivision 3, paragraph (b).

(c) Placement of a child cannot be delayed or denied based on race, color, or national origin of the foster parent or the child. ~~Whenever possible,~~ Siblings should be placed together for foster care and adoption at the earliest possible time unless it is determined not to be in the best interests of a sibling or unless it is not possible after appropriate efforts by the responsible social services agency.

Sec. 21. Minnesota Statutes 1998, section 257.071, subdivision 1c, is amended to read:

Subd. 1c. [NOTICE BEFORE VOLUNTARY PLACEMENT.] The local social ~~service~~ services agency shall inform a parent considering voluntary placement of a child who is not developmentally disabled or emotionally handicapped of the following:

(1) the parent and the child each has a right to separate legal counsel before signing a voluntary placement agreement, but not to counsel appointed at public expense;

(2) the parent is not required to agree to the voluntary placement, and a parent who enters a voluntary placement agreement may at any time request that the agency return the child. If the parent so requests, the child must be returned within 24 hours of the receipt of the request;

(3) evidence gathered during the time the child is voluntarily placed may be used at a later time as the basis for a petition alleging that the child is in need of protection or services or as the basis for a petition seeking termination of parental rights or other permanent placement of the child away from the parent;

(4) if the local social ~~service~~ services agency files a petition alleging that the child is in need of protection or services or a petition seeking the termination of parental rights or other permanent placement of the child away from the parent, the parent would have the right to appointment of separate legal counsel and the child would have a right to the appointment of counsel and a guardian ad litem as provided by law, and that counsel will be appointed at public expense if they are unable to afford counsel; and

(5) the timelines and procedures for review of voluntary placements under subdivision 3, and the effect the time spent in voluntary placement on the scheduling of a permanent placement determination hearing under section 260.191, subdivision 3b.

Sec. 22. 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 permanent legal 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. 23. Minnesota Statutes 1998, section 257.071, subdivision 1e, is amended to read:

Subd. 1e. [CHANGE IN PLACEMENT.] If a child is removed from a permanent placement disposition authorized under section 260.191, subdivision 3b, within one year after the placement was made:

(1) the child must be returned to the residential facility where the child was placed immediately preceding the permanent placement; or

(2) the court shall hold a hearing within ten days after the child is ~~taken into custody~~ removed from the permanent placement to determine where the child is to be placed. A guardian ad litem must be appointed for the child for this hearing.

Sec. 24. Minnesota Statutes 1998, section 257.071, subdivision 3, is amended to read:

Subd. 3. [REVIEW OF VOLUNTARY PLACEMENTS.] Except as provided in subdivision 4, if the child has been placed in a residential facility pursuant to a voluntary release by the parent or parents, and is not returned home within 90 days after initial placement in the residential facility, the social ~~service~~ services agency responsible for the placement shall:

(1) return the child to the home of the parent or parents; or

(2) file a petition according to section 260.131, subdivision 1, which may:

(i) ask the court to review the placement and approve it for up to ~~extend the placement for~~ an additional 90 days~~.~~;

(ii) ask the court to order continued out-of-home placement according to sections 260.172 and 260.191; or

(iii) ask the court to terminate parental rights under section 260.221.

The case plan must be updated when a petition is filed and must include a specific plan for permanency, which may include a time line for returning the child home or a plan for permanent placement of the child away from the parent, or both.

If the court approves ~~the extension~~ continued out-of-home placement for up to 90 more days, at the end of the ~~second~~ court-approved 90-day period, the child must be returned to the parent's home~~, unless a petition is~~. If the child is not returned home, the responsible social services agency must proceed on the petition filed ~~for a~~ alleging the child in need of protection or services or the petition for termination of parental rights. The court must find a statutory basis to order the placement of the child under section 260.172; 260.191; or 260.241.

Sec. 25. 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. 26. 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. 27. 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. 28. Minnesota Statutes 1998, section 257.85, subdivision 4, is amended to read:

Subd. 4. [DUTIES OF LOCAL AGENCY.] (a) When a local agency seeks a court order under section 260.191, subdivision 3b, to establish permanent legal and physical custody of a child with a relative or important friend with whom the child has resided or had significant contact, or if such an order is issued by the court, the local agency shall perform the duties in this subdivision.

(b) As soon as possible after the local agency determines that it will seek to establish permanent legal and physical custody of the child ~~with a relative~~ or, if the agency did not seek to establish custody, as soon as possible after the issuance of the court order establishing custody, the local agency shall inform the relative custodian about the relative custody assistance program, including eligibility criteria and payment levels. Anytime prior to, but not later than seven days after, the date the court issues the order establishing permanent legal and physical custody of the child ~~with a relative~~, the local agency shall determine whether the eligibility criteria in subdivision 6 are met to allow the relative custodian to receive relative custody assistance. Not later than seven days after determining whether the eligibility criteria are met, the local agency shall inform the relative custodian of its determination and of the process for appealing that determination under subdivision 9.

(c) If the local agency determines that the relative custodian is eligible to receive relative custody assistance, the local agency shall prepare the relative custody assistance agreement and ensure that it meets the criteria of subdivision 6.

(d) The local agency shall make monthly payments to the relative custodian as set forth in the relative custody assistance agreement. On a quarterly basis and on a form to be provided by the commissioner, the local agency shall make claims for reimbursement from the commissioner for relative custody assistance payments made.

(e) For a relative custody assistance agreement that is in place for longer than one year, and as long as the agreement remains in effect, the local agency shall send an annual affidavit form to the relative custodian of the eligible child within the month before the anniversary date of the agreement. The local agency shall monitor whether the annual affidavit is returned by the relative custodian within 30 days following the anniversary date of the agreement. The local agency shall review the affidavit and any other information in its possession to ensure continuing eligibility for relative custody assistance and that the amount of payment made according to the agreement is correct.

(f) When the local agency determines that a relative custody assistance agreement should be terminated or modified, it shall provide notice of the proposed termination or modification to the relative custodian at least ten days before the proposed action along with information about the process for appealing the proposed action.

Sec. 29. Minnesota Statutes 1998, section 257.85, subdivision 5, is amended to read:

Subd. 5. [RELATIVE CUSTODY ASSISTANCE AGREEMENT.] (a) A relative custody assistance agreement will not be effective, unless it is signed by the local agency and the relative custodian no later than 30 days after the date of the order establishing permanent legal and physical custody ~~with the relative~~, except that a local agency may enter into a relative custody assistance agreement with a relative custodian more than 30 days after the date of the order if it certifies that the delay in entering the agreement was through no fault of the relative custodian. There must be a separate agreement for each child for whom the relative custodian is receiving relative custody assistance.

(b) Regardless of when the relative custody assistance agreement is signed by the local agency and relative custodian, the effective date of the agreement shall be the date of the order establishing permanent legal and physical custody.

(c) If MFIP-S is not the applicable program for a child at the time that a relative custody assistance agreement is entered on behalf of the child, when MFIP-S becomes the applicable program, if the relative custodian had been receiving custody assistance payments calculated based upon a different program, the amount of relative custody assistance payment under subdivision 7 shall be recalculated under the MFIP-S program.

(d) The relative custody assistance agreement shall be in a form specified by the commissioner and shall include provisions relating to the following:

(1) the responsibilities of all parties to the agreement;

(2) the payment terms, including the financial circumstances of the relative custodian, the needs of the child, the amount and calculation of the relative custody assistance payments, and that the amount of the payments shall be reevaluated annually;

(3) the effective date of the agreement, which shall also be the anniversary date for the purpose of submitting the annual affidavit under subdivision 8;

(4) that failure to submit the affidavit as required by subdivision 8 will be grounds for terminating the agreement;

(5) the agreement's expected duration, which shall not extend beyond the child's eighteenth birthday;

(6) any specific known circumstances that could cause the agreement or payments to be modified, reduced, or terminated and the relative custodian's appeal rights under subdivision 9;

(7) that the relative custodian must notify the local agency within 30 days of any of the following:

(i) a change in the child's status;

(ii) a change in the relationship between the relative custodian and the child;

(iii) a change in composition or level of income of the relative custodian's family;

(iv) a change in eligibility or receipt of benefits under ~~AFDC,~~ MFIP-S~~,~~ or other assistance program; and

(v) any other change that could affect eligibility for or amount of relative custody assistance;

(8) that failure to provide notice of a change as required by clause (7) will be grounds for terminating the agreement;

(9) that the amount of relative custody assistance is subject to the availability of state funds to reimburse the local agency making the payments;

(10) that the relative custodian may choose to temporarily stop receiving payments under the agreement at any time by providing 30 days' notice to the local agency and may choose to begin receiving payments again by providing the same notice but any payments the relative custodian chooses not to receive are forfeit; and

(11) that the local agency will continue to be responsible for making relative custody assistance payments under the agreement regardless of the relative custodian's place of residence.

Sec. 30. Minnesota Statutes 1998, section 257.85, subdivision 6, is amended to read:

Subd. 6. [ELIGIBILITY CRITERIA.] A local agency shall enter into a relative custody assistance agreement under subdivision 5 if it certifies that the following criteria are met:

(1) the juvenile court has determined or is expected to determine that the child, under the former or current custody of the local agency, cannot return to the home of the child's parents;

(2) the court, upon determining that it is in the child's best interests, has issued or is expected to issue an order transferring permanent legal and physical custody of the child ~~to the relative~~; and

(3) the child either:

(i) is a member of a sibling group to be placed together; or

(ii) has a physical, mental, emotional, or behavioral disability that will require financial support.

When the local agency bases its certification that the criteria in clause (1) or (2) are met upon the expectation that the juvenile court will take a certain action, the relative custody assistance agreement does not become effective until and unless the court acts as expected.

Sec. 31. 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. 32. 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. 33. 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. 34. 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 Services. 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. 35. 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. 36. 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. 37. 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. 38. 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. 39. 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. 40. 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. 41. Minnesota Statutes 1998, section 260.011, subdivision 2, is amended to read:

Subd. 2. (a) The paramount consideration in all proceedings concerning a child alleged or found to be in need of protection or services is the health, safety, and best interests of the child. In proceedings involving an American Indian child, as defined in section 257.351, subdivision 6, the best interests of the child must be determined consistent with sections 257.35 to 257.3579 and the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923. The purpose of the laws relating to juvenile courts is to secure for each child alleged or adjudicated in need of protection or services and under the jurisdiction of the court, the care and guidance, preferably in the child's own home, as will best serve the spiritual, emotional, mental, and physical welfare of the child; to provide judicial procedures which protect the welfare of the child; to preserve and strengthen the child's family ties whenever possible and in the child's best interests, removing the child from the custody of parents only when the child's welfare or safety cannot be adequately safeguarded without removal; and, when removal from the child's own family is necessary and in the child's best interests, to secure for the child custody, care and discipline as nearly as possible equivalent to that which should have been given by the parents.

(b) The purpose of the laws relating to termination of parental rights is to ensure that:

(1) when required and appropriate, reasonable efforts have been made by the social ~~service~~ services agency to reunite the child with the child's parents in a ~~placement~~ home that is safe and permanent; and

(2) if placement with the parents is not reasonably foreseeable, to secure for the child a safe and permanent placement, preferably with adoptive parents or a fit and willing relative through transfer of permanent legal and physical custody to that relative.

Nothing in this section requires reasonable efforts to be made in circumstances where the court has determined that the child has been subjected to egregious harm or the parental rights of the parent to a sibling have been involuntarily terminated.

The paramount consideration in all proceedings for the termination of parental rights is the best interests of the child. In proceedings involving an American Indian child, as defined in section 257.351, subdivision 6, the best interests of the child must be determined consistent with the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901, et seq.

(c) The purpose of the laws relating to children alleged or adjudicated to be delinquent is to promote the public safety and reduce juvenile delinquency by maintaining the integrity of the substantive law prohibiting certain behavior and by developing individual responsibility for lawful behavior. This purpose should be pursued through means that are fair and just, that recognize the unique characteristics and needs of children, and that give children access to opportunities for personal and social growth.

(d) The laws relating to juvenile courts shall be liberally construed to carry out these purposes.

Sec. 42. 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

(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).

Sec. 43. Minnesota Statutes 1998, section 260.015, subdivision 2a, is amended to read:

Subd. 2a. [CHILD IN NEED OF PROTECTION OR SERVICES.] "Child in need of protection or services" means a child who is in need of protection or services because the child:

(1) is abandoned or without parent, guardian, or custodian;

(2)(i) has been a victim of physical or sexual abuse, (ii) resides with or has resided with a victim of domestic child abuse as defined in subdivision 24, (iii) resides with or would reside with a perpetrator of domestic child abuse or child abuse as defined in subdivision 28, or (iv) is a victim of emotional maltreatment as defined in subdivision 5a;

(3) is without necessary food, clothing, shelter, education, or other required care for the child's physical or mental health or morals because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(4) is without the special care made necessary by a physical, mental, or emotional condition because the child's parent, guardian, or custodian is unable or unwilling to provide that care, including a child in voluntary placement according to release of the parent under section 257.071, subdivision 4;

(5) is medically neglected, which includes, but is not limited to, the withholding of medically indicated treatment from a disabled infant with a life-threatening condition. The term "withholding of medically indicated treatment" means the failure to respond to the infant's life-threatening conditions by providing treatment, including appropriate nutrition, hydration, and medication which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all conditions, except that the term does not include the failure to provide treatment other than appropriate nutrition, hydration, or medication to an infant when, in the treating physician's or physicians' reasonable medical judgment:

(i) the infant is chronically and irreversibly comatose;

(ii) the provision of the treatment would merely prolong dying, not be effective in ameliorating or correcting all of the infant's life-threatening conditions, or otherwise be futile in terms of the survival of the infant; or

(iii) the provision of the treatment would be virtually futile in terms of the survival of the infant and the treatment itself under the circumstances would be inhumane;

(6) is one whose parent, guardian, or other custodian for good cause desires to be relieved of the child's care and custody, including a child in placement according to voluntary release by the parent under section 257.071, subdivision 3;

(7) has been placed for adoption or care in violation of law;

(8) is without proper parental care because of the emotional, mental, or physical disability, or state of immaturity of the child's parent, guardian, or other custodian;

(9) is one whose behavior, condition, or environment is such as to be injurious or dangerous to the child or others. An injurious or dangerous environment may include, but is not limited to, the exposure of a child to criminal activity in the child's home;

(10) is experiencing growth delays, which may be referred to as failure to thrive, that have been diagnosed by a physician and are due to parental neglect;

(11) has engaged in prostitution as defined in section 609.321, subdivision 9;

(12) has committed a delinquent act or a juvenile petty offense before becoming ten years old;

(13) is a runaway;

(14) is an habitual truant;

(15) has been found incompetent to proceed or has been found not guilty by reason of mental illness or mental deficiency in connection with a delinquency proceeding, a certification under section 260.125, an extended jurisdiction juvenile prosecution, or a proceeding involving a juvenile petty offense;

(16) ~~is one whose custodial parent's parental rights to another child have been involuntarily terminated within the past five years; or~~

~~(17)~~ has been found by the court to have committed domestic abuse perpetrated by a minor under Laws 1997, chapter 239, article 10, sections 2 to 26, has been ordered excluded from the child's parent's home by an order for protection/minor respondent, and the parent or guardian is either unwilling or unable to provide an alternative safe living arrangement for the child.

Sec. 44. 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.~~ 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.

Sec. 45. 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. 46. 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, 260.191, subdivision 3b, or 260.221.

(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 (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 (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. 47. 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.

Sec. 48. Minnesota Statutes 1998, section 260.133, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY ORDER.] (a) If it appears from the notarized petition ~~or by sworn affidavit~~ that there are reasonable grounds to believe the child is in immediate and present danger of domestic child abuse, the court

may grant an ex parte temporary order for protection, pending a ~~full~~ hearing pursuant to section 260.135, which must be held not later than 14 days after service of the ex parte order on the respondent. The court may grant relief as it deems proper, including an order:

(1) restraining any party from committing acts of domestic child abuse; or

(2) excluding the alleged abusing party from the dwelling which the family or household members share or from the residence of the child.

~~However,~~ (b) No order excluding the alleged abusing party from the dwelling may be issued unless the court finds that:

(1) the order is in the best interests of the child or children remaining in the dwelling; and

(2) a parent remaining ~~adult family or~~ in the child's household ~~member~~ is able to care adequately for the child or children in the absence of the excluded party and to seek appropriate assistance in enforcing the provisions of the order.

(c) Before the temporary order is issued, the local welfare agency shall advise the court and the other parties who are present that appropriate social services will be provided to the family or household members during the effective period of the order. The petition shall identify the parent remaining in the child's household under paragraph (b), clause (2).

An ex parte temporary order for protection shall be effective for a fixed period not to exceed 14 days. ~~Within five days of the issuance of the temporary order, the petitioner shall file a petition with the court pursuant to section 260.131, alleging that the child is in need of protection or services and the court shall give docket priority to the petition.~~

The court may renew the temporary order for protection one time for a fixed period not to exceed 14 days ~~if a petition alleging that the child is in need of protection or services has been filed with the court and~~ if the court determines, upon informal review of the case file, that the renewal is appropriate. If the court determines that the petition states a prima facie case that there are reasonable grounds to believe that the child is in immediate danger of domestic child abuse or child abuse without the court's order, at the hearing pursuant to section 260.135, the court may continue its order issued under this subdivision pending trial under section 260.155.

Sec. 49. 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.

Sec. 50. Minnesota Statutes 1998, section 260.155, subdivision 4, is amended to read:

Subd. 4. [GUARDIAN AD LITEM.] (a) The court shall appoint a guardian ad litem to protect the interests of the minor when it appears, at any stage of the proceedings, that the minor is without a parent or guardian, or that the minor's parent is a minor or incompetent, or that the parent or guardian is indifferent or hostile to the minor's

interests, and in every proceeding alleging a child's need for protection or services under section 260.015, subdivision 2a. In any other case the court may appoint a guardian ad litem to protect the interests of the minor when the court feels that such an appointment is desirable. The court shall appoint the guardian ad litem on its own motion or in the manner provided for the appointment of a guardian ad litem in the district court. The court may appoint separate counsel for the guardian ad litem if necessary.

(b) A guardian ad litem shall carry out the following responsibilities:

(1) conduct an independent investigation to determine the facts relevant to the situation of the child and the family, which must include, unless specifically excluded by the court, reviewing relevant documents; meeting with and observing the child in the home setting and considering the child's wishes, as appropriate; and interviewing parents, caregivers, and others with knowledge relevant to the case;

(2) advocate for the child's best interests by participating in appropriate aspects of the case and advocating for appropriate community services when necessary;

(3) maintain the confidentiality of information related to a case, with the exception of sharing information as permitted by law to promote cooperative solutions that are in the best interests of the child;

(4) monitor the child's best interests throughout the judicial proceeding; and

(5) present written reports on the child's best interests that include conclusions and recommendations and the facts upon which they are based.

(c) Except in cases where the child is alleged to have been abused or neglected, the court may waive the appointment of a guardian ad litem pursuant to clause (a), whenever counsel has been appointed pursuant to subdivision 2 or is retained otherwise, and the court is satisfied that the interests of the minor are protected.

(d) In appointing a guardian ad litem pursuant to clause (a), the court shall not appoint the party, or any agent or employee thereof, filing a petition pursuant to section 260.131.

(e) The following factors shall be considered when appointing a guardian ad litem in a case involving an Indian or minority child:

(1) whether a person is available who is the same racial or ethnic heritage as the child or, if that is not possible;

(2) whether a person is available who knows and appreciates the child's racial or ethnic heritage.

Sec. 51. Minnesota Statutes 1998, section 260.155, subdivision 8, is amended to read:

Subd. 8. [WAIVER.] (a) Waiver of any right which a child has under this chapter must be an express waiver voluntarily and intelligently made by the child after the child has been fully and effectively informed of the right being waived. ~~If a child is not represented by counsel, any waiver must be given or any objection must be offered by the child's guardian ad litem.~~

(b) Waiver of a child's right to be represented by counsel provided under the juvenile court rules must be an express waiver voluntarily and intelligently made by the child after the child has been fully and effectively informed of the right being waived. In determining whether a child has voluntarily and intelligently waived the right to counsel, the court shall look to the totality of the circumstances which includes but is not limited to the child's age, maturity, intelligence, education, experience, and ability to comprehend, and the presence and competence of the child's parents, guardian, or guardian ad litem. If the court accepts the child's waiver, it shall state on the record the findings and conclusions that form the basis for its decision to accept the waiver.

Sec. 52. 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. 53. 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. 54. 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.

Sec. 55. Minnesota Statutes 1998, section 260.191, subdivision 1a, is amended to read:

Subd. 1a. [WRITTEN FINDINGS.] Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition and case plan ordered, and shall also set forth in writing the following information:

(a) Why the best interests and safety of the child are served by the disposition and case plan ordered;

(b) What alternative dispositions or services under the case plan were considered by the court and why such dispositions or services were not appropriate in the instant case;

(c) How the court's disposition complies with the requirements of section 260.181, subdivision 3; and

(d) Whether reasonable efforts consistent with section 260.012 were made to prevent or eliminate the necessity of the child's removal and to reunify the family after removal. The court's findings must include a brief description of what preventive and reunification efforts were made and why further efforts could not have prevented or eliminated the necessity of removal or that reasonable efforts were not required under section 260.012 or 260.172, subdivision 1.

If the court finds that the social services agency's preventive or reunification efforts have not been reasonable but that 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.

Sec. 56. Minnesota Statutes 1998, section 260.191, subdivision 1b, is amended to read:

Subd. 1b. [DOMESTIC CHILD ABUSE.] (a) If the court finds that the child is a victim of domestic child abuse, as defined in section 260.015, subdivision 24, it may order any of the following dispositions of the case in addition to or as alternatives to the dispositions authorized under subdivision 1:

(1) restrain any party from committing acts of domestic child abuse;

(2) exclude the abusing party from the dwelling which the family or household members share or from the residence of the child;

(3) on the same basis as is provided in chapter 518, establish temporary visitation with regard to minor children of the adult family or household members;

(4) on the same basis as is provided in chapter 518, establish temporary support or maintenance for a period of 30 days for minor children or a spouse;

(5) provide counseling or other social services for the family or household members; or

(6) order the abusing party to participate in treatment or counseling services.

Any relief granted by the order for protection shall be for a fixed period not to exceed one year.

~~However,~~ (b) No order excluding the abusing party from the dwelling may be issued unless the court finds that:

(1) the order is in the best interests of the child or children remaining in the dwelling;

(2) a remaining adult family or household member is able to care adequately for the child or children in the absence of the excluded party; and

(3) the local welfare agency has developed a plan to provide appropriate social services to the remaining family or household members.

(c) Upon a finding that the remaining parent is able to care adequately for the child and enforce an order excluding the abusing party from the home and that the provision of supportive services by the responsible social services agency is no longer necessary, the responsible social services agency may be dismissed as a party to the proceedings. Orders entered regarding the abusing party remain in full force and effect and may be renewed by the remaining parent as necessary for the continued protection of the child for specified periods of time, not to exceed one year.

Sec. 57. 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.

~~(c)~~ (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. 58. 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. 59. 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 ~~be~~ been corrected ~~within the reasonably foreseeable future~~. It is presumed that conditions leading to a child's out-of-home placement ~~will~~ have not ~~be~~ 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. 60. Minnesota Statutes 1998, section 260.221, subdivision 1a, is amended to read:

Subd. 1a. [EVIDENCE OF ABANDONMENT.] For purposes of subdivision 1, paragraph (b), clause (1):

(a) Abandonment is presumed when:

(1) the parent has had no contact with the child on a regular basis and not demonstrated consistent interest in the child's well-being for six months and the social ~~service~~ services agency has made reasonable efforts to facilitate contact, unless the parent establishes that an extreme financial or physical hardship or treatment for mental disability or chemical dependency or other good cause prevented the parent from making contact with the child. This presumption does not apply to children whose custody has been determined under chapter 257 or 518; or

(2) the child is an infant under two years of age and has been deserted by the parent under circumstances that show an intent not to return to care for the child.

The court is not prohibited from finding abandonment in the absence of the presumptions in clauses (1) and (2).

(b) The following are prima facie evidence of abandonment where ~~adoption proceedings are pending and~~ there has been a showing that the person was not entitled to notice of an adoption proceeding under section 259.49:

(1) failure to register with the fathers' adoption registry under section 259.52; or

(2) if the person registered with the fathers' adoption registry under section 259.52:

(i) filing a denial of paternity within 30 days of receipt of notice under section 259.52, subdivision 8;

(ii) failing to timely file an intent to claim parental rights with entry of appearance form within 30 days of receipt of notice under section 259.52, subdivision 10; or

(iii) timely filing an intent to claim parental rights with entry of appearance form within 30 days of receipt of notice under section 259.52, subdivision 10, but failing to initiate a paternity action within 30 days of receiving the fathers' adoption registry notice where there has been no showing of good cause for the delay.

Sec. 61. 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. 62. 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. 63. 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. 64. 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.

Sec. 65. [626.5551] [ALTERNATIVE RESPONSE PROGRAMS FOR CHILD PROTECTION ASSESSMENTS OR INVESTIGATIONS.]

Subdivision 1. [PROGRAMS AUTHORIZED.] (a) A county may establish a program that uses alternative responses to reports of child maltreatment under section 626.556, as provided in this section.

(b) The alternative response program is a voluntary program on the part of the family, which may include a family assessment and services approach under which the local welfare agency assesses the risk of abuse and neglect and the service needs of the family and arranges for appropriate services, diversions, referral for services, or other response identified in the plan under subdivision 4.

(c) This section may not be used for reports of maltreatment in facilities required to be licensed under sections 144.50 to 144.58; 241.021; 245A.01 to 245A.16; or chapter 245B, or in a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10, or in a nonlicensed personal care provider association as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

Subd. 2. [USE OF ALTERNATIVE RESPONSE OR INVESTIGATION.] (a) Upon receipt of a report under section 626.556, the local welfare agency in a county that has established an alternative response program under this section shall determine whether to conduct an investigation using the traditional investigative model under section 626.556 or to use an alternative response as appropriate to prevent or provide a remedy for child maltreatment.

(b) The local welfare agency may conduct an investigation of any report using the traditional investigative model under section 626.556. However, the local welfare agency must use the traditional investigative model under section 626.556 to investigate reports involving substantial child endangerment. For purposes of this subdivision, substantial child endangerment includes when a person responsible for a child's care, by act or omission, commits or attempts to commit an act against a child under their care that constitutes any of the following:

(1) egregious harm as defined in section 260.015, subdivision 29;

(2) sexual abuse as defined in section 626.556, subdivision 2, paragraph (a);

(3) abandonment under section 260.221, subdivision 1a;

(4) neglect as defined in section 626.556, subdivision 2, paragraph (c), that substantially endangers the child's physical or mental health, including a growth delay, which may be referred to as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(5) murder in the first, second, or third degree under section 609.185; 609.19; or 609.195;

(6) manslaughter in the first or second degree under section 609.20 or 609.205;

(7) assault in the first, second, or third degree under section 609.221; 609.222; or 609.223;

(8) solicitation, inducement, and promotion of prostitution under section 609.322;

(9) criminal sexual conduct under sections 609.342 to 609.3451;

(10) solicitation of children to engage in sexual conduct under section 609.352;

(11) malicious punishment or neglect or endangerment of a child under section 609.377 or 609.378; or

(12) use of minor in sexual performance under section 617.246.

(c) Nothing in this section gives a county any broader authority to intervene, assess, or investigate a family other than under section 626.556.

(d) In addition, in all cases the local welfare agency shall notify the appropriate law enforcement agency as provided in section 626.556, subdivision 3.

(e) The local welfare agency shall begin an immediate investigation under section 626.556 if at any time when it is using an alternative response it determines that an investigation is required under paragraph (b) or would otherwise be appropriate. The local welfare agency may use an alternative response to a report that was initially referred for an investigation if the agency determines that a complete investigation is not required. In determining that a complete investigation is not required, the local welfare agency must document the reason for terminating the investigation and consult with:

(1) the local law enforcement agency, if the local law enforcement is involved, and notify the county attorney of the decision to terminate the investigation; or

(2) the county attorney, if the local law enforcement is not involved.

Subd. 3. [DOCUMENTATION.] When a case in which an alternative response was used is closed, the local welfare agency shall document the outcome of the approach, including a description of the response and services provided and the removal or reduction of risk to the child, if it existed. Records maintained under this section must contain the documentation and must be retained for at least four years.

Subd. 4. [PLAN.] The county community social service plan required under section 256E.09 must address the extent that the county will use the alternative response program authorized under this section, based on the availability of new federal funding that is earned and other available revenue sources to fund the additional cost to the county of using the program. To the extent the county uses the program, the county must include the program in the community social service plan and in the program evaluation under section 256E.10. The plan must address alternative responses and services that will be used for the program and protocols for determining the appropriate response to reports under section 626.556 and address how the protocols comply with the guidelines of the commissioner under subdivision 5.

Subd. 5. [COMMISSIONER OF HUMAN SERVICES TO DEVELOP GUIDELINES.] The commissioner of human services, in consultation with county representatives, may develop guidelines defining alternative responses and setting out procedures for family assessment and service delivery under this section. The commissioner may also develop guidelines for counties regarding the provisions of section 626.556 that continue to apply when using an alternative response under this section. The commissioner may also develop forms, best practice guidelines, and training to assist counties in implementing alternative responses under this section.

Sec. 66. Minnesota Statutes 1998, section 626.556, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), ~~or~~ 609.345 (criminal sexual conduct in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes threatened sexual abuse.

(b) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(c) "Neglect" means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter ~~or~~, health, medical, or other care required for the child's physical or mental health when reasonably able to do so~~;~~;

(2) failure to protect a child from conditions or actions which imminently and seriously endanger the child's physical or mental health when reasonably able to do so~~, or~~;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure ~~to take steps to ensure that a child is educated in accordance with state law.~~ to ensure that the child is educated as defined in sections 120A.22 and 260.155, subdivision 9;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care~~.~~;

~~Neglect includes~~ (6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, or medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance~~.~~;

~~Neglect also means~~ (7) "medical neglect" as defined in section 260.015, subdivision 2a, clause (5)~~.~~;

(8) that the parent or other person responsible for the care of the child:

(i) engages in violent behavior that demonstrates a disregard for the well being of the child as indicated by action that could reasonably result in serious physical, mental, or threatened injury, or emotional damage to the child;

(ii) engages in repeated domestic assault that would constitute a violation of section 609.2242, subdivision 2 or 4;

(iii) intentionally inflicts or attempts to inflict bodily harm against a family or household member, as defined in section 518B.01, subdivision 2, that is within sight or sound of the child; or

(iv) subjects the child to ongoing domestic violence by the abuser in the home environment that is likely to have a detrimental effect on the well-being of the child;

(9) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(10) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(d) "Physical abuse" means any physical ~~or~~ injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive and deprivation procedures that have not been authorized under section 245.825. Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Actions which are not reasonable and moderate include, but are not limited to, any of the following that are done in anger or without regard to the safety of the child:

(1) throwing, kicking, burning, biting, or cutting a child;

(2) striking a child with a closed fist;

(3) shaking a child under age three;

(4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;

(5) unreasonable interference with a child's breathing;

(6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;

(7) striking a child under age one on the face or head;

(8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances; or

(9) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining.

(e) "Report" means any report received by the local welfare agency, police department, or county sheriff pursuant to this section.

(f) "Facility" means a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed ~~pursuant to~~ under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16~~.~~, or chapter 245B; or a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or a nonlicensed personal care provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

(g) "Operator" means an operator or agency as defined in section 245A.02.

(h) "Commissioner" means the commissioner of human services.

(i) "Assessment" includes authority to interview the child, the person or persons responsible for the child's care, the alleged perpetrator, and any other person with knowledge of the abuse or neglect for the purpose of gathering the facts, assessing the risk to the child, and formulating a plan.

(j) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and visitation expeditor services.

(k) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(l) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury.

(m) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates, which are not injurious to the child's health, welfare, and safety.

Sec. 67. Minnesota Statutes 1998, section 626.556, subdivision 3, is amended to read:

Subd. 3. [PERSONS MANDATED TO REPORT.] (a) A person who knows or has reason to believe a child is being neglected or physically or sexually abused, as defined in subdivision 2, or has been neglected or physically or sexually abused within the preceding three years, shall immediately report the information to the local welfare agency, agency responsible for assessing or investigating the report, police department, or the county sheriff if the person is:

(1) a professional or professional's delegate who is engaged in the practice of the healing arts, social services, hospital administration, psychological or psychiatric treatment, child care, education, or law enforcement; or

(2) employed as a member of the clergy and received the information while engaged in ministerial duties, provided that a member of the clergy is not required by this subdivision to report information that is otherwise privileged under section 595.02, subdivision 1, paragraph (c).

The police department or the county sheriff, upon receiving a report, shall immediately notify the local welfare agency or agency responsible for assessing or investigating the report, orally and in writing. The local welfare agency, or agency responsible for assessing or investigating the report, upon receiving a report, shall immediately notify the local police department or the county sheriff orally and in writing. The county sheriff and the head of every local welfare agency, agency responsible for assessing or investigating reports, and police department shall each designate a person within their agency, department, or office who is responsible for ensuring that the notification duties of this paragraph and paragraph (b) are carried out. Nothing in this subdivision shall be construed to require more than one report from any institution, facility, school, or agency.

(b) Any person may voluntarily report to the local welfare agency, agency responsible for assessing or investigating the report, police department, or the county sheriff if the person knows, has reason to believe, or suspects a child is being or has been neglected or subjected to physical or sexual abuse. The police department or the county sheriff, upon receiving a report, shall immediately notify the local welfare agency or agency responsible for assessing or investigating the report, orally and in writing. The local welfare agency or agency responsible for assessing or investigating the report, upon receiving a report, shall immediately notify the local police department or the county sheriff orally and in writing.

(c) A person mandated to report physical or sexual child abuse or neglect occurring within a licensed facility shall report the information to the agency responsible for licensing the facility under sections 144.50 to 144.58; 241.021; 245A.01 to 245A.16; or 245B, or a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or a nonlicensed personal care provider organization as defined in sections 256B.04, subdivision 16; and 256B.0625, subdivision 19. A health or corrections agency receiving a report may request the local welfare agency to provide assistance pursuant to subdivisions 10, 10a, and 10b.

(d) Any person mandated to report shall receive a summary of the disposition of any report made by that reporter, including whether the case has been opened for child protection or other services, or if a referral has been made to a community organization, unless release would be detrimental to the best interests of the child. Any person who is not mandated to report shall, upon request to the local welfare agency, receive a concise summary of the disposition of any report made by that reporter, unless release would be detrimental to the best interests of the child.

(e) For purposes of this subdivision, "immediately" means as soon as possible but in no event longer than 24 hours.

Sec. 68. Minnesota Statutes 1998, section 626.556, is amended by adding a subdivision to read:

Subd. 3b. [AGENCY RESPONSIBLE FOR ASSESSING OR INVESTIGATING REPORTS OF MALTREATMENT.] The following agencies are the administrative agencies responsible for assessing or investigating reports of alleged child maltreatment in facilities made under this section:

(1) the county local welfare agency is the agency responsible for assessing or investigating allegations of maltreatment in child foster care, family child care, and legally unlicensed child care and in juvenile correctional facilities licensed under section 241.021 located in the local welfare agency's county;

(2) the department of human services is the agency responsible for assessing or investigating allegations of maltreatment in facilities licensed under chapters 245A and 245B, except for child foster care and family child care; and

(3) the department of health is the agency responsible for assessing or investigating allegations of child maltreatment in facilities licensed under sections 144.50 to 144.58, and in unlicensed home health care.

Sec. 69. Minnesota Statutes 1998, section 626.556, subdivision 4, is amended to read:

Subd. 4. [IMMUNITY FROM LIABILITY.] (a) The following persons are immune from any civil or criminal liability that otherwise might result from their actions, if they are acting in good faith:

(1) any person making a voluntary or mandated report under subdivision 3 or under section 626.5561 or assisting in an assessment under this section or under section 626.5561;

(2) any person with responsibility for performing duties under this section or supervisor employed by a local welfare agency ~~or,~~ the commissioner of an agency responsible for operating or supervising a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58; 241.021; 245A.01 to 245A.16; or 245B, or a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or a nonlicensed personal care provider organization as defined in sections 256B.04, subdivision 16; and 256B.0625, subdivision 19a, complying with subdivision 10d; and

(3) any public or private school, facility as defined in subdivision 2, or the employee of any public or private school or facility who permits access by a local welfare agency or local law enforcement agency and assists in an investigation or assessment pursuant to subdivision 10 or under section 626.5561.

(b) A person who is a supervisor or person with responsibility for performing duties under this section employed by a local welfare agency or the commissioner complying with subdivisions 10 and 11 or section 626.5561 or any related rule or provision of law is immune from any civil or criminal liability that might otherwise result from the person's actions, if the person is (1) acting in good faith and exercising due care, or (2) acting in good faith and following the information collection procedures established under subdivision 10, paragraphs (h), (i), and (j).

(c) This subdivision does not provide immunity to any person for failure to make a required report or for committing neglect, physical abuse, or sexual abuse of a child.

(d) If a person who makes a voluntary or mandatory report under subdivision 3 prevails in a civil action from which the person has been granted immunity under this subdivision, the court may award the person attorney fees and costs.

Sec. 70. Minnesota Statutes 1998, section 626.556, subdivision 7, is amended to read:

Subd. 7. [REPORT.] An oral report shall be made immediately by telephone or otherwise. An oral report made by a person required under subdivision 3 to report shall be followed within 72 hours, exclusive of weekends and holidays, by a report in writing to the appropriate police department, the county sheriff or local welfare agency, unless the appropriate agency has informed the reporter that the oral information does not constitute a report under subdivision 10. Any report shall be of sufficient content to identify the child, any person believed to be responsible for the abuse or neglect of the child if the person is known, the nature and extent of the abuse or neglect and the name and address of the reporter. If requested, the local welfare agency shall inform the reporter within ten days after the report is made, either orally or in writing, whether the report was accepted for assessment or investigation. Written reports received by a police department or the county sheriff shall be forwarded immediately to the local welfare agency. The police department or the county sheriff may keep copies of reports received by them. Copies of written reports received by a local welfare department shall be forwarded immediately to the local police department or the county sheriff.

A written copy of a report maintained by personnel of agencies, other than welfare or law enforcement agencies, which are subject to chapter 13 shall be confidential. An individual subject of the report may obtain access to the original report as provided by subdivision 11.

Sec. 71. Minnesota Statutes 1998, section 626.556, subdivision 10, is amended to read:

Subd. 10. [DUTIES OF LOCAL WELFARE AGENCY AND LOCAL LAW ENFORCEMENT AGENCY UPON RECEIPT OF A REPORT.] (a) If the report alleges neglect, physical abuse, or sexual abuse by a parent, guardian, or individual functioning within the family unit as a person responsible for the child's care, the local welfare agency

shall immediately conduct an assessment including gathering information on the existence of substance abuse and offer protective social services for purposes of preventing further abuses, safeguarding and enhancing the welfare of the abused or neglected minor, and preserving family life whenever possible. If the report alleges a violation of a criminal statute involving sexual abuse, physical abuse, or neglect or endangerment, under section 609.378, the local law enforcement agency and local welfare agency shall coordinate the planning and execution of their respective investigation and assessment efforts to avoid a duplication of fact-finding efforts and multiple interviews. Each agency shall prepare a separate report of the results of its investigation. In cases of alleged child maltreatment resulting in death, the local agency may rely on the fact-finding efforts of a law enforcement investigation to make a determination of whether or not maltreatment occurred. When necessary the local welfare agency shall seek authority to remove the child from the custody of a parent, guardian, or adult with whom the child is living. In performing any of these duties, the local welfare agency shall maintain appropriate records.

If the assessment indicates there is a potential for abuse of alcohol or other drugs by the parent, guardian, or person responsible for the child's care, the local welfare agency shall conduct a chemical use assessment pursuant to Minnesota Rules, part 9530.6615. The local welfare agency shall report the determination of the chemical use assessment, and the recommendations and referrals for alcohol and other drug treatment services to the state authority on alcohol and drug abuse.

(b) When a local agency receives a report or otherwise has information indicating that a child who is a client, as defined in section 245.91, has been the subject of physical abuse, sexual abuse, or neglect at an agency, facility, or program as defined in section 245.91, it shall, in addition to its other duties under this section, immediately inform the ombudsman established under sections 245.91 to 245.97.

(c) Authority of the local welfare agency responsible for assessing the child abuse or neglect report and of the local law enforcement agency for investigating the alleged abuse or neglect includes, but is not limited to, authority to interview, without parental consent, the alleged victim and any other minors who currently reside with or who have resided with the alleged offender. The interview may take place at school or at any facility or other place where the alleged victim or other minors might be found or the child may be transported to, and the interview conducted at, a place appropriate for the interview of a child designated by the local welfare agency or law enforcement agency. The interview may take place outside the presence of the alleged offender or parent, legal custodian, guardian, or school official. Except as provided in this paragraph, the parent, legal custodian, or guardian shall be notified by the responsible local welfare or law enforcement agency no later than the conclusion of the investigation or assessment that this interview has occurred. Notwithstanding rule 49.02 of the Minnesota rules of procedure for juvenile courts, the juvenile court may, after hearing on an ex parte motion by the local welfare agency, order that, where reasonable cause exists, the agency withhold notification of this interview from the parent, legal custodian, or guardian. If the interview took place or is to take place on school property, the order shall specify that school officials may not disclose to the parent, legal custodian, or guardian the contents of the notification of intent to interview the child on school property, as provided under this paragraph, and any other related information regarding the interview that may be a part of the child's school record. A copy of the order shall be sent by the local welfare or law enforcement agency to the appropriate school official.

(d) When the local welfare or local law enforcement agency determines that an interview should take place on school property, written notification of intent to interview the child on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school property. For interviews conducted by the local welfare agency, the notification shall be signed by the chair of the local social services agency or the chair's designee. The notification shall be private data on individuals subject to the provisions of this paragraph. School officials may not disclose to the parent, legal custodian, or guardian the contents of the notification or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded. Until that time, the local welfare or law enforcement agency shall be solely responsible for any disclosures regarding the nature of the assessment or investigation.

Except where the alleged offender is believed to be a school official or employee, the time and place, and manner of the interview on school premises shall be within the discretion of school officials, but the local welfare or law enforcement agency shall have the exclusive authority to determine who may attend the interview. The conditions as to time, place, and manner of the interview set by the school officials shall be reasonable and the interview shall be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school officials and the local welfare or law enforcement agency. Where the school fails to comply with the provisions of this paragraph, the juvenile court may order the school to comply. Every effort must be made to reduce the disruption of the educational program of the child, other students, or school staff when an interview is conducted on school premises.

(e) Where the alleged offender or a person responsible for the care of the alleged victim or other minor prevents access to the victim or other minor by the local welfare agency, the juvenile court may order the parents, legal custodian, or guardian to produce the alleged victim or other minor for questioning by the local welfare agency or the local law enforcement agency outside the presence of the alleged offender or any person responsible for the child's care at reasonable places and times as specified by court order.

(f) Before making an order under paragraph (e), the court shall issue an order to show cause, either upon its own motion or upon a verified petition, specifying the basis for the requested interviews and fixing the time and place of the hearing. The order to show cause shall be served personally and shall be heard in the same manner as provided in other cases in the juvenile court. The court shall consider the need for appointment of a guardian ad litem to protect the best interests of the child. If appointed, the guardian ad litem shall be present at the hearing on the order to show cause.

(g) The commissioner, the ombudsman for mental health and mental retardation, the local welfare agencies responsible for investigating reports, and the local law enforcement agencies have the right to enter facilities as defined in subdivision 2 and to inspect and copy the facility's records, including medical records, as part of the investigation. Notwithstanding the provisions of chapter 13, they also have the right to inform the facility under investigation that they are conducting an investigation, to disclose to the facility the names of the individuals under investigation for abusing or neglecting a child, and to provide the facility with a copy of the report and the investigative findings.

(h) The local welfare agency shall collect available and relevant information to ascertain whether maltreatment occurred and whether protective services are needed. Information collected includes, when relevant, information with regard to the person reporting the alleged maltreatment, including the nature of the reporter's relationship to the child and to the alleged offender, and the basis of the reporter's knowledge for the report; the child allegedly being maltreated; the alleged offender; the child's caretaker; and other collateral sources having relevant information related to the alleged maltreatment. The local welfare agency may make a determination of no maltreatment early in an assessment, and close the case and retain immunity, if the collected information shows no basis for a full assessment or investigation.

Information relevant to the assessment or investigation must be asked for, and may include:

(1) the child's sex and age, prior reports of maltreatment, information relating to developmental functioning, credibility of the child's statement, and whether the information provided under this clause is consistent with other information collected during the course of the assessment or investigation;

(2) the alleged offender's age, a record check for prior reports of maltreatment, and criminal charges and convictions. The local welfare agency must provide the alleged offender with an opportunity to make a statement. The alleged offender may submit supporting documentation relevant to the assessment or investigation;

(3) collateral source information regarding the alleged maltreatment and care of the child. Collateral information includes, when relevant: (i) a medical examination of the child; (ii) prior medical records relating to the alleged maltreatment or the care of the child and an interview with the treating professionals; and (iii) interviews with the

child's caretakers, including the child's parent, guardian, foster parent, child care provider, teachers, counselors, family members, relatives, and other persons who may have knowledge regarding the alleged maltreatment and the care of the child; and

(4) information on the existence of domestic abuse and violence in the home of the child, and substance abuse.

Nothing in this paragraph precludes the local welfare agency from collecting other relevant information necessary to conduct the assessment or investigation. Notwithstanding the data's classification in the possession of any other agency, data acquired by the local welfare agency during the course of the assessment or investigation are private data on individuals and must be maintained in accordance with subdivision 11.

(i) In the initial stages of an assessment or investigation, the local welfare agency shall conduct a face-to-face observation of the child reported to be maltreated and a face-to-face interview of the alleged offender. The interview with the alleged offender may be postponed if it would jeopardize an active law enforcement investigation.

(j) The local welfare agency shall use a question and answer interviewing format with questioning as nondirective as possible to elicit spontaneous responses. The following interviewing methods and procedures must be used whenever possible when collecting information:

(1) audio recordings of all interviews with witnesses and collateral sources; and

(2) in cases of alleged sexual abuse, audio-video recordings of each interview with the alleged victim and child witnesses.

Sec. 72. Minnesota Statutes 1998, section 626.556, subdivision 10b, is amended to read:

Subd. 10b. [DUTIES OF COMMISSIONER; NEGLECT OR ABUSE IN FACILITY.] (a) This section applies to the commissioners of human services and health. The commissioner of the agency responsible for assessing or investigating the report shall immediately investigate if the report alleges that:

(1) a child who is in the care of a facility as defined in subdivision 2 is neglected, physically abused, or sexually abused by an individual in that facility, or has been so neglected or abused by an individual in that facility within the three years preceding the report; or

(2) a child was neglected, physically abused, or sexually abused by an individual in a facility defined in subdivision 2, while in the care of that facility within the three years preceding the report.

The commissioner of the agency responsible for assessing or investigating the report shall arrange for the transmittal to the commissioner of reports received by local agencies and may delegate to a local welfare agency the duty to investigate reports. In conducting an investigation under this section, the commissioner has the powers and duties specified for local welfare agencies under this section. The commissioner of the agency responsible for assessing or investigating the report or local welfare agency may interview any children who are or have been in the care of a facility under investigation and their parents, guardians, or legal custodians.

(b) Prior to any interview, the commissioner of the agency responsible for assessing or investigating the report or local welfare agency shall notify the parent, guardian, or legal custodian of a child who will be interviewed in the manner provided for in subdivision 10d, paragraph (a). If reasonable efforts to reach the parent, guardian, or legal custodian of a child in an out-of-home placement have failed, the child may be interviewed if there is reason to believe the interview is necessary to protect the child or other children in the facility. The commissioner of the agency responsible for assessing or investigating the report or local agency must provide the information required in this subdivision to the parent, guardian, or legal custodian of a child interviewed without parental notification as soon as possible after the interview. When the investigation is completed, any parent, guardian, or legal custodian notified under this subdivision shall receive the written memorandum provided for in subdivision 10d, paragraph (c).

(c) In conducting investigations under this subdivision the commissioner or local welfare agency shall obtain access to information consistent with subdivision 10, paragraphs (h), (i), and (j).

(d) Except for foster care and family child care, the commissioner has the primary responsibility for the investigations and notifications required under subdivisions 10d and 10f for reports that allege maltreatment related to the care provided by or in facilities licensed by the commissioner. The commissioner may request assistance from the local social ~~service~~ services agency.

Sec. 73. Minnesota Statutes 1998, section 626.556, subdivision 10d, is amended to read:

Subd. 10d. [NOTIFICATION OF NEGLECT OR ABUSE IN FACILITY.] (a) When a report is received that alleges neglect, physical abuse, or sexual abuse of a child while in the care of a ~~facility required to be licensed pursuant to chapter 245A,~~ licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed according to sections 144.50 to 144.58; 241.021; or 245A.01 to 245A.16; or chapter 245B, or a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or a nonlicensed personal care provider organization as defined in section 256B.04, subdivision 16, and 256B.0625, subdivision 19a, the commissioner of the agency responsible for assessing or investigating the report or local welfare agency investigating the report shall provide the following information to the parent, guardian, or legal custodian of a child alleged to have been neglected, physically abused, or sexually abused: the name of the facility; the fact that a report alleging neglect, physical abuse, or sexual abuse of a child in the facility has been received; the nature of the alleged neglect, physical abuse, or sexual abuse; that the agency is conducting an investigation; any protective or corrective measures being taken pending the outcome of the investigation; and that a written memorandum will be provided when the investigation is completed.

(b) The commissioner of the agency responsible for assessing or investigating the report or local welfare agency may also provide the information in paragraph (a) to the parent, guardian, or legal custodian of any other child in the facility if the investigative agency knows or has reason to believe the alleged neglect, physical abuse, or sexual abuse has occurred. In determining whether to exercise this authority, the commissioner of the agency responsible for assessing or investigating the report or local welfare agency shall consider the seriousness of the alleged neglect, physical abuse, or sexual abuse; the number of children allegedly neglected, physically abused, or sexually abused; the number of alleged perpetrators; and the length of the investigation. The facility shall be notified whenever this discretion is exercised.

(c) When the commissioner of the agency responsible for assessing or investigating the report or local welfare agency has completed its investigation, every parent, guardian, or legal custodian notified of the investigation by the commissioner or local welfare agency shall be provided with the following information in a written memorandum: the name of the facility investigated; the nature of the alleged neglect, physical abuse, or sexual abuse; the investigator's name; a summary of the investigation findings; a statement whether maltreatment was found; and the protective or corrective measures that are being or will be taken. The memorandum shall be written in a manner that protects the identity of the reporter and the child and shall not contain the name, or to the extent possible, reveal the identity of the alleged perpetrator or of those interviewed during the investigation. The commissioner or local welfare agency shall also provide the written memorandum to the parent, guardian, or legal custodian of each child in the facility if maltreatment is determined to exist.

Sec. 74. Minnesota Statutes 1998, section 626.556, subdivision 10e, is amended to read:

Subd. 10e. [DETERMINATIONS.] Upon the conclusion of every assessment or investigation it conducts, the local welfare agency shall make two determinations: first, whether maltreatment has occurred; and second, whether child protective services are needed. When maltreatment is determined in an investigation involving a facility, the investigating agency shall also determine whether the facility or individual was responsible for the maltreatment using the mitigating factors in paragraph (d). Determinations under this subdivision must be made based on a preponderance of the evidence.

(a) For the purposes of this subdivision, "maltreatment" means any of the following acts or omissions committed by a person responsible for the child's care:

(1) physical abuse as defined in subdivision 2, paragraph (d);

(2) neglect as defined in subdivision 2, paragraph (c);

(3) sexual abuse as defined in subdivision 2, paragraph (a); or

(4) mental injury as defined in subdivision 2, paragraph (k).

(b) For the purposes of this subdivision, a determination that child protective services are needed means that the local welfare agency has documented conditions during the assessment or investigation sufficient to cause a child protection worker, as defined in section 626.559, subdivision 1, to conclude that a child is at significant risk of maltreatment if protective intervention is not provided and that the individuals responsible for the child's care have not taken or are not likely to take actions to protect the child from maltreatment or risk of maltreatment.

(c) This subdivision does not mean that maltreatment has occurred solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child, in lieu of medical care. However, if lack of medical care may result in serious danger to the child's health, the local welfare agency may ensure that necessary medical services are provided to the child.

(d) When determining whether the facility or individual is the responsible party for determined maltreatment in a facility, the investigating agency shall consider at least the following mitigating factors:

(1) whether the actions of the facility or the individual caregivers were according to, and followed the terms of, an erroneous physician order, prescription, individual care plan, or directive; however, this is not a mitigating factor when the facility or caregiver was responsible for the issuance of the erroneous order, prescription, individual care plan, or directive or knew or should have known of the errors and took no reasonable measures to correct the defect before administering care;

(2) comparative responsibility between the facility, other caregivers, and requirements placed upon an employee, including the facility's compliance with related regulatory standards and the adequacy of facility policies and procedures, facility training, an individual's participation in the training, the caregiver's supervision, and facility staffing levels and the scope of the individual employee's authority and discretion; and

(3) whether the facility or individual followed professional standards in exercising professional judgment.

~~(e) The commissioner shall work with the maltreatment of minors advisory committee established under Laws 1997, chapter 203, to make recommendations to further specify the kinds of acts or omissions that constitute physical abuse, neglect, sexual abuse, or mental injury. The commissioner shall submit the recommendation and any legislation needed by January 15, 1999.~~ Individual counties may implement more detailed definitions or criteria that indicate which allegations to investigate, as long as a county's policies are consistent with the definitions in the statutes and rules and are approved by the county board. Each local welfare agency shall periodically inform mandated reporters under subdivision 3 who work in the county of the definitions of maltreatment in the statutes and rules and any additional definitions or criteria that have been approved by the county board.

Sec. 75. Minnesota Statutes 1998, section 626.556, subdivision 10f, is amended to read:

Subd. 10f. [NOTICE OF DETERMINATIONS.] Within ten working days of the conclusion of an assessment, the local welfare agency or agency responsible for assessing or investigating the report shall notify the parent or guardian of the child, the person determined to be maltreating the child, and if applicable, the director of the facility, of the determination and a summary of the specific reasons for the determination. The notice must also include a

certification that the information collection procedures under subdivision 10, paragraphs (h), (i), and (j), were followed and a notice of the right of a data subject to obtain access to other private data on the subject collected, created, or maintained under this section. In addition, the notice shall include the length of time that the records will be kept under subdivision 11c. The investigating agency shall notify the parent or guardian of the child who is the subject of the report, and any person or facility determined to have maltreated a child, of their appeal rights under this section.

Sec. 76. Minnesota Statutes 1998, section 626.556, subdivision 10j, is amended to read:

Subd. 10j. [RELEASE OF DATA TO MANDATED REPORTERS.] A local social ~~service~~ services or child protection agency may provide relevant private data on individuals obtained under this section to mandated reporters who have an ongoing responsibility for the health, education, or welfare of a child affected by the data, in the best interests of the child. ~~The commissioner shall consult with the maltreatment of minors advisory committee to develop criteria for determining which records may be shared with mandated reporters under this subdivision.~~ Mandated reporters with ongoing responsibility for the health, education, or welfare of a child affected by the data include the child's teachers or other appropriate school personnel, foster parents, health care providers, respite care workers, therapists, social workers, child care providers, residential care staff, crisis nursery staff, probation officers, and court services personnel. Under this section, a mandated reporter need not have made the report to be considered a person with ongoing responsibility for the health, education, or welfare of a child affected by the data. Data provided under this section must be limited to data pertinent to the individual's responsibility for caring for the child.

Sec. 77. Minnesota Statutes 1998, section 626.556, subdivision 11, is amended to read:

Subd. 11. [RECORDS.] (a) Except as provided in paragraph (b) and subdivisions 10b, 10d, 10g, and 11b, all records concerning individuals maintained by a local welfare agency or agency responsible for assessing or investigating the report under this section, including any written reports filed under subdivision 7, shall be private data on individuals, except insofar as copies of reports are required by subdivision 7 to be sent to the local police department or the county sheriff. Reports maintained by any police department or the county sheriff shall be private data on individuals except the reports shall be made available to the investigating, petitioning, or prosecuting authority, including county medical examiners or county coroners. Section 13.82, subdivisions 5, 5a, and 5b, apply to law enforcement data other than the reports. The local social services agency or agency responsible for assessing or investigating the report shall make available to the investigating, petitioning, or prosecuting authority, including county medical examiners or county coroners or their professional delegates, any records which contain information relating to a specific incident of neglect or abuse which is under investigation, petition, or prosecution and information relating to any prior incidents of neglect or abuse involving any of the same persons. The records shall be collected and maintained in accordance with the provisions of chapter 13. In conducting investigations and assessments pursuant to this section, the notice required by section 13.04, subdivision 2, need not be provided to a minor under the age of ten who is the alleged victim of abuse or neglect. An individual subject of a record shall have access to the record in accordance with those sections, except that the name of the reporter shall be confidential while the report is under assessment or investigation except as otherwise permitted by this subdivision. Any person conducting an investigation or assessment under this section who intentionally discloses the identity of a reporter prior to the completion of the investigation or assessment is guilty of a misdemeanor. After the assessment or investigation is completed, the name of the reporter shall be confidential. The subject of the report may compel disclosure of the name of the reporter only with the consent of the reporter or upon a written finding by the court that the report was false and that there is evidence that the report was made in bad faith. This subdivision does not alter disclosure responsibilities or obligations under the rules of criminal procedure.

(b) Upon request of the legislative auditor, data on individuals maintained under this section must be released to the legislative auditor in order for the auditor to fulfill the auditor's duties under section 3.971. The auditor shall maintain the data in accordance with chapter 13.

Sec. 78. Minnesota Statutes 1998, section 626.556, subdivision 11b, is amended to read:

Subd. 11b. [DATA RECEIVED FROM LAW ENFORCEMENT.] Active law enforcement investigative data received by a local welfare agency or agency responsible for assessing or investigating the report under this section are confidential data on individuals. When this data become inactive in the law enforcement agency, the data are private data on individuals.

Sec. 79. Minnesota Statutes 1998, section 626.556, subdivision 11c, is amended to read:

Subd. 11c. [WELFARE, COURT SERVICES AGENCY, AND SCHOOL RECORDS MAINTAINED.] Notwithstanding sections 138.163 and 138.17, records maintained or records derived from reports of abuse by local welfare agencies, agencies responsible for assessing or investigating the report, court services agencies, or schools under this section shall be destroyed as provided in paragraphs (a) to (d) by the responsible authority.

(a) If upon assessment or investigation there is no determination of maltreatment or the need for child protective services, the records must be maintained for a period of four years. Records under this paragraph may not be used for employment, background checks, or purposes other than to assist in future risk and safety assessments.

(b) All records relating to reports which, upon assessment or investigation, indicate either maltreatment or a need for child protective services shall be maintained for at least ten years after the date of the final entry in the case record.

(c) All records regarding a report of maltreatment, including any notification of intent to interview which was received by a school under subdivision 10, paragraph (d), shall be destroyed by the school when ordered to do so by the agency conducting the assessment or investigation. The agency shall order the destruction of the notification when other records relating to the report under investigation or assessment are destroyed under this subdivision.

(d) Private or confidential data released to a court services agency under subdivision 10h must be destroyed by the court services agency when ordered to do so by the local welfare agency that released the data. The local welfare agency or agency responsible for assessing or investigating the report shall order destruction of the data when other records relating to the assessment or investigation are destroyed under this subdivision.

Sec. 80. Minnesota Statutes 1998, section 626.558, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF THE TEAM.] A county shall establish a multidisciplinary child protection team that may include, but not be limited to, the director of the local welfare agency or designees, the county attorney or designees, the county sheriff or designees, representatives of health and education, representatives of mental health or other appropriate human service or community-based agencies, and parent groups. As used in this section, a "community-based agency" may include, but is not limited to, schools, social service agencies, family service and mental health collaboratives, early childhood and family education programs, Head Start, or other agencies serving children and families. A member of the team must be designated as the lead person of the team responsible for the planning process to develop standards for its activities with battered women's programs and services.

Sec. 81. [AMEND CHEMICAL DEPENDENCY ASSESSMENT CRITERIA.]

Subdivision 1. [CHILD PROTECTION.] The commissioner of human services shall amend the assessment criteria under Minnesota Rules, part 9530.6600, specifically Minnesota Rules, part 9530.6615, to include assessment criteria that addresses issues related to parents who have open child protection cases due, in part, to chemical abuse. In amending this rule part, the commissioner shall use the expedited rulemaking process under Minnesota Statutes, section 14.389, and assure that notification provisions are in accordance with federal law.

Subd. 2. [PREGNANCY.] The commissioner of human services shall amend Minnesota Rules, part 9530.6605, to address pregnancy as a risk factor in determining the need for chemical dependency treatment.

Sec. 82. [REHABILITATION SERVICES OPTION FOR ADULTS WITH MENTAL ILLNESS OR OTHER CONDITIONS.]

The commissioner of human services, in consultation with the association of Minnesota counties and other stakeholders, shall design a proposal to add rehabilitation services to the state medical assistance plan for adults with mental illness or other debilitating conditions, including, but not limited to, chemical dependency.

Sec. 83. [TARGETED CASE MANAGEMENT FOR VULNERABLE ADULTS.]

The commissioner of human services, in consultation with the association of Minnesota counties and other stakeholders, shall design a proposal to provide medical assistance coverage for targeted case management service activities for adults receiving services through a county or state agency that are in need of service coordination, including, but not limited to, people age 65 and older; people in need of adult protective services; people applying for financial assistance; people who have chemical dependency; and other people who require community social services under Minnesota Statutes, chapter 256E.

Sec. 84. [RECOMMENDATIONS TO THE LEGISLATURE.]

The commissioner of human services shall submit to the legislature design and implementation recommendations for the proposals required in sections 82 and 83, including draft legislation, by January 15, 2000, for implementation by July 1, 2000. The proposals shall not include requirements for maintenance of effort and expanded expenditures concerning federal reimbursements earned in these programs.

Sec. 85. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall delete the references to Minnesota Statutes, section 260.181, and substitute a reference to Minnesota Statutes, section 260.015, subdivision 13, in the following sections: Minnesota Statutes, sections 245A.035, subdivision 1; 257.071, subdivision 1; 260.191, subdivision 1d; and 260.191, subdivision 1e.

Sec. 86. [REPEALER.]

Minnesota Statutes 1998, section 257.071, subdivisions 8 and 10, are repealed.

Sec. 87. [EFFECTIVE DATE.]

Sections 2, 5, and 9 are effective July 1, 2000.

ARTICLE 9

HEALTH OCCUPATIONS

Section 1. Minnesota Statutes 1998, section 13.99, subdivision 38a, is amended to read:

Subd. 38a. [AMBULANCE SERVICE DATA.] Data required to be reported by ambulance services under section ~~144E.17, subdivision 1,~~ 144E.123 are classified under that section.

Sec. 2. Minnesota Statutes 1998, section 13.99, is amended by adding a subdivision to read:

Subd. 39b. [EMT, EMT-I, EMT-P, OR FIRST RESPONDER MISCONDUCT.] Reports of emergency medical technician, emergency medical technician-intermediate, emergency medical technician-paramedic, or first responder misconduct are classified under section 144E.305, subdivision 3.

Sec. 3. Minnesota Statutes 1998, section 144A.46, subdivision 2, is amended to read:

Subd. 2. [EXEMPTIONS.] The following individuals or organizations are exempt from the requirement to obtain a home care provider license:

(1) a person who is licensed as a registered nurse under sections 148.171 to 148.285 and who independently provides nursing services in the home without any contractual or employment relationship to a home care provider or other organization;

(2) a personal care assistant who provides services to only one individual under the medical assistance program as authorized under sections 256B.0625, subdivision 19, and 256B.04, subdivision 16;

(3) a person or organization that exclusively offers, provides, or arranges for personal care assistant services to only one individual under the medical assistance program as authorized under sections 256B.0625, subdivision 19, and 256B.04, subdivision 16;

(4) a person who is ~~registered~~ licensed under sections 148.65 to 148.78 and who independently provides physical therapy services in the home without any contractual or employment relationship to a home care provider or other organization;

(5) a provider that is licensed by the commissioner of human services to provide semi-independent living services under Minnesota Rules, parts 9525.0500 to 9525.0660 when providing home care services to a person with a developmental disability;

(6) a provider that is licensed by the commissioner of human services to provide home and community-based services under Minnesota Rules, parts 9525.2000 to 9525.2140 when providing home care services to a person with a developmental disability;

(7) a person or organization that provides only home management services, if the person or organization is registered under section 144A.461; or

(8) a person who is licensed as a social worker under sections 148B.18 to 148B.289 and who provides social work services in the home independently and not through any contractual or employment relationship with a home care provider or other organization.

An exemption under this subdivision does not excuse the individual from complying with applicable provisions of the home care bill of rights.

Sec. 4. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 1a. [ADVANCED AIRWAY MANAGEMENT.] "Advanced airway management" means insertion of an endotracheal tube or creation of a surgical airway.

Sec. 5. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 1b. [ADVANCED LIFE SUPPORT.] "Advanced life support" means rendering basic life support and rendering intravenous therapy, drug therapy, intubation, and defibrillation as outlined in the United States Department of Transportation emergency medical technician-paramedic curriculum or its equivalent, as approved by the board.

Sec. 6. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 3a. [AMBULANCE SERVICE PERSONNEL.] "Ambulance service personnel" means individuals who are authorized by a licensed ambulance service to provide emergency care for the ambulance service and are:

(1) EMTs, EMT-Is, or EMT-Ps;

(2) Minnesota registered nurses who are: (i) EMTs, are currently practicing nursing, and have passed a paramedic practical skills test, as approved by the board and administered by a training program approved by the board; (ii) on the roster of an ambulance service on or before January 1, 2000; or (iii) after petitioning the board, deemed by the board to have training and skills equivalent to an EMT, as determined on a case-by-case basis; or

(3) Minnesota registered physician assistants who are: (i) EMTs, are currently practicing as physician assistants, and have passed a paramedic practical skills test, as approved by the board and administered by a training program approved by the board; (ii) on the roster of an ambulance service on or before January 1, 2000; or (iii) after petitioning the board, deemed by the board to have training and skills equivalent to an EMT, as determined on a case-by-case basis.

Sec. 7. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 4a. [BASIC AIRWAY MANAGEMENT.] "Basic airway management" means:

(1) resuscitation by mouth-to-mouth, mouth-to-mask, bag valve mask, or oxygen powered ventilators; or

(2) insertion of an oropharyngeal, nasal pharyngeal, esophageal obturator airway, esophageal tracheal airway, or esophageal gastric tube airway.

Sec. 8. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 4b. [BASIC LIFE SUPPORT.] "Basic life support" means rendering basic-level emergency care, including, but not limited to, basic airway management, cardiopulmonary resuscitation, controlling shock and bleeding, and splinting fractures, as outlined in the United States Department of Transportation emergency medical technician-basic curriculum or its equivalent, as approved by the board.

Sec. 9. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 5a. [CLINICAL TRAINING SITE.] "Clinical training site" means a licensed health care facility.

Sec. 10. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 5b. [DEFIBRILLATOR.] "Defibrillator" means an automatic, semiautomatic, or manual device that delivers an electric shock at a preset voltage to the myocardium through the chest wall and that is used to restore the normal cardiac rhythm and rate when the heart has stopped beating or is fibrillating.

Sec. 11. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 5c. [EMERGENCY MEDICAL TECHNICIAN OR EMT.] "Emergency medical technician" or "EMT" means a person who has successfully completed the United States Department of Transportation emergency medical technician-basic course or its equivalent, as approved by the board, and has been issued valid certification by the board.

Sec. 12. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 5d. [EMERGENCY MEDICAL TECHNICIAN-INTERMEDIATE OR EMT-I.] "Emergency medical technician-intermediate" or "EMT-I" means a person who has successfully completed the United States Department of Transportation emergency medical technician-intermediate course or its equivalent, as approved by the board, and has been issued valid certification by the board.

Sec. 13. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 5e. [EMERGENCY MEDICAL TECHNICIAN-PARAMEDIC OR EMT-P.] "Emergency medical technician-paramedic" or "EMT-P" means a person who has successfully completed the United States Department of Transportation emergency medical technician course-paramedic or its equivalent, as approved by the board, and has been issued valid certification by the board.

Sec. 14. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 8a. [MEDICAL CONTROL.] "Medical control" means direction by a physician or a physician's designee of out-of-hospital emergency medical care.

Sec. 15. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 9a. [PART-TIME ADVANCED LIFE SUPPORT.] "Part-time advanced life support" means rendering basic life support and advanced life support for less than 24 hours of every day.

Sec. 16. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 9b. [PHYSICIAN.] "Physician" means a person licensed to practice medicine under chapter 147.

Sec. 17. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 9c. [PHYSICIAN ASSISTANT.] "Physician assistant" means a person registered to practice as a physician assistant under chapter 147A.

Sec. 18. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 9d. [PREHOSPITAL CARE DATA.] "Prehospital care data" means information collected by ambulance service personnel about the circumstances related to an emergency response and patient care activities provided by the ambulance service personnel in a prehospital setting.

Sec. 19. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 11. [PROGRAM MEDICAL DIRECTOR.] "Program medical director" means a physician who is responsible for ensuring an accurate and thorough presentation of the medical content of an emergency care training program; certifying that each student has successfully completed the training course; and in conjunction with the program coordinator, planning the clinical training.

Sec. 20. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 12. [REGISTERED NURSE.] "Registered nurse" means a person licensed to practice professional nursing under chapter 148.

Sec. 21. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 13. [STANDING ORDER.] "Standing order" means a type of medical protocol that provides specific, written orders for actions, techniques, or drug administration when communication has not been established for direct medical control.

Sec. 22. Minnesota Statutes 1998, section 144E.001, is amended by adding a subdivision to read:

Subd. 14. [TRAINING PROGRAM COORDINATOR.] "Training program coordinator" means an individual who serves as the administrator of an emergency care training program and who is responsible for planning, conducting, and evaluating the program; selecting students and instructors; documenting and maintaining records; developing a curriculum; and assisting in the coordination of examination sessions and clinical training.

Sec. 23. Minnesota Statutes 1998, section 144E.10, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] No natural person, partnership, association, corporation, or unit of government may operate an ambulance service within this state unless it possesses a valid license to do so issued by the board. The license shall specify the base of operations, the primary service area, and the type or types of

ambulance service for which the licensee is licensed. The licensee shall obtain a new license if it wishes to expand its primary service area, or to provide a new type or types of service. ~~The cost of licenses shall be in an amount prescribed by the board pursuant to section 144E.05. Licenses shall expire and be renewed in accordance with rules adopted by the board.~~

Sec. 24. [144E.101] [AMBULANCE SERVICE REQUIREMENTS.]

Subdivision 1. [PERSONNEL.] (a) No publicly or privately owned ambulance service shall be operated in the state unless its ambulance service personnel are certified, appropriate to the type of ambulance service being provided, according to section 144E.28 or meet the staffing criteria specific to the type of ambulance service.

(b) An ambulance service shall have a medical director as provided under section 144E.265.

Subd. 2. [PATIENT CARE.] When a patient is being transported, at least one of the ambulance service personnel must be in the patient compartment. If advanced life support procedures are required, an EMT-P, a registered nurse qualified under section 144E.001, subdivision 3a, clause (2), item (i), or a physician assistant qualified under section 144E.001, subdivision 3a, clause (3), item (i), shall be in the patient compartment.

Subd. 3. [CONTINUAL SERVICE.] An ambulance service shall offer service 24 hours per day every day of the year, unless otherwise authorized under subdivisions 8 and 9.

Subd. 4. [DENIAL OF SERVICE PROHIBITED.] An ambulance service shall not deny prehospital care to a person needing emergency ambulance service because of inability to pay or because of the source of payment for services if the need develops within the licensee's primary service area or when responding to a mutual aid call. Transport for the patient may be limited to the closest appropriate emergency medical facility.

Subd. 5. [TYPES OF SERVICE.] The board shall regulate the following types of ambulance service:

(1) basic life support;

(2) advanced life support;

(3) part-time advanced life support; and

(4) specialized life support.

Subd. 6. [BASIC LIFE SUPPORT.] (a) A basic life support ambulance shall be staffed by at least two ambulance service personnel, at least one of which must be an EMT, who provide a level of care so as to ensure that:

(1) life-threatening situations and potentially serious injuries are recognized;

(2) patients are protected from additional hazards;

(3) basic treatment to reduce the seriousness of emergency situations is administered; and

(4) patients are transported to an appropriate medical facility for treatment.

(b) A basic life support service shall provide basic airway management.

(c) By January 1, 2001, a basic life support service shall provide automatic defibrillation, as provided in section 144E.103, subdivision 1, paragraph (b).

(d) A basic life support service licensee's medical director may authorize the ambulance service personnel to carry and to use medical antishock trousers and to perform intravenous infusion if the ambulance service personnel have been properly trained.

Subd. 7. [ADVANCED LIFE SUPPORT.] (a) An advanced life support ambulance shall be staffed by at least:

(1) one EMT and one EMT-P;

(2) one EMT and one registered nurse who is an EMT, is currently practicing nursing, and has passed a paramedic practical skills test approved by the board and administered by a training program; or

(3) one EMT and one physician assistant who is an EMT, is currently practicing as a physician assistant, and has passed a paramedic practical skills test approved by the board and administered by a training program.

(b) An advanced life support service shall provide basic life support, as specified under subdivision 6, paragraph (a), advanced airway management, manual defibrillation, and administration of intravenous fluids and pharmaceuticals.

(c) In addition to providing advanced life support, an advanced life support service may staff additional ambulances to provide basic life support according to subdivision 6. When routinely staffed and equipped as a basic life support service according to subdivision 6 and section 144E.103, subdivision 1, the vehicle shall not be marked as advanced life support.

(d) An ambulance service providing advanced life support shall have a written agreement with its medical director to ensure medical control for patient care 24 hours a day, seven days a week. The terms of the agreement shall include a written policy on the administration of medical control for the service. The policy shall address the following issues:

(i) two-way communication for physician direction of ambulance service personnel;

(ii) patient triage, treatment, and transport;

(iii) use of standing orders; and

(iv) the means by which medical control will be provided 24 hours a day.

The agreement shall be signed by the licensee's medical director and the licensee or the licensee's designee and maintained in the files of the licensee.

(e) When an ambulance service provides advanced life support, the authority of an EMT-P, Minnesota registered nurse-EMT, or Minnesota registered physician assistant-EMT to determine the delivery of patient care prevails over the authority of an EMT.

Subd. 8. [PART-TIME ADVANCED LIFE SUPPORT.] (a) A part-time advanced life support service shall meet the staffing requirements under subdivision 7, paragraph (a); provide service as required under subdivision 7, paragraph (b), for less than 24 hours every day; and meet the equipment requirements specified in section 144E.103.

(b) A part-time advanced life support service shall have a written agreement with its medical director to ensure medical control for patient care during the time the service offers advanced life support. The terms of the agreement shall include a written policy on the administration of medical control for the service and address the issues specified in subdivision 7, paragraph (d).

Subd. 9. [SPECIALIZED LIFE SUPPORT.] A specialized life support service shall provide basic or advanced life support as designated by the board, and shall be restricted by the board to:

(1) operation less than 24 hours of every day;

(2) designated segments of the population;

(3) certain types of medical conditions; or

(4) air ambulance service that includes fixed-wing and rotor-wing.

Subd. 10. [DRIVER.] A driver of an ambulance must possess a current driver's license issued by any state and must have attended an emergency vehicle driving course approved by the licensee. The emergency vehicle driving course must include actual driving experience.

Subd. 11. [PERSONNEL ROSTER AND FILES.] (a) An ambulance service shall maintain:

(1) at least two ambulance service personnel on a written on-call schedule;

(2) a current roster of its ambulance service personnel, including the name, address, and qualifications of its ambulance service personnel; and

(3) files documenting personnel qualifications.

(b) A licensee shall maintain in its files the name and address of its medical director and a written statement signed by the medical director indicating acceptance of the responsibilities specified in section 144E.265, subdivision 2.

Subd. 12. [MUTUAL AID AGREEMENT.] A licensee shall have a written agreement with at least one neighboring licensed ambulance service for coverage during times when the licensee's ambulances are not available for service in its primary service area. The agreement must specify the duties and responsibilities of the agreeing parties. A copy of each mutual aid agreement shall be maintained in the files of the licensee.

Subd. 13. [SERVICE OUTSIDE PRIMARY SERVICE AREA.] A licensee may provide its services outside of its primary service area only if requested by a transferring physician or ambulance service licensed to provide service in the primary service area when it can reasonably be expected that:

(1) the response is required by the immediate medical need of an individual; and

(2) the ambulance service licensed to provide service in the primary service area is unavailable for appropriate response.

Sec. 25. [144E.103] [EQUIPMENT.]

Subdivision 1. [GENERAL REQUIREMENTS.] (a) Every ambulance in service for patient care shall carry, at a minimum:

(1) oxygen;

(2) airway maintenance equipment in various sizes to accommodate all age groups;

(3) splinting equipment in various sizes to accommodate all age groups;

(4) dressings, bandages, and bandaging equipment;

(5) an emergency obstetric kit;

(6) equipment to determine vital signs in various sizes to accommodate all age groups;

(7) a stretcher;

(8) a defibrillator; and

(9) a fire extinguisher.

(b) A basic life support service has until January 1, 2001, to equip each ambulance in service for patient care with a defibrillator.

Subd. 2. [ADVANCED LIFE SUPPORT REQUIREMENTS.] In addition to the requirements in subdivision 1, an ambulance used in providing advanced life support must carry drugs and drug administration equipment and supplies as approved by the licensee's medical director.

Subd. 3. [STORAGE.] All equipment carried in an ambulance must be securely stored.

Subd. 4. [SAFETY RESTRAINTS.] An ambulance must be equipped with safety straps for the stretcher and seat belts in the patient compartment for the patient and ambulance personnel.

Sec. 26. Minnesota Statutes 1998, section 144E.11, is amended by adding a subdivision to read:

Subd. 9. [RENEWAL REQUIREMENTS.] An ambulance service license expires two years from the date of licensure. An ambulance service must apply to the board for license renewal at least one month prior to the expiration date of the license and must submit:

(1) an application prescribed by the board specifying any changes from the information provided for prior licensure and any other information requested by the board to clarify incomplete or ambiguous information presented in the application; and

(2) the appropriate fee as required under section 144E.29.

Sec. 27. [144E.121] [AIR AMBULANCE SERVICE REQUIREMENTS.]

Subdivision 1. [AVIATION COMPLIANCE.] An air ambulance service must comply with the regulations of the Federal Aviation Administration and the rules of the Minnesota department of transportation, aeronautics division.

Subd. 2. [PERSONNEL.] (a) With the exception of pilots, each of the air ambulance emergency medical personnel must:

(1) possess current certification, appropriate to the type of ambulance service being provided, according to section 144E.28, be a registered nurse, or be a physician assistant; and

(2) be trained to use the equipment on the air ambulance.

(b) Emergency medical personnel for an air ambulance service must receive training approved by the licensee's medical director that includes instruction in the physiological changes due to decreased atmospheric pressure, acceleration, vibration, and changes in altitude; medical conditions requiring special precautions; and contraindications to air transport.

(c) A licensee's medical director must sign and file a statement with the licensee that each of its emergency medical personnel has successfully completed the training under paragraph (b).

(d) A licensee shall retain documentation of compliance with this subdivision in its files.

Subd. 3. [EQUIPMENT.] An air ambulance must carry equipment appropriate to the level of service being provided. Equipment that is not permanently stored on or in an air ambulance must be kept separate from the air ambulance in a modular prepackaged form.

Sec. 28. [144E.123] [PREHOSPITAL CARE DATA.]

Subdivision 1. [COLLECTION AND MAINTENANCE.] A licensee shall collect and provide prehospital care data to the board in a manner prescribed by the board. At a minimum, the data must include items identified by the board that are part of the National Uniform Emergency Medical Services Data Set. A licensee shall maintain prehospital care data for every response.

Subd. 2. [COPY TO RECEIVING HOSPITAL.] If a patient is transported to a hospital, a copy of the ambulance report delineating prehospital medical care given shall be provided to the receiving hospital.

Subd. 3. [REVIEW.] Prehospital care data may be reviewed by the board or its designees. The data shall be classified as private data on individuals under chapter 13, the Minnesota Government Data Practices Act.

Subd. 4. [PENALTY.] Failure to report all information required by the board under this section shall constitute grounds for license revocation.

Sec. 29. [144E.125] [OPERATIONAL PROCEDURES.]

A licensee shall establish and implement written procedures for responding to ambulance service complaints, maintaining ambulances and equipment, procuring and storing drugs, and controlling infection. The licensee shall maintain the procedures in its files.

Sec. 30. [144E.127] [INTERHOSPITAL TRANSFER.]

When transporting a patient from one licensed hospital to another, a licensee may substitute for one of the required ambulance service personnel, a physician, a registered nurse, or physician's assistant who has been trained to use the equipment in the ambulance and is knowledgeable of the licensee's ambulance service protocols.

Sec. 31. Minnesota Statutes 1998, section 144E.16, subdivision 4, is amended to read:

Subd. 4. [TYPES OF SERVICES TO BE REGULATED.] ~~(a)~~ The board may adopt rules needed to regulate ambulance services in the following areas:

(1) applications for licensure;

(2) personnel qualifications and staffing standards;

(3) quality of life support treatment;

(4) restricted treatments and procedures;

(5) equipment standards;

(6) ambulance standards;

(7) communication standards, equipment performance and maintenance, and radio frequency assignments;

(8) advertising;

(9) scheduled ambulance services;

(10) ambulance services in time of disaster;

(11) basic, intermediate, advanced, and refresher emergency care course programs;

(12) continuing education requirements;

(13) trip reports;

(14) license fees, vehicle fees, and expiration dates; and

(15) waivers and variances.

~~(b) These rules shall apply to the following types of ambulance service:~~

~~(1) basic ambulance service that provides a level of care to ensure that life-threatening situations and potentially serious injuries can be recognized, patients will be protected from additional hazards, basic treatment to reduce the seriousness of emergency situations will be administered, and patients will be transported to an appropriate medical facility for treatment;~~

~~(2) intermediate ambulance service that provides (i) basic ambulance service, and (ii) intravenous infusions or defibrillation or both;~~

~~(3) advanced ambulance service that provides (i) basic ambulance service, and (ii) advanced airway management, defibrillation, and administration of intravenous fluids and pharmaceuticals. Vehicles of advanced ambulance service licensees not equipped or staffed at the advanced ambulance service level shall not be identified to the public as capable of providing advanced ambulance service;~~

~~(4) specialized ambulance service that provides basic, intermediate, or advanced service as designated by the board, and is restricted by the board to (i) less than 24 hours of every day, (ii) designated segments of the population, or (iii) certain types of medical conditions; and~~

~~(5) air ambulance service, that includes fixed-wing and helicopter, and is specialized ambulance service.~~

~~Until rules are promulgated, the current provisions of Minnesota Rules shall govern these services.~~

Sec. 32. Minnesota Statutes 1998, section 144E.18, is amended to read:

144E.18 [INSPECTIONS.]

The board may inspect ambulance services as frequently as deemed necessary to determine whether an ambulance service is in compliance with sections 144E.001 to 144E.33 and rules adopted under those sections. ~~These inspections shall be for the purpose of determining whether the ambulance and equipment is clean and in proper working order and whether the operator is in compliance with sections 144E.001 to 144E.16 and any rules that the board adopts related to sections 144E.001 to 144E.16.~~ The board may review at any time documentation required to be on file with a licensee.

Sec. 33. [144E.19] [DISCIPLINARY ACTION.]

Subdivision 1. [SUSPENSION; REVOCATION; NONRENEWAL.] The board may suspend, revoke, refuse to renew, or place conditions on the license of a licensee upon finding that the licensee has violated a provision of this chapter or rules adopted under this chapter or has ceased to provide the service for which the licensee is licensed.

Subd. 2. [NOTICE; CONTESTED CASE.] (a) Before taking action under subdivision 1, the board shall give notice to a licensee of the right to a contested case hearing under chapter 14. If a licensee requests a contested case hearing within 30 days after receiving notice, the board shall initiate a contested case hearing according to chapter 14.

(b) The administrative law judge shall issue a report and recommendation within 30 days after closing the contested case hearing record. The board shall issue a final order within 30 days after receipt of the administrative law judge's report.

Subd. 3. [TEMPORARY SUSPENSION.] (a) In addition to any other remedy provided by law, the board may temporarily suspend the license of a licensee after conducting a preliminary inquiry to determine whether the board believes that the licensee has violated a statute or rule that the board is empowered to enforce and determining that the continued provision of service by the licensee would create an imminent risk to public health or harm to others.

(b) A temporary suspension order prohibiting a licensee from providing ambulance service shall give notice of the right to a preliminary hearing according to paragraph (d) and shall state the reasons for the entry of the temporary suspension order.

(c) Service of a temporary suspension order is effective when the order is served on the licensee personally or by certified mail, which is complete upon receipt, refusal, or return for nondelivery to the most recent address provided to the board for the licensee.

(d) At the time the board issues a temporary suspension order, the board shall schedule a hearing, to be held before a group of its members designated by the board, that shall begin within 60 days after issuance of the temporary suspension order or within 15 working days of the date of the board's receipt of a request for a hearing from a licensee, whichever is sooner. The hearing shall be on the sole issue of whether there is a reasonable basis to continue, modify, or lift the temporary suspension. A hearing under this paragraph is not subject to chapter 14.

(e) Evidence presented by the board or licensee may be in the form of an affidavit. The licensee or the licensee's designee may appear for oral argument.

(f) Within five working days of the hearing, the board shall issue its order and, if the suspension is continued, notify the licensee of the right to a contested case hearing under chapter 14.

(g) If a licensee requests a contested case hearing within 30 days after receiving notice under paragraph (f), the board shall initiate a contested case hearing according to chapter 14. The administrative law judge shall issue a report and recommendation within 30 days after the closing of the contested case hearing record. The board shall issue a final order within 30 days after receipt of the administrative law judge's report.

Sec. 34. [144E.265] [MEDICAL DIRECTOR.]

Subdivision 1. [REQUIREMENTS.] A medical director shall:

(1) be currently licensed as a physician in this state;

(2) have experience in, and knowledge of, emergency care of acutely ill or traumatized patients; and

(3) be familiar with the design and operation of local, regional, and state emergency medical service systems.

Subd. 2. [RESPONSIBILITIES.] Responsibilities of the medical director shall include, but are not limited to:

(1) approving standards for training and orientation of personnel that impact patient care;

(2) approving standards for purchasing equipment and supplies that impact patient care;

(3) establishing standing orders for prehospital care;

(4) approving triage, treatment, and transportation protocols;

(5) participating in the development and operation of continuous quality improvement programs including, but not limited to, case review and resolution of patient complaints;

(6) establishing procedures for the administration of drugs; and

(7) maintaining the quality of care according to the standards and procedures established under clauses (1) to (6).

Subd. 3. [ANNUAL ASSESSMENT; AMBULANCE SERVICE.] Annually, the medical director or the medical director's designee shall assess the practical skills of each person on the ambulance service roster and sign a statement verifying the proficiency of each person. The statements shall be maintained in the licensee's files.

Sec. 35. Minnesota Statutes 1998, section 144E.27, is amended by adding a subdivision to read:

Subd. 5. [DENIAL, SUSPENSION, REVOCATION.] (a) The board may deny, suspend, revoke, place conditions on, or refuse to renew the registration of an individual who the board determines:

(1) violates sections 144E.001 to 144E.33 or the rules adopted under those sections;

(2) misrepresents or falsifies information on an application form for registration;

(3) is convicted or pleads guilty or nolo contendere to any felony; any gross misdemeanor relating to assault, sexual misconduct, or the illegal use of drugs or alcohol; or any misdemeanor relating to sexual misconduct or the illegal use of drugs or alcohol;

(4) is actually or potentially unable to provide emergency medical services 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;

(5) engages in 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 the public; or

(6) maltreats or abandons a patient.

(b) Before taking action under paragraph (a), the board shall give notice to an individual of the right to a contested case hearing under chapter 14. If an individual requests a contested case hearing within 30 days after receiving notice, the board shall initiate a contested case hearing according to chapter 14.

(c) The administrative law judge shall issue a report and recommendation within 30 days after closing the contested case hearing record. The board shall issue a final order within 30 days after receipt of the administrative law judge's report.

(d) After six months from the board's decision to deny, revoke, place conditions on, or refuse renewal of an individual's registration for disciplinary action, the individual shall have the opportunity to apply to the board for reinstatement.

Sec. 36. Minnesota Statutes 1998, section 144E.27, is amended by adding a subdivision to read:

Subd. 6. [TEMPORARY SUSPENSION.] (a) In addition to any other remedy provided by law, the board may temporarily suspend the registration of an individual after conducting a preliminary inquiry to determine whether the board believes that the individual has violated a statute or rule that the board is empowered to enforce and determining that the continued provision of service by the individual would create an imminent risk to public health or harm to others.

(b) A temporary suspension order prohibiting an individual from providing emergency medical care shall give notice of the right to a preliminary hearing according to paragraph (d) and shall state the reasons for the entry of the temporary suspension order.

(c) Service of a temporary suspension order is effective when the order is served on the individual personally or by certified mail, which is complete upon receipt, refusal, or return for nondelivery to the most recent address provided to the board for the individual.

(d) At the time the board issues a temporary suspension order, the board shall schedule a hearing, to be held before a group of its members designated by the board, that shall begin within 60 days after issuance of the temporary suspension order or within 15 working days of the date of the board's receipt of a request for a hearing from the individual, whichever is sooner. The hearing shall be on the sole issue of whether there is a reasonable basis to continue, modify, or lift the temporary suspension. A hearing under this paragraph is not subject to chapter 14.

(e) Evidence presented by the board or the individual may be in the form of an affidavit. The individual or the individual's designee may appear for oral argument.

(f) Within five working days of the hearing, the board shall issue its order and, if the suspension is continued, notify the individual of the right to a contested case hearing under chapter 14.

(g) If an individual requests a contested case hearing within 30 days after receiving notice under paragraph (f), the board shall initiate a contested case hearing according to chapter 14. The administrative law judge shall issue a report and recommendation within 30 days after the closing of the contested case hearing record. The board shall issue a final order within 30 days after receipt of the administrative law judge's report.

Sec. 37. [144E.28] [CERTIFICATION OF EMT, EMT-I, AND EMT-P.]

Subdivision 1. [REQUIREMENTS.] To be eligible for certification by the board as an EMT, EMT-I, or EMT-P, an individual shall:

(1) successfully complete the United States Department of Transportation course, or its equivalent as approved by the board, specific to the EMT, EMT-I, or EMT-P classification; and

(2) pass the written and practical examinations approved by the board and administered by the board or its designee, specific to the EMT, EMT-I, or EMT-P classification.

Subd. 2. [EXPIRATION DATES.] Certification expiration dates are as follows:

(1) for initial certification granted between January 1 and June 30 of an even-numbered year, the expiration date is March 31 of the next even-numbered year;

(2) for initial certification granted between July 1 and December 31 of an even-numbered year, the expiration date is March 31 of the second odd-numbered year;

(3) for initial certification granted between January 1 and June 30 of an odd-numbered year, the expiration date is March 31 of the next odd-numbered year; and

(4) for initial certification granted between July 1 and December 31 of an odd-numbered year, the expiration date is March 31 of the second even-numbered year.

Subd. 3. [RECIPROCITY.] The board may certify an individual who possesses a current National Registry of Emergency Medical Technicians registration from another jurisdiction. The board certification classification shall be the same as the National Registry's classification. Certification shall be for the duration of the applicant's registration period in another jurisdiction, not to exceed two years.

Subd. 4. [FORMS OF DISCIPLINARY ACTION.] When the board finds that a person certified under this section has violated a provision or provisions of subdivision 5, it may do one or more of the following:

(1) revoke the certification;

(2) suspend the certification;

(3) refuse to renew the certification;

(4) impose limitations or conditions on the person's performance of regulated duties, including the imposition of retraining or rehabilitation requirements; the requirement to work under supervision; or the conditioning of continued practice on demonstration of knowledge or skills by appropriate examination or other review of skill and competence;

(5) order the person to provide unremunerated professional service under supervision at a designated public hospital, clinic, or other health care institution; or

(6) censure or reprimand the person.

Subd. 5. [DENIAL, SUSPENSION, REVOCATION.] (a) The board may take any action authorized in subdivision 4 against an individual who the board determines:

(1) violates sections 144E.001 to 144E.33 or the rules adopted under those sections;

(2) misrepresents or falsifies information on an application form for certification;

(3) is convicted or pleads guilty or nolo contendere to any felony; any gross misdemeanor relating to assault, sexual misconduct, or the illegal use of drugs or alcohol; or any misdemeanor relating to sexual misconduct or the illegal use of drugs or alcohol;

(4) is actually or potentially unable to provide emergency medical services 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;

(5) engages in 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 the public; or

(6) maltreats or abandons a patient.

(b) Before taking action under paragraph (a), the board shall give notice to an individual of the right to a contested case hearing under chapter 14. If an individual requests a contested case hearing within 30 days after receiving notice, the board shall initiate a contested case hearing according to chapter 14 and no disciplinary action shall be taken at that time.

(c) The administrative law judge shall issue a report and recommendation within 30 days after closing the contested case hearing record. The board shall issue a final order within 30 days after receipt of the administrative law judge's report.

(d) After six months from the board's decision to deny, revoke, place conditions on, or refuse renewal of an individual's certification for disciplinary action, the individual shall have the opportunity to apply to the board for reinstatement.

Subd. 6. [TEMPORARY SUSPENSION.] (a) In addition to any other remedy provided by law, the board may temporarily suspend the certification of an individual after conducting a preliminary inquiry to determine whether the board believes that the individual has violated a statute or rule that the board is empowered to enforce and determining that the continued provision of service by the individual would create an imminent risk to public health or harm to others.

(b) A temporary suspension order prohibiting an individual from providing emergency medical care shall give notice of the right to a preliminary hearing according to paragraph (d) and shall state the reasons for the entry of the temporary suspension order.

(c) Service of a temporary suspension order is effective when the order is served on the individual personally or by certified mail, which is complete upon receipt, refusal, or return for nondelivery to the most recent address provided to the board for the individual.

(d) At the time the board issues a temporary suspension order, the board shall schedule a hearing, to be held before a group of its members designated by the board, that shall begin within 60 days after issuance of the temporary suspension order or within 15 working days of the date of the board's receipt of a request for a hearing from the individual, whichever is sooner. The hearing shall be on the sole issue of whether there is a reasonable basis to continue, modify, or lift the temporary suspension. A hearing under this paragraph is not subject to chapter 14.

(e) Evidence presented by the board or the individual may be in the form of an affidavit. The individual or individual's designee may appear for oral argument.

(f) Within five working days of the hearing, the board shall issue its order and, if the suspension is continued, notify the individual of the right to a contested case hearing under chapter 14.

(g) If an individual requests a contested case hearing within 30 days of receiving notice under paragraph (f), the board shall initiate a contested case hearing according to chapter 14. The administrative law judge shall issue a report and recommendation within 30 days after the closing of the contested case hearing record. The board shall issue a final order within 30 days after receipt of the administrative law judge's report.

Subd. 7. [RENEWAL.] (a) Before the expiration date of certification, an applicant for renewal of certification as an EMT shall:

(1) successfully complete a course in cardiopulmonary resuscitation that is approved by the board or the licensee's medical director; and

(2) take the United States Department of Transportation EMT refresher course and successfully pass the practical skills test portion of the course, or successfully complete 48 hours of continuing education in EMT programs that are consistent with the United States Department of Transportation National Standard Curriculum or its equivalent as approved by the board or as approved by the licensee's medical director and pass a practical skills test approved by the board and administered by a training program approved by the board. Twenty-four of the 48 hours must include at least four hours of instruction in each of the following six categories:

(i) airway management and resuscitation procedures;

(ii) circulation, bleeding control, and shock;

(iii) human anatomy and physiology, patient assessment, and medical emergencies;

(iv) injuries involving musculoskeletal, nervous, digestive, and genito-urinary systems;

(v) environmental emergencies and rescue techniques; and

(vi) emergency childbirth and other special situations.

(b) Before the expiration date of certification, an applicant for renewal of certification as an EMT-I or EMT-P shall:

(1) for an EMT-I, successfully complete a course in cardiopulmonary resuscitation that is approved by the board or the licensee's medical director and for an EMT-P, successfully complete a course in advanced cardiac life support that is approved by the board or the licensee's medical director; and

(2) successfully complete 48 hours of continuing education in emergency medical training programs, appropriate to the level of the applicant's EMT-I or EMT-P certification, that are consistent with the United States Department of Transportation National Standard Curriculum or its equivalent as approved by the board or as approved by the licensee's medical director. An applicant may take the United States Department of Transportation Emergency Medical Technician refresher course or its equivalent without the written or practical test as approved by the board, and as appropriate to the applicant's level of certification, as part of the 48 hours of continuing education. Each hour of the refresher course counts toward the 48-hour continuing education requirement.

(c) Certification shall be renewed every two years.

(d) If the applicant does not meet the renewal requirements under this subdivision, the applicant's certification expires.

Subd. 8. [REINSTATEMENT.] (a) Within four years of a certification expiration date, a person whose certification has expired under subdivision 7, paragraph (d), may have the certification reinstated upon submission of evidence to the board of training equivalent to the continuing education requirements of subdivision 7.

(b) If more than four years have passed since a certificate expiration date, an applicant must complete the initial certification process required under subdivision 1.

Sec. 38. [144E.283] [EMT INSTRUCTOR QUALIFICATIONS.]

An emergency medical technician instructor must:

(1) possess valid certification, registration, or licensure as an EMT, EMT-1, EMT-P, physician, physician's assistant, or registered nurse;

(2) have two years of active emergency medical practical experience;

(3) be recommended by a medical director of a licensed hospital, ambulance service, or training program approved by the board; and

(4) successfully complete the United States Department of Transportation Emergency Medical Services Instructor Training Program or its equivalent as approved by the board.

Sec. 39. [144E.285] [TRAINING PROGRAMS.]

Subdivision 1. [APPROVAL REQUIRED.] (a) All training programs for an EMT, EMT-I, or EMT-P must be approved by the board.

(b) To be approved by the board, a training program must:

(1) submit an application prescribed by the board that includes:

(i) type and length of course to be offered;

(ii) names, addresses, and qualifications of the program medical director, program training coordinator, and certified instructors;

(iii) names and addresses of clinical sites, including a contact person and telephone number;

(iv) admission criteria for students; and

(v) materials and equipment to be used;

(2) for each course, implement the most current version of the United States Department of Transportation curriculum or its equivalent as determined by the board applicable to EMT, EMT-I, or EMT-P training;

(3) have a program medical director and a program coordinator;

(4) utilize instructors who meet the requirements of section 144E.283 for teaching at least 50 percent of the course content. The remaining 50 percent of the course may be taught by guest lecturers approved by the training program coordinator or medical director;

(5) have at least one instructor for every ten students at the practical skill stations;

(6) maintain a written agreement with a licensed hospital or licensed ambulance service designating a clinical training site;

(7) retain documentation of program approval by the board, course outline, and student information;

(8) notify the board of the starting date of a course prior to the beginning of a course; and

(9) submit the appropriate fee as required under section 144E.29.

Subd. 2. [EMT-P REQUIREMENTS.] (a) In addition to the requirements under subdivision 1, paragraph (b), a training program applying for approval to teach EMT-P curriculum must be administered by an educational institution accredited by the Commission of Accreditation of Allied Health Education Programs (CAAHEP).

(b) An EMT-P training program that is administered by an educational institution not accredited by CAAHEP, but that is in the process of completing the accreditation process, may be granted provisional approval by the board upon verification of submission of its self-study report and the appropriate review fee to CAAHEP.

(c) An educational institution that discontinues its participation in the accreditation process must notify the board immediately and provisional approval shall be withdrawn.

Subd. 3. [EXPIRATION.] Training program approval shall expire two years from the date of approval.

Subd. 4. [REAPPROVAL.] A training program shall apply to the board for reapproval at least three months prior to the expiration date of its approval and must:

(1) submit an application prescribed by the board specifying any changes from the information provided for prior approval and any other information requested by the board to clarify incomplete or ambiguous information presented in the application; and

(2) comply with the requirements under subdivision 1, paragraph (b), clauses (2) to (8).

Subd. 5. [DISCIPLINARY ACTION.] (a) The board may deny, suspend, revoke, place conditions on, or refuse to renew approval of a training program that the board determines:

(1) violated subdivisions 1 to 4 or rules adopted under sections 144E.001 to 144E.33; or

(2) misrepresented or falsified information on an application form provided by the board.

(b) Before taking action under paragraph (a), the board shall give notice to a training program of the right to a contested case hearing under chapter 14. If a training program requests a contested case hearing within 30 days after receiving notice, the board shall initiate a contested case hearing according to chapter 14.

(c) The administrative law judge shall issue a report and recommendation within 30 days after closing the contested case hearing record. The board shall issue a final order within 30 days after receipt of the administrative law judge's report.

(d) After six months from the board's decision to deny, revoke, place conditions on, or refuse approval of a training program for disciplinary action, the training program shall have the opportunity to apply to the board for reapproval.

Subd. 6. [TEMPORARY SUSPENSION.] (a) In addition to any other remedy provided by law, the board may temporarily suspend approval of the training program after conducting a preliminary inquiry to determine whether the board believes that the training program has violated a statute or rule that the board is empowered to enforce and determining that the continued provision of service by the training program would create an imminent risk to public health or harm to others.

(b) A temporary suspension order prohibiting the training program from providing emergency medical care training shall give notice of the right to a preliminary hearing according to paragraph (d) and shall state the reasons for the entry of the temporary suspension order.

(c) Service of a temporary suspension order is effective when the order is served on the training program personally or by certified mail, which is complete upon receipt, refusal, or return for nondelivery to the most recent address provided to the board for the training program.

(d) At the time the board issues a temporary suspension order, the board shall schedule a hearing, to be held before a group of its members designated by the board, that shall begin within 60 days after issuance of the temporary suspension order or within 15 working days of the date of the board's receipt of a request for a hearing from the training program, whichever is sooner. The hearing shall be on the sole issue of whether there is a reasonable basis to continue, modify, or lift the temporary suspension. A hearing under this paragraph is not subject to chapter 14.

(e) Evidence presented by the board or the individual may be in the form of an affidavit. The training program or counsel of record may appear for oral argument.

(f) Within five working days of the hearing, the board shall issue its order and, if the suspension is continued, notify the training program of the right to a contested case hearing under chapter 14.

(g) If a training program requests a contested case hearing within 30 days of receiving notice under paragraph (f), the board shall initiate a contested case hearing according to chapter 14. The administrative law judge shall issue a report and recommendation within 30 days after the closing of the contested case hearing record. The board shall issue a final order within 30 days after receipt of the administrative law judge's report.

Subd. 7. [AUDIT.] The board may audit training programs approved by the board. The audit may include, but is not limited to, investigation of complaints, course inspection, classroom observation, review of instructor qualifications, and student interviews.

Sec. 40. [144E.286] [EXAMINER QUALIFICATIONS FOR EMERGENCY MEDICAL TECHNICIAN TESTING.]

Subdivision 1. [EMT TESTING.] An examiner testing basic level EMT practical skills must:

(1) be certified as an EMT, EMT-I, or EMT-P;

(2) have two years or 4,000 hours' experience in emergency medical care;

(3) be certified in basic cardiac life support; and

(4) be approved by the board.

Subd. 2. [EMT-I OR EMT-P TESTING.] (a) An examiner testing EMT-I or EMT-P level practical skills must be approved by the board and:

(1) be a physician or registered nurse; or

(2) be a certified EMT-P, have two years or 4,000 hours' experience in emergency medical care and be certified in basic cardiac life support.

(b) A physician must be available to answer questions relating to the evaluation of skill performance at the practical examination.

Sec. 41. [144E.29] [FEES.]

(a) The board shall charge the following fees:

(1) initial application for and renewal of an ambulance service license, $150;

(2) each ambulance operated by a licensee, $96. The licensee shall pay an additional $96 fee for the full licensing period or $8 per month for any fraction of the period for each ambulance added to the ambulance service during the licensing period;

(3) initial application for and renewal of approval for a training program, $100; and

(4) duplicate of an original license, certification, or approval, $25.

(b) With the exception of paragraph (a), clause (5), all fees are for a two-year period. All fees are nonrefundable.

(c) Fees collected by the board shall be deposited as nondedicated receipts in the trunk highway fund.

Sec. 42. [144E.305] [REPORTING MISCONDUCT.]

Subdivision 1. [VOLUNTARY REPORTING.] A person who has knowledge of any conduct constituting grounds for discipline under section 144E.27, subdivision 5, or 144E.28, subdivision 4, may report the alleged violation to the board.

Subd. 2. [MANDATORY REPORTING.] (a) A licensee shall report to the board conduct by a first responder, EMT, EMT-I, or EMT-P that they reasonably believe constitutes grounds for disciplinary action under section 144E.27, subdivision 5, or 144E.28, subdivision 4.

(b) A licensee shall report to the board any dismissal from employment of a first responder, EMT, EMT-I, or EMT-P. A licensee shall report the resignation of a first responder, EMT, EMT-I, or EMT-P before the conclusion of any disciplinary proceeding or before commencement of formal charges but after the first responder, EMT, EMT-I, or EMT-P has knowledge that formal charges are contemplated or in preparation.

Subd. 3. [IMMUNITY.] (a) An individual, licensee, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting in good faith a report to the board under subdivision 1 or 2 or for otherwise reporting in good faith to the board violations or alleged violations of sections 144E.001 to 144E.33. Reports are classified as confidential data on individuals or protected nonpublic data under section 13.02 while an

investigation is active. Except for the board's final determination, all communications or information received by or disclosed to the board relating to disciplinary matters of any person or entity subject to the board's regulatory jurisdiction are confidential and privileged and any disciplinary hearing shall be closed to the public.

(b) Members of the board, persons employed by the board, persons engaged in the investigation of violations and in the preparation and management of charges of violations of sections 144E.001 to 144E.33 on behalf of the board, and persons participating in the investigation regarding charges of violations are immune from civil liability and criminal prosecution for any actions, transactions, or publications, made in good faith, in the execution of, or relating to, their duties under sections 144E.001 to 144E.33.

(c) For purposes of this section, a member of the board is considered a state employee under section 3.736, subdivision 9.

Sec. 43. [144E.31] [CORRECTION ORDER AND FINES.]

Subdivision 1. [CORRECTION ORDER.] (a) If the board finds that a licensee or training program has failed to comply with an applicable law or rule and the violation does not imminently endanger the public's health or safety, the board may issue a correction order to the licensee or training program.

(b) The correction order shall state:

(1) the conditions that constitute a violation of the law or rule;

(2) the specific law or rule violated; and

(3) the time allowed to correct the violation.

Subd. 2. [RECONSIDERATION.] (a) If the licensee or training program believes that the contents of the board's correction order are in error, the licensee or training program may ask the board to reconsider the parts of the correction order that are alleged to be in error.

(b) The request for reconsideration must:

(1) be in writing;

(2) be delivered by certified mail;

(3) specify the parts of the correction order that are alleged to be in error;

(4) explain why they are in error; and

(5) include documentation to support the allegation of error.

(c) A request for reconsideration does not stay any provision or requirement of the correction order. The board's disposition of a request for reconsideration is final and not subject to appeal under chapter 14.

Subd. 3. [FINE.] (a) The board may order a fine concurrently with the issuance of a correction order, or after the licensee or training program has not corrected the violation within the time specified in the correction order.

(b) A licensee or training program that is ordered to pay a fine shall be notified of the order by certified mail. The notice shall be mailed to the address shown on the application or the last known address of the licensee or training program. The notice shall state the reasons the fine was ordered and shall inform the licensee or training program of the right to a contested case hearing under chapter 14.

(c) A licensee or training program may appeal the order to pay a fine by notifying the board by certified mail within 15 calendar days after receiving the order. A timely appeal shall stay payment of the fine until the board issues a final order.

(d) A licensee or training program shall pay the fine assessed on or before the payment date specified in the board's order. If a licensee or training program fails to fully comply with the order, the board shall suspend the license or cancel approval until there is full compliance with the order.

(e) Fines shall be assessed as follows:

(1) $150 for violation of section 144E.123;

(2) $400 for violation of sections 144E.06, 144E.07, 144E.101, 144E.103, 144E.121, 144E.125, 144E.265, 144E.285, and 144E.305;

(3) $750 for violation of rules adopted under section 144E.16, subdivision 4, clause (8); and

(4) $50 for violation of all other sections under this chapter or rules adopted under this chapter that are not specifically enumerated in clauses (1) to (3).

(f) Fines collected by the board shall be deposited as nondedicated receipts in the trunk highway fund.

Subd. 4. [ADDITIONAL PENALTIES.] This section does not prohibit the board from suspending, revoking, placing conditions on, or refusing to renew a licensee's license or a training program's approval in addition to ordering a fine.

Sec. 44. [144E.33] [PENALTY.]

A person who violates a provision of sections 144E.001 to 144E.33 is guilty of a misdemeanor.

Sec. 45. [144E.37] [COMPREHENSIVE ADVANCED LIFE SUPPORT.]

The board shall establish a comprehensive advanced life support educational program to train rural medical personnel, including physicians, physician assistants, nurses, and allied health care providers, in a team approach to anticipate, recognize, and treat life-threatening emergencies before serious injury or cardiac arrest occurs.

Sec. 46. Minnesota Statutes 1998, section 144E.50, is amended by adding a subdivision to read:

Subd. 6. [AUDITS.] (a) Each regional emergency medical services board designated by the emergency medical services regulatory board shall be audited biennially by an independent auditor who is either a state or local government auditor or a certified public accountant who meets the independence standards specified by the General Accounting Office for audits of governmental organizations, programs, activities, and functions. The audit shall cover all funds received by the regional board, including but not limited to, funds appropriated under this section, section 144E.52, and section 169.686, subdivision 3. Expenses associated with the audit are the responsibility of the regional board.

(b) The audit specified in paragraph (a) shall be performed within 60 days following the close of the biennium. Copies of the audit and any accompanying materials shall be filed by October 1 of each odd-numbered year, beginning in 1999, with the emergency medical services regulatory board, the legislative auditor, and the state auditor.

(c) If the audit is not conducted as required in paragraph (a) or copies filed as required in paragraph (b), or if the audit determines that funds were not spent in accordance with this chapter, the emergency medical services regulatory board shall immediately reduce funding to the regional emergency medical services board as follows:

(1) if an audit was not conducted or if an audit was conducted but copies were not provided as required, funding shall be reduced by 100 percent; and

(2) if an audit was conducted and copies provided, and the audit identifies expenditures made that are not in compliance with this chapter, funding shall be reduced by the amount in question plus ten percent.

A funding reduction under this paragraph is effective for the fiscal year in which the reduction is taken and the following fiscal year.

(d) The emergency medical services regulatory board shall distribute any funds withheld from a regional board under paragraph (c) to the remaining regional boards on a pro rata basis.

Sec. 47. Minnesota Statutes 1998, section 145A.02, subdivision 10, is amended to read:

Subd. 10. [EMERGENCY MEDICAL CARE.] "Emergency medical care" means activities intended to protect the health of persons suffering a medical emergency and to ensure rapid and effective emergency medical treatment. These activities include the coordination or provision of training, cooperation with public safety agencies, communications, life-support transportation ~~as defined~~ under ~~section 144E.16~~ sections 144E.06 to 144E.19, public information and involvement, and system management.

Sec. 48. Minnesota Statutes 1998, section 148.66, is amended to read:

148.66 [STATE BOARD OF ~~MEDICAL PRACTICE~~ PHYSICAL THERAPY, DUTIES.]

The state board of ~~medical practice, as now or hereafter constituted, hereinafter termed "the board," in the manner hereinafter provided,~~ physical therapy established under section 148.67 shall administer ~~the provisions of this law~~ sections 148.65 to 148.78. As used in sections 148.65 to 148.78, "board" means the state board of physical therapy.

The board shall:

(1) adopt rules necessary to administer and enforce sections 148.65 to 148.78;

(2) administer, coordinate, and enforce sections 148.65 to 148.78;

(3) evaluate the qualifications of applicants;

(4) issue subpoenas, examine witnesses, and administer oaths;

(5) conduct hearings and keep records and minutes necessary to the orderly administration of sections 148.65 to 148.78;

(6) investigate persons engaging in practices that violate sections 148.65 to 148.78; and

(7) adopt rules under chapter 14 prescribing a code of ethics for licensees.

Sec. 49. Minnesota Statutes 1998, section 148.67, is amended to read:

148.67 [STATE BOARD OF PHYSICAL THERAPY ~~COUNCIL~~; MEMBERSHIP APPOINTMENTS, VACANCIES, REMOVALS.]

Subdivision 1. [BOARD OF PHYSICAL THERAPY APPOINTED.] The ~~board of medical practice shall~~ governor shall appoint a state board of physical therapy ~~council in carrying out the provisions of this law~~ to administer sections 148.65 to 148.78, regarding the qualifications and examination of physical therapists. The ~~council~~ board shall consist of ~~seven~~ nine members, citizens and residents of the state of Minnesota, composed of ~~three~~ four physical therapists, ~~two~~ one licensed and registered ~~doctors~~ doctor of medicine ~~and surgery, one being a professor or associate or assistant professor from a program in physical therapy approved by the board of medical practice, one aide or assistant to a physical therapist and one public member. The council shall expire, and the terms, compensation and removal of~~

~~members shall be as provided in section 15.059.~~, one physical therapy assistant and three public members. The four physical therapist members must be licensed physical therapists in this state. Each of the four physical therapist members must have at least five years' experience in physical therapy practice, physical therapy administration, or physical therapy education. The five years' experience must immediately precede appointment. Membership terms, compensation of members, removal of members, filling of membership vacancies, and fiscal year and reporting requirements shall be as provided in sections 214.07 to 214.09. The provision of staff, administrative services, and office space; the review and processing of complaints; the setting of board fees; and other provisions relating to board operations shall be as provided in chapter 214. Each member of the board shall file with the secretary of state the constitutional oath of office before beginning the term of office.

Subd. 2. [RECOMMENDATIONS FOR APPOINTMENT.] Prior to the end of the term of a member of the board, or within 60 days after a position on the board becomes vacant, the Minnesota Chapter of the American Physical Therapy Association and other interested persons and organizations may recommend to the governor members qualified to serve on the board. The governor may appoint members to the board from the list of persons recommended or from among other qualified candidates.

Sec. 50. [148.691] [OFFICERS; EXECUTIVE DIRECTOR.]

Subdivision 1. [OFFICERS OF THE BOARD.] The board shall elect from its members a president, a vice-president, and a secretary-treasurer. Each shall serve for one year or until a successor is elected and qualifies. The board shall appoint and employ an executive secretary. A majority of the board, including one officer, constitutes a quorum at a meeting.

Subd. 2. [BOARD AUTHORITY TO HIRE.] The board may employ persons needed to carry out its work.

Subd. 3. [DISCLOSURE.] Subject to the exceptions listed in this subdivision, all communications or information received by or disclosed to the board relating to any person or matter subject to its regulatory jurisdiction are confidential and privileged and any disciplinary hearing shall be closed to the public.

(a) Upon application of a party in a proceeding before the board, the board shall produce and permit the inspection and copying, by or on behalf of the moving party, of any designated documents or papers relevant to the proceedings, in accordance with the provisions of rule 34, Minnesota Rules of Civil Procedure.

(b) If the board imposes disciplinary measures of any kind, whether by contested case or by settlement agreement, the name and business address of the licensee, the nature of the misconduct, and the action taken by the board are public data. If disciplinary action is taken by settlement agreement, the entire agreement is public data. The board shall decide disciplinary matters, whether by settlement or by contested case, by roll call vote. The votes are public data.

(c) The board shall exchange information with other licensing boards, agencies, or departments within the state, as required under section 214.10, subdivision 8, paragraph (d), and may release information in the reports required under section 214.10, subdivision 8, paragraph (b).

(d) The board shall upon request furnish to a person who made a complaint, a description of the activities and actions of the board relating to that complaint, a summary of the results of an investigation of that complaint, and the reasons for actions taken by the board.

Sec. 51. Minnesota Statutes 1998, section 148.70, is amended to read:

148.70 [APPLICANTS, QUALIFICATIONS.]

~~It shall be the duty of~~ The board of ~~medical practice with the advice and assistance of the physical therapy council to pass upon~~ physical therapy must:

(1) establish the qualifications of applicants for ~~registration,~~ licensing and continuing education requirements for ~~reregistration,~~ relicensing;

(2) provide for and conduct all examinations following satisfactory completion of all didactic requirements~~,~~;

(3) determine the applicants who successfully pass the examination~~,~~; and

(4) duly ~~register such applicants~~ license an applicant after the applicant has presented evidence satisfactory to the board that the applicant has completed ~~a~~ an accredited physical therapy educational program of education or continuing education approved by the board.

The passing score for examinations taken after July 1, 1995, shall be based on objective, numerical standards, as established by a nationally recognized board approved testing service.

Sec. 52. Minnesota Statutes 1998, section 148.705, is amended to read:

148.705 [APPLICATION.]

An applicant for ~~registration~~ licensing as a physical therapist shall file a written application on forms provided by the board together with a fee in the amount set by the board~~, no portion of which shall be returned~~. No portion of the fee is refundable.

An approved program for physical therapists shall include the following:

~~(a)~~ (1) a minimum of 60 academic semester credits or its equivalent from an accredited college, including courses in the biological and physical sciences; and

~~(b)~~ (2) an accredited course in physical therapy education which has provided adequate instruction in the basic sciences, clinical sciences, and physical therapy theory and procedures, as determined by the board. In determining whether or not a course in physical therapy is approved, the board may take into consideration the accreditation of such schools by the appropriate council of the American Medical Association, the American Physical Therapy Association, or the Canadian Medical Association.

Sec. 53. Minnesota Statutes 1998, section 148.71, is amended to read:

148.71 [~~REGISTRATION~~ LICENSING.]

Subdivision 1. [QUALIFIED APPLICANT.] The state board of ~~medical practice~~ physical therapy shall ~~register~~ license as a physical therapist and shall furnish a ~~certificate of registration~~ license to ~~each~~ an applicant who successfully passes an examination provided for in sections 148.65 to 148.78 for ~~registration~~ licensing as a physical therapist and who is otherwise qualified as required ~~herein~~ in sections 148.65 to 148.78.

Subd. 2. [TEMPORARY PERMIT.] (a) The board may, upon payment of a fee set by the board, issue a temporary permit to practice physical therapy under supervision to a physical therapist who is a graduate of an approved school of physical therapy and qualified for admission to examination for ~~registration~~ licensing as a physical therapist. A temporary permit to practice physical therapy under supervision may be issued only once and cannot be renewed. It expires 90 days after the next examination for ~~registration~~ licensing given by the board or on the date on which the board, after examination of the applicant, grants or denies the applicant a ~~registration~~ license to practice, whichever occurs first. A temporary permit expires on the first day the board begins its next examination for ~~registration~~ license after the permit is issued if the holder does not submit to examination on that date. The holder of a temporary permit to practice physical therapy under supervision may practice physical therapy as defined in section 148.65 if the entire practice is under the supervision of a person holding a valid ~~registration~~ license to practice physical therapy in this state. The supervision shall be direct, immediate, and on premises.

(b) A physical therapist from another state who is licensed or otherwise registered in good standing as a physical therapist by that state and meets the requirements for ~~registration~~ licensing under section 148.72 does not require supervision to practice physical therapy while holding a temporary permit in this state. The temporary permit remains valid only until the meeting of the board at which the application for ~~registration~~ licensing is considered.

Subd. 3. [FOREIGN-TRAINED PHYSICAL THERAPISTS; TEMPORARY PERMITS.] (a) The board of medical practice may issue a temporary permit to a foreign-trained physical therapist who:

(1) is enrolled in a supervised physical therapy traineeship that meets the requirements under paragraph (b);

(2) has completed a physical therapy education program equivalent to that under section 148.705 and Minnesota Rules, part 5601.0800, subpart 2;

(3) has achieved a score of at least 550 on the test of English as a foreign language or a score of at least 85 on the Minnesota battery test; and

(4) has paid a nonrefundable fee set by the board.

A foreign-trained physical therapist must have the temporary permit before beginning a traineeship.

(b) A supervised physical therapy traineeship must:

(1) be at least six months;

(2) be at a board-approved facility;

(3) provide a broad base of clinical experience to the foreign-trained physical therapist including a variety of physical agents, therapeutic exercises, evaluation procedures, and patient diagnoses;

(4) be supervised by a physical therapist who has at least three years of clinical experience and is ~~registered~~ licensed under subdivision 1; and

(5) be approved by the board before the foreign-trained physical therapist begins the traineeship.

(c) A temporary permit is effective on the first day of a traineeship and expires 90 days after the next examination for ~~registration~~ licensing given by the board following successful completion of the traineeship or on the date on which the board, after examination of the applicant, grants or denies the applicant a ~~registration~~ license to practice, whichever occurs first.

(d) A foreign-trained physical therapist must successfully complete a traineeship to be ~~registered~~ licensed as a physical therapist under subdivision 1. The traineeship may be waived for a foreign-trained physical therapist who is licensed or otherwise registered in good standing in another state and has successfully practiced physical therapy in that state under the supervision of a licensed or registered physical therapist for at least six months at a facility that meets the requirements under paragraph (b), clauses (2) and (3).

(e) A temporary permit will not be issued to a foreign-trained applicant who has been issued a temporary permit for longer than six months in any other state.

Sec. 54. Minnesota Statutes 1998, section 148.72, subdivision 1, is amended to read:

Subdivision 1. [ISSUANCE OF ~~REGISTRATION~~ LICENSE WITHOUT EXAMINATION.] On payment to the board of a fee in the amount set by the board and on submission of a written application on forms provided by the board, the board shall issue ~~registration~~ a license without examination to a person who is licensed or otherwise registered as a physical therapist by another state of the United States of America, its possessions, or the District of Columbia, if the board determines that the requirements for ~~licensure~~ licensing or registration in the state, possession, or District are equal to, or greater than, the requirements ~~set forth~~ in sections 148.65 to 148.78.

Sec. 55. Minnesota Statutes 1998, section 148.72, subdivision 2, is amended to read:

Subd. 2. [~~CERTIFICATE OF REGISTRATION~~ LICENSE.] The board may issue a ~~certificate of registration to a physical therapist~~ license without examination to an applicant who presents evidence satisfactory to the board of having passed an examination recognized by the board, if the board determines the standards of the other state or foreign country are ~~determined by the board to be as high as~~ equal to those of this state. ~~At the time of making an~~ Upon application, the applicant shall pay to the board a fee in the amount set by the board~~.~~. No portion of ~~which shall be returned~~ the fee is refundable.

Sec. 56. Minnesota Statutes 1998, section 148.72, subdivision 4, is amended to read:

Subd. 4. [ISSUANCE OF ~~REGISTRATION~~ LICENSE AFTER EXAMINATION.] The board shall issue a ~~certificate of registration~~ license to ~~each~~ an applicant who passes the examination ~~in accordance with~~ according to standards established by the board and who is not disqualified to receive ~~registration~~ a license under ~~the provisions of~~ section 148.75.

Sec. 57. Minnesota Statutes 1998, section 148.73, is amended to read:

148.73 [RENEWALS.]

Every ~~registered~~ licensed physical therapist shall, during each January, apply to the board for an extension of ~~registration~~ a license and pay a fee in the amount set by the board. The extension of ~~registration~~ the license is contingent upon demonstration that the continuing education requirements set by the board under section 148.70 have been satisfied.

Sec. 58. Minnesota Statutes 1998, section 148.74, is amended to read:

148.74 [RULES.]

The board ~~is authorized to~~ may adopt rules ~~as may be necessary~~ needed to carry out ~~the purposes of~~ sections 148.65 to 148.78. The ~~secretary~~ secretary-treasurer of the board shall keep a record of proceedings under these sections and a register of all persons ~~registered~~ licensed under it. The register shall show the name, address, date and number of ~~registration~~ the license, and the renewal ~~thereof~~ of the license. Any other interested person in the state may obtain a copy of ~~such~~ the list on request to the board upon ~~payment of~~ paying an amount ~~as may be~~ fixed by the board~~, which~~. The amount shall not exceed the cost of the list ~~so~~ furnished. The board shall provide blanks, books, certificates, and stationery and assistance ~~as is~~ necessary ~~for the transaction of the~~ to transact business of the board ~~and the physical therapy council hereunder, and~~. All money received by the board under sections 148.65 to 148.78 shall be paid into the state treasury as provided for by law. The board shall set by rule the amounts of the application fee and the annual ~~registration~~ licensing fee. The fees collected by the board must be sufficient to cover the costs of administering sections 148.65 to 148.78.

Sec. 59. [148.745] [MALPRACTICE HISTORY.]

Subdivision 1. [SUBMISSION.] A person desiring to practice physical therapy in this state who has previously practiced in another state shall submit the following additional information with the license application for the five-year period of active practice preceding the date of filing such application:

(a) The name and address of the person's professional liability insurer in the other state.

(b) The number, date, and disposition of any malpractice settlement or award made to the plaintiff relating to the quality of services provided.

Subd. 2. [BOARD ACTION.] The board shall give due consideration to the information submitted pursuant to section 148.72 and this section. An applicant who willfully submits incorrect information shall be subject to disciplinary action pursuant to section 148.75.

Sec. 60. Minnesota Statutes 1998, section 148.75, is amended to read:

148.75 [~~CERTIFICATES~~ LICENSES; DENIAL, SUSPENSION, REVOCATION.]

(a) The state board of ~~medical practice~~ physical therapy may refuse to grant ~~registration~~ a license to any physical therapist, or may suspend or revoke the ~~registration~~ license of any physical therapist for any of the following grounds:

~~(a)~~ (1) using drugs or intoxicating liquors to an extent which affects professional competence;

~~(b) been convicted~~ (2) conviction of a felony;

~~(c)~~ (3) conviction for violating any state or federal narcotic law;

~~(d) procuring, aiding or abetting a criminal abortion;~~

~~(e) registration~~ (4) obtaining a license or ~~attempted registration~~ attempting to obtain a license by fraud or deception;

~~(f)~~ (5) conduct unbecoming a person ~~registered~~ licensed as a physical therapist or conduct detrimental to the best interests of the public;

~~(g)~~ (6) gross negligence in the practice of physical therapy as a physical therapist;

~~(h)~~ (7) treating human ailments by physical therapy after an initial 30-day period of patient admittance to treatment has lapsed, except by the order or referral of a person licensed in this state ~~to~~ in the practice of medicine as defined in section 147.081, the practice of chiropractic as defined in section 148.01, the practice of podiatry as defined in section 153.01, or the practice of dentistry as defined in section 150A.05 and whose license is in good standing; or when a previous diagnosis exists indicating an ongoing condition warranting physical therapy treatment, subject to periodic review defined by board of ~~medical practice~~ physical therapy rule;

~~(i)~~ (8) treating human ailments, without referral, by physical therapy treatment without first having practiced one year under a physician's orders as verified by the board's records;

~~(j) failure~~ (9) failing to consult with the patient's health care provider who prescribed the physical therapy treatment if the treatment is altered by the physical therapist from the original written order. The provision does not include written orders ~~specifying orders~~ to "evaluate and treat";

~~(k)~~ (10) treating human ailments other than by physical therapy unless duly licensed or registered to do so under the laws of this state;

~~(l)~~ (11) inappropriate delegation to a physical therapist assistant or inappropriate task assignment to an aide or inadequate supervision of either level of supportive personnel;

~~(m) treating human ailments other than by performing physical therapy procedures unless duly licensed or registered to do so under the laws of this state;~~

~~(n)~~ (12) practicing as a physical therapist performing medical diagnosis, the practice of medicine as defined in section 147.081, or the practice of chiropractic as defined in section 148.01;

~~(o) failure~~ (13) failing to comply with a reasonable request to obtain appropriate clearance for mental or physical conditions ~~which~~ that would interfere with the ability to practice physical therapy, and ~~which~~ that may be potentially harmful to patients;

~~(p)~~ (14) dividing fees with, or paying or promising to pay a commission or part of the fee to, any person who contacts the physical therapist for consultation or sends patients to the physical therapist for treatment;

~~(q)~~ (15) engaging in an incentive payment arrangement, other than that prohibited by clause ~~(p)~~ (14), that tends to promote physical therapy ~~overutilization~~ overuse, ~~whereby~~ that allows the referring person or person who controls the availability of physical therapy services to a client ~~profits~~ to profit unreasonably as a result of patient treatment;

~~(r)~~ (16) practicing physical therapy and failing to refer to a licensed health care professional ~~any~~ a patient whose medical condition at the time of evaluation has been determined by the physical therapist to be beyond the scope of practice of a physical therapist; and

~~(s) failure~~ (17) failing to report to the board other ~~registered~~ licensed physical therapists who violate this section.

(b) A ~~certificate of registration~~ license to practice as a physical therapist is suspended if (1) a guardian of the person of the physical therapist is appointed by order of a court pursuant to sections 525.54 to 525.61, for reasons other than the minority of the physical therapist; or (2) the physical therapist is committed by order of a court pursuant to chapter 253B. The ~~certificate of registration~~ license remains suspended until the physical therapist is restored to capacity by a court and, upon petition by the physical therapist, the suspension is terminated by the board of ~~medical practice~~ physical therapy after a hearing.

Sec. 61. Minnesota Statutes 1998, section 148.76, is amended to read:

148.76 [PROHIBITED CONDUCT.]

Subdivision 1. No person shall:

(1) provide physical therapy unless the person is licensed as a physical therapist under sections 148.65 to 148.78;

~~(a)~~ (2) use the title of physical therapist without a ~~certificate of registration~~ license as a physical therapist issued ~~pursuant to the provisions of~~ under sections 148.65 to 148.78;

~~(b)~~ (3) in any manner hold out as a physical therapist, or use in connection with the person's name the words or letters Physical Therapist, Physiotherapist, Physical Therapy Technician, Registered Physical Therapist, Licensed Physical Therapist, P.T., P.T.T., R.P.T., L.P.T., or any letters, words, abbreviations or insignia indicating or implying that the person is a physical therapist, without a ~~certificate of registration~~ license as a physical therapist issued ~~pursuant to the provisions of~~ under sections 148.65 to 148.78. To do so is a gross misdemeanor;

~~(c)~~ (4) employ fraud or deception in applying for or securing a ~~certificate of registration~~ license as a physical therapist.

Nothing ~~contained~~ in sections 148.65 to 148.78 ~~shall prohibit any~~ prohibits a person licensed or registered in this state under another law from carrying out the therapy or practice for which the person is duly licensed or registered.

Subd. 2. No physical therapist may:

~~(a)~~ (1) treat human ailments by physical therapy after an initial 30-day period of patient admittance to treatment has lapsed, except by the order or referral of a person licensed in this state to practice medicine as defined in section 147.081, the practice of chiropractic as defined in section 148.01, the practice of podiatry as defined in section 153.01, the practice of dentistry as defined in section 150A.05, or the practice of advanced practice nursing as defined in section 62A.15, subdivision 3a, when orders or referrals are made in collaboration with a physician, chiropractor, podiatrist, or dentist, and whose license is in good standing; or when a previous diagnosis exists indicating an ongoing condition warranting physical therapy treatment, subject to periodic review defined by board of ~~medical practice~~ physical therapy rule;

~~(b)~~ (2) treat human ailments by physical therapy treatment without first having practiced one year under a physician's orders as verified by the board's records;

~~(c) utilize~~ (3) use any chiropractic manipulative technique whose end is the chiropractic adjustment of an abnormal articulation of the body; and

~~(d)~~ (4) treat human ailments other than by physical therapy unless duly licensed or registered to do so under the laws of this state.

Sec. 62. Minnesota Statutes 1998, section 148.78, is amended to read:

148.78 [PROSECUTION, ALLEGATIONS.]

In the prosecution of any person for violation of sections 148.65 to 148.78 as specified in section 148.76, it shall not be necessary to allege or prove want of a valid ~~certificate of registration~~ license as a physical therapist, but shall be a matter of defense to be established by the accused.

Sec. 63. Minnesota Statutes 1998, section 214.01, subdivision 2, is amended to read:

Subd. 2. [HEALTH-RELATED LICENSING BOARD.] "Health-related licensing board" means the board of examiners of nursing home administrators established pursuant to section 144A.19, the board of medical practice created pursuant to section 147.01, the board of nursing created pursuant to section 148.181, the board of chiropractic examiners established pursuant to section 148.02, the board of optometry established pursuant to section 148.52, the board of physical therapy established pursuant to section 148.67, the board of psychology established pursuant to section 148.90, the board of social work pursuant to section 148B.19, the board of marriage and family therapy pursuant to section 148B.30, the office of mental health practice established pursuant to section 148B.61, the alcohol and drug counselors licensing advisory council established pursuant to section 148C.02, the board of dietetics and nutrition practice established under section 148.622, the board of dentistry established pursuant to section 150A.02, the board of pharmacy established pursuant to section 151.02, the board of podiatric medicine established pursuant to section 153.02, and the board of veterinary medicine, established pursuant to section 156.01.

Sec. 64. [INITIAL APPOINTMENTS TO BOARD.]

Notwithstanding Minnesota Statutes, section 148.67, the first physical therapist members appointed to the board may be registered physical therapists.

Sec. 65. [REVISOR'S INSTRUCTION.]

In each section of Minnesota Statutes referred to in column A, the revisor of statutes shall delete the reference in column B and insert the reference in column C.

Column A	Column B	Column C
144E.10, subd. 2	144E.16	144E.101 to 144E.127
144E.12	144E.16	144E.121 to 144E.127
144E.13	144E.16	144E.101 to 144E.127
144E.14	144E.16	144E.101 to 144E.127
144E.35, subd. 1	144E.16	144E.285
144E.41	144E.16	144E.265 or 144E.28
353.64, subd. 10	144E.16	144E.28
147A.09, subd. 2	144E.16, subd. 2, para. (c)	144E.127

Sec. 66. [REPEALER.]

Minnesota Statutes 1998, sections 144E.16, subdivisions 1, 2, 3, and 6; 144E.17; 144E.25; and 144E.30, subdivisions 1, 2, and 6, are repealed. Minnesota Rules, parts 4690.0100, subparts 4, 13, 15, 19, 20, 21, 22, 23, 24, 26, 27, and 29; 4690.0300; 4690.0400; 4690.0500; 4690.0600; 4690.0700; 4690.0800, subparts 1 and 2; 4690.0900;

4690.1000; 4690.1100; 4690.1200; 4690.1300; 4690.1600; 4690.1700; 4690.2100; 4690.2200, subparts 1, 3, 4, and 5; 4690.2300; 4690.2400, subparts 1, 2, and 3; 4690.2500; 4690.2900; 4690.3000; 4690.3700; 4690.3900; 4690.4000; 4690.4100; 4690.4200; 4690.4300; 4690.4400; 4690.4500; 4690.4600; 4690.4700; 4690.4800; 4690.4900; 4690.5000; 4690.5100; 4690.5200; 4690.5300; 4690.5400; 4690.5500; 4690.5700; 4690.5800; 4690.5900; 4690.6000; 4690.6100; 4690.6200; 4690.6300; 4690.6400; 4690.6500; 4690.6600; 4690.6700; 4690.6800; 4690.7000; 4690.7100; 4690.7200; 4690.7300; 4690.7400; 4690.7500; 4690.7600; 4690.7700; 4690.7800; 4690.8300, subparts 1, 2, 3, 4, and 5; and 4735.5000, are repealed.

ARTICLE 10

OTHER PROVISIONS

Section 1. Minnesota Statutes 1998, section 62E.11, is amended by adding a subdivision to read:

Subd. 13. [STATE FUNDING; EFFECT ON PREMIUM RATES OF MEMBERS.] In approving the premium rates as required in sections 62A.65, subdivision 3; and 62L.08, subdivision 8, the commissioners of health and commerce shall ensure that any appropriation to reduce the annual assessment made on the contributing members to cover the costs of the Minnesota comprehensive health insurance plan as required under this section is reflected in the premium rates charged by each contributing member.

Sec. 2. Minnesota Statutes 1998, section 116L.02, is amended to read:

116L.02 [JOB SKILLS PARTNERSHIP PROGRAM.]

(a) The Minnesota job skills partnership program is created to act as a catalyst to bring together employers with specific training needs with educational or other nonprofit institutions which can design programs to fill those needs. The partnership shall work closely with employers to train and place workers in identifiable positions as well as assisting educational or other nonprofit institutions in developing training programs that coincide with current and future employer requirements. The partnership shall provide grants to educational or other nonprofit institutions for the purpose of training displaced workers. A participating business must match the grant-in-aid made by the Minnesota job skills partnership. The match may be in the form of funding, equipment, or faculty.

(b) The partnership program shall administer the health care and human services worker training and retention program under sections 116L.10 to 116L.15.

Sec. 3. [116L.10] [PROGRAM ESTABLISHED.]

A health care and human services worker training and retention program is established to:

(1) alleviate critical worker shortages confronting specific geographical areas of the state, specific health care and human services industries, or specific providers when employers are not currently offering sufficient worker training and retention options and are unable to do so because of the limited size of the employer, economic circumstances, or other limiting factors described in the grant application and verified by the board; and

(2) increase opportunities for current and potential direct care employees to qualify for advanced employment in the health care or human services fields through experience, training, and education.

Sec. 4. [116L.11] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of sections 116L.10 to 116L.15, the terms defined in this section have the meanings given them unless the context clearly indicates otherwise.

Subd. 2. [ELIGIBLE EMPLOYER.] "Eligible employer" means a nursing facility, small rural hospital, intermediate care facility for persons with mental retardation or related conditions, waivered services provider, home health services provider, personal care assistant services provider, semi-independent living services provider, day training and habilitation services provider, or similar provider of health care or human services.

Subd. 3. [POTENTIAL EMPLOYEE TARGET GROUPS.] "Potential employee target groups" means high school students, past and present recipients of Minnesota family investment program benefits, immigrants, senior citizens, current health care and human services workers, and persons who are underemployed or unemployed.

Subd. 4. [QUALIFYING CONSORTIUM.] "Qualifying consortium" means an entity that may include a public or private institution of higher education, work force center, county, and one or more eligible employers, but must include a public or private institution of higher education and one or more eligible employers.

Sec. 5. [116L.12] [FUNDING MECHANISM.]

Subdivision 1. [APPLICATIONS.] A qualifying consortium shall apply to the board in the manner specified by the board.

Subd. 2. [FISCAL REQUIREMENTS.] The application must specify how the consortium will make maximum use of available federal and state training, education, and employment funds to minimize the need for training and retention grants. A consortium must designate a lead agency as the fiscal agent for reporting, claiming, and receiving payments. An institution of higher learning may be designated as a lead agency, but the governing board of a multicampus higher education system may not be given that designation.

Subd. 3. [PROGRAM TARGETS.] Applications for grants must describe targeted employers or types of employers and must describe the specific critical work force shortage the program is designed to alleviate. Programs may be limited geographically or be statewide. The application must include verification that in the process of determining that a critical work force shortage exists in the target area, the applicant has:

(1) consulted available data on worker shortages;

(2) conferred with other employers in the target area; and

(3) compared shortages in the target area with shortages at the regional or statewide level.

Subd. 4. [GRANTS.] Within the limits of available appropriations, the board shall make grants to qualifying consortia to operate local, regional, or statewide training and retention programs. Grant awards must establish specific, measurable outcomes and timelines for achieving those outcomes.

Subd. 5. [LOCAL MATCH REQUIREMENTS.] A consortium must provide at least a 50 percent match from local resources for money appropriated under this section. The local match requirement must be satisfied on an overall program basis but need not be satisfied for each particular client. The local match requirement may be reduced for consortia that include a relatively large number of small employers whose financial contribution has been reduced in accordance with section 116L.15. In-kind services and expenditures under section 116L.13, subdivision 2, may be used to meet this local match requirement. The grant application must specify the financial contribution from each member of the consortium.

Subd. 6. [INELIGIBLE WORKER CATEGORIES.] Grants shall not be made to alleviate shortages of physicians, physician assistants, or advanced practice nurses.

Subd. 7. [EVALUATION.] The board shall evaluate the success of consortia that receive grants in achieving expected outcomes and shall report to the legislature annually. The report must compare consortia in terms of overall program costs, costs per client, retention rates, advancement rates, and other outcome measurements established in the grantmaking process. The first report shall be due on March 15, 2000, and on January 15 annually in succeeding years. The report shall include any recommendations from the board to modify the grant program.

Sec. 6. [116L.13] [PROGRAM REQUIREMENTS.]

Subdivision 1. [MARKETING AND RECRUITMENT.] A qualifying consortium must implement a marketing and outreach strategy to recruit into the health care and human services fields persons from one or more of the potential employee target groups. Recruitment strategies must include a screening process to evaluate whether potential employees may be disqualified as the result of a required background check or are otherwise unlikely to succeed in the position for which they are being recruited.

Subd. 2. [RECRUITMENT AND RETENTION INCENTIVES.] Employer members of a consortium must provide incentives to train and retain employees. These incentives may include, but are not limited to:

(1) paid salary during initial training periods, but only if specifically approved by the board, which must certify that the employer has not formerly paid employees during the initial training period and is unable to do so because of the employer's limited size, financial condition, or other factors;

(2) scholarship programs under which a specified amount is deposited into an educational account for the employee for each hour worked, which may include contributions on behalf of an employee to an Edvest account under Minnesota Statutes, sections 136A.241 to 136A.245;

(3) the provision of advanced education to employees so that they may qualify for advanced positions in the health care or human services fields. This education may be provided at the employer's site, at the site of a nearby employer, or at a local educational institution or other site. Preference shall be given to grantees that offer flexible advanced training to employees at convenient sites, allow workers time off with pay during the work day to participate, and provide education at no cost to students or through employer-based scholarships that pay expenses prior to the start of classes rather than upon completion;

(4) work maturity or soft skills training, adult basic education, English as a second language instruction, and basic computer orientation for persons with limited previous attachment to the work force due to a lack of these skills;

(5) child care subsidies during training or educational activities;

(6) transportation to training and education programs; and

(7) programs to coordinate efforts by employer members of the consortium to share staff among employers where feasible, to pool employee and employer benefit contributions in order to enhance benefit packages, and to coordinate education and training opportunities for staff in order to increase the availability and flexibility of education and training programs.

Subd. 3. [WORK HOUR LIMITS.] High school students participating in a training and retention program shall not be permitted to work more than 20 hours per week when school is in session.

Subd. 4. [COLLECTIVE BARGAINING AGREEMENTS.] This section shall be implemented consistent with existing collective bargaining agreements covering health care and human services employees.

Sec. 7. [116L.14] [CAREER ENHANCEMENT REQUIREMENTS.]

All consortium members must work cooperatively to establish and maintain a career ladder program under which direct care staff have the opportunity to advance along a career development path that includes regular educational opportunities, coordination between job duties and educational opportunities, and a planned series of promotions for which qualified employees will be eligible. This section shall be implemented consistent with existing collective bargaining agreements covering direct care staff.

Sec. 8. [116L.15] [SMALL EMPLOYER PROTECTION.]

Grantees must guarantee that small employers, including licensed personal care assistant organizations, be allowed to participate in consortium programs. The financial contribution required from a small employer must be adjusted to reflect the employer's financial circumstances.

Sec. 9. Minnesota Statutes 1998, section 256.485, is amended to read:

256.485 [CHILD WELFARE SERVICES TO MINOR REFUGEES.]

Subdivision 1. [SPECIAL PROJECTS.] The commissioner of human services shall establish a grant program to provide specialized child welfare services to Asian and Amerasian refugees under the age of 18 who reside in Minnesota.

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

(a) "Refugee" means refugee or asylee status granted by the United States Immigration and Naturalization Service.

(b) "Child welfare services" means treatment or services, including workshops or training regarding independent living skills, coping skills, and responsible parenting, and family or individual counseling regarding career planning, intergenerational relationships and communications, and emotional or psychological stress.

Subd. 3. [PROJECT SELECTION.] The commissioner shall select projects for funding under this section. Projects selected must be administered by service providers who have experience in providing child welfare services to minor Asian and Amerasian refugees.

Subd. 4. [PROJECT DESIGN.] Project proposals selected under this section must:

(1) use existing resources when possible;

(2) provide bilingual services;

(3) clearly specify program goals and timetables for project operation;

(4) identify support services, social services, and referral procedures to be used; and

(5) identify the training and experience that enable project staff to provide services to targeted refugees, as well as the number of staff with bilingual service expertise.

Subd. 5. [ANNUAL REPORT.] Selected service providers must report to the commissioner by June 30 of each year on the number of refugees served, the average cost per refugee served, the number and percentage of refugees who are successfully assisted through child welfare services, and recommendations for modifications in service delivery for the upcoming year.

Subd. 6. [EXPIRATION.] This section expires June 30, 2001.

Sec. 10. [REPEALER.]

(a) Minnesota Statutes 1998, section 256.973, is repealed June 30, 2001.

(b) Laws 1997, chapter 225, article 6, section 8, is repealed.

Sec. 11. [EFFECTIVE DATE.]

Section 10, paragraph (b), is effective the day following final enactment.

ARTICLE 11

TOBACCO SETTLEMENT PAYMENTS

Section 1. [16A.86] [TOBACCO SETTLEMENT FUND.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] The tobacco settlement fund is established as a clearing account in the state treasury.

Subd. 2. [DEPOSIT OF MONEY.] The commissioner shall credit to the tobacco settlement fund the tobacco settlement payments received by the state on September 5, 1998, January 4, 1999, January 3, 2000, and January 2, 2001, as a result of the settlement of the lawsuit styled as State v. Philip Morris Inc., No. C1-94-8565 (Minnesota District Court, Second Judicial District).

Subd. 3. [APPROPRIATION.] Of the amounts credited to the fund, 61 percent is appropriated for transfer to the tobacco use prevention and local public health endowment fund created in section 144.395 and 39 percent is appropriated for transfer to the medical education endowment fund created in section 62J.694.

Subd. 4. [SUNSET.] The tobacco settlement fund expires June 30, 2015.

Sec. 2. [62J.694] [MEDICAL EDUCATION ENDOWMENT FUND.]

Subdivision 1. [CREATION.] The medical education endowment fund is created in the state treasury. The state board of investment shall invest the fund under section 11A.24. All earnings of the fund must be credited to the fund. The principal of the fund must be maintained inviolate.

Subd. 2. [EXPENDITURES.] (a) Earnings of the fund, up to five percent of the fair market value of the fund, are appropriated for medical education activities in the state of Minnesota. The appropriations are to be transferred quarterly for the purposes identified in the following paragraphs. Actual appropriations are not to exceed actual earnings.

(b) For fiscal year 2000, 70 percent of the appropriation in paragraph (a) is for transfer to the board of regents for the instructional costs of health professional programs at the academic health center and affiliated teaching institutions, and 30 percent of the appropriation is for transfer to the commissioner of health to be distributed for medical education under section 62J.692.

(c) For fiscal year 2001, 49 percent of the appropriation in paragraph (a) is for transfer to the board of regents for the instructional costs of health professional programs at the academic health center and affiliated teaching institutions, and 51 percent is for transfer to the commissioner of health to be distributed for medical education under section 62J.692.

(d) For fiscal year 2002, and each year thereafter, 42 percent of the appropriation in paragraph (a) may be appropriated by another law for the instructional costs of health professional programs at publicly funded academic health centers and affiliated teaching institutions, and 58 percent is for transfer to the commissioner of health to be distributed for medical education under section 62J.692.

(e) A maximum of $150,000 of each annual appropriation to the commissioner of health in paragraph (d) may be used by the commissioner for administrative expenses associated with implementing section 62J.692.

Subd. 3. [AUDITS REQUIRED.] The legislative auditor shall audit endowment fund expenditures to ensure that the money is spent for the purposes set out in this section.

Subd. 4. [SUNSET.] The medical education endowment fund expires June 30, 2015. Upon expiration, the commissioner of finance shall transfer the principal and any remaining interest to the general fund.

Sec. 3. [137.44] [HEALTH PROFESSIONAL EDUCATION BUDGET PLAN.]

The board of regents is requested to adopt a biennial budget plan for making expenditures from the medical education endowment fund dedicated for the instructional costs of health professional programs at publicly funded academic health centers and affiliated teaching institutions. The budget plan may be submitted as part of the University of Minnesota's biennial budget request.

Sec. 4. [144.395] [TOBACCO USE PREVENTION AND LOCAL PUBLIC HEALTH ENDOWMENT FUND.]

Subdivision 1. [CREATION.] The tobacco use prevention and local public health endowment fund is created in the state treasury. The state board of investment shall invest the fund under section 11A.24. All earnings of the fund must be credited to the fund. The principal of the fund must be maintained inviolate.

Subd. 2. [EXPENDITURES.] (a) Earnings of the fund, up to five percent of the fair market value of the fund on the preceding July 1, must be spent to reduce the human and economic consequences of tobacco use among the youth of this state through state and local tobacco prevention measures and efforts, and for other public health initiatives.

(b) Notwithstanding paragraph (a), on January 1, 2000, up to five percent of the fair market value of the fund is appropriated to the commissioner of health to distribute as grants under section 144.396, subdivisions 5 and 6, in accordance with allocations in paragraph (c), clauses (1) and (2). Up to $200,000 of this appropriation is available to the commissioner to conduct the statewide assessments described in section 144.396, subdivision 3.

(c) Beginning July 1, 2000, and on July 1 of each year thereafter, the money in paragraph (a) is appropriated as follows, except as provided in paragraphs (d) and (e):

(1) 67 percent to the commissioner of health to distribute as grants under section 144.396, subdivision 5, to fund statewide tobacco use prevention initiatives aimed at youth;

(2) 16.5 percent to the commissioner of health to distribute as grants under section 144.396, subdivision 6, to fund local public health initiatives aimed at tobacco use prevention in coordination with other local health-related efforts to achieve measurable improvements in health among youth; and

(3) 16.5 percent to the commissioner of health to distribute in accordance with section 144.396, subdivision 7.

(d) A maximum of $150,000 of each annual appropriation to the commissioner of health in paragraphs (b) and (c) may be used by the commissioner for administrative expenses associated with implementing this section.

(e) Beginning July 1, 2001, $1,100,000 of each annual appropriation to the commissioner under paragraph (c), clause (1), may be used to provide base level funding for the commissioner's tobacco prevention and control programs and activities. This appropriation must occur before any other appropriation under this subdivision.

Sec. 5. [144.396] [TOBACCO USE PREVENTION.]

Subdivision 1. [PURPOSE.] The legislature finds that it is important to reduce the prevalence of tobacco use among the youth of this state. It is a goal of the state to reduce tobacco use among youth by 30 percent by the year 2005, and to promote statewide and local tobacco use prevention activities to achieve this goal.

Subd. 2. [MEASURABLE OUTCOMES.] The commissioner, in consultation with other public, private, or nonprofit organizations involved in tobacco use prevention efforts, shall establish measurable outcomes to determine the effectiveness of the grants receiving funds under this section in reducing the use of tobacco among youth.

Subd. 3. [STATEWIDE ASSESSMENT.] The commissioner of health shall conduct a statewide assessment of tobacco-related behaviors and attitudes among youth to establish a baseline to measure the statewide effect of tobacco use prevention activities. The commissioner of children, families, and learning must provide any information requested by the commissioner of health as part of conducting the assessment. To the extent feasible, the commissioner of health should conduct the assessment so that the results may be compared to nationwide data.

Subd. 4. [PROCESS.] (a) The commissioner shall develop the criteria and procedures to allocate the grants under this section. In developing the criteria, the commissioner shall establish an administrative cost limit for grant recipients. The outcomes established under subdivision 2 must be specified to the grant recipients receiving grants under this section at the time the grant is awarded.

(b) A recipient of a grant under this section must coordinate its tobacco use prevention activities with other entities performing tobacco use prevention activities within the recipient's service area.

Subd. 5. [STATEWIDE TOBACCO PREVENTION GRANTS.] (a) The commissioner of health shall award competitive grants to eligible applicants for projects and initiatives directed at the prevention of tobacco use. The project areas for grants include:

(1) statewide public education and information campaigns which include implementation at the local level; and

(2) coordinated special projects, including training and technical assistance, a resource clearinghouse, and contracts with ethnic and minority communities.

(b) Eligible applicants may include, but are not limited to, nonprofit organizations, colleges and universities, professional health associations, community health boards, and other health care organizations. Applicants must submit proposals to the commissioner. The proposals must specify the strategies to be implemented to target tobacco use among youth, and must take into account the need for a coordinated statewide tobacco prevention effort.

(c) The commissioner must give priority to applicants who demonstrate that the proposed project:

(1) is research based or based on proven effective strategies;

(2) is designed to coordinate with other activities and education messages related to other health initiatives;

(3) utilizes and enhances existing prevention activities and resources; or

(4) involves innovative approaches preventing tobacco use among youth.

Subd. 6. [LOCAL TOBACCO PREVENTION GRANTS.] (a) The commissioner shall award grants to eligible applicants for local and regional projects and initiatives directed at tobacco prevention in coordination with other health areas aimed at reducing high-risk behaviors in youth that lead to adverse health-related problems. The project areas for grants include:

(1) school-based tobacco prevention programs aimed at youth and parents;

(2) local public awareness and education projects aimed at tobacco prevention in coordination with locally assessed community public health needs pursuant to chapter 145A; or

(3) local initiatives aimed at reducing high-risk behavior in youth associated with tobacco use and the health consequences of these behaviors.

(b) Eligible applicants may include, but are not limited to, community health boards, school districts, community clinics, Indian tribes, nonprofit organizations, and other health care organizations. Applicants must submit proposals to the commissioner. The proposals must specify the strategies to be implemented to target tobacco use among youth, and must be targeted to achieve the outcomes established in subdivision 2.

(c) The commissioner must give priority to applicants who demonstrate that the proposed project or initiative is:

(1) supported by the community in which the applicant serves;

(2) is based on research or on proven effective strategies;

(3) is designed to coordinate with other community activities related to other health initiatives;

(4) incorporates an understanding of the role of community in influencing behavioral changes among youth regarding tobacco use and other high-risk health-related behaviors; or

(5) addresses disparities among populations of color related to tobacco use and other high-risk health-related behaviors.

(d) The commissioner shall divide the state into specific geographic regions and allocate a percentage of the money available for distribution to projects or initiatives aimed at that geographic region. If the commissioner does not receive a sufficient number of grant proposals from applicants that serve a particular region or the proposals submitted do not meet the criteria developed by the commissioner, the commissioner shall provide technical assistance and expertise to ensure the development of adequate proposals aimed at addressing the public health needs of that region. In awarding the grants, the commissioner shall consider locally assessed community public health needs pursuant to chapter 145A.

Subd. 7. [LOCAL PUBLIC HEALTH PROMOTION AND PROTECTION.] The commissioner shall distribute the funds available under section 144.395, subdivision 2, paragraph (c), clause (3) to community health boards for local health promotion and protection activities for local health initiatives other than tobacco prevention aimed at high risk health behaviors among youth. The commissioner shall distribute these funds to the community health boards based on demographics and other need-based factors relating to health.

Subd. 8. [COORDINATION.] The commissioner shall coordinate the projects and initiatives funded under this section with the tobacco use prevention efforts of the Minnesota partnership for action against tobacco, community health boards, and other public, private, and nonprofit organizations and the tobacco prevention efforts that are being conducted on the national level.

Subd. 9. [EVALUATION.] (a) Using the outcome measures established in subdivision 2, the commissioner of health shall conduct a biennial evaluation of the statewide and local tobacco use prevention projects and community health board activities funded under this section. The evaluation must include:

(1) the effect of these activities on the amount of tobacco use by youth and rates at which youth start to use tobacco products; and

(2) a longitudinal tracking of outcomes for youth.

Grant recipients and community health boards shall cooperate with the commissioner in the evaluation and provide the commissioner with the information necessary to conduct the evaluation. Beginning January 15, 2003, the results of each evaluation must be submitted to the chairs and members of the house health and human services finance committee and the senate health and family security budget division.

(b) A maximum of $150,000 of the annual appropriation described in section 144.395, subdivision 2, paragraph (c), that is appropriated on July 1, 2000, and in every odd-numbered year thereafter, may be used by the commissioner to establish and maintain tobacco use monitoring systems and to conduct the evaluations. This appropriation is in addition to the appropriation in section 144.395, subdivision 2, paragraph (d).

Subd. 10. [REPORT.] The commissioner of health shall submit an annual report to the chairs and members of the house health and human services finance committee and the senate health and family security budget division on the statewide and local projects and community health board prevention activities funded under this section. These reports must include information on grant recipients, activities that were conducted using grant funds, and evaluation data and outcome measures, if available. These reports are due by January 15 of each year, beginning in 2001.

Subd. 11. [AUDITS REQUIRED.] The legislative auditor shall audit endowment fund expenditures to ensure that the money is spent for tobacco use prevention measures.

Subd. 12. [ENDOWMENT FUND NOT TO SUPPLANT EXISTING FUNDING.] Appropriations from the account must not be used as a substitute for traditional sources of funding tobacco use prevention activities or public health initiatives. Any local unit of government receiving money under this section must ensure that existing local financial efforts remain in place.

Subd. 13. [SUNSET.] The tobacco use prevention and local public health endowment fund expires June 30, 2015. Upon expiration, the commissioner of finance shall transfer the principal and only remaining interest to the general fund.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 3 and 5 are effective the day following final enactment.

Sec. 7. [IRRECONCILABLE PROVISIONS.]

Notwithstanding Minnesota Statutes, section 645.26, subdivision 3, if a bill styled as H. F. No. 2420 is enacted in the 1999 regular session of the legislature and contains a provision establishing a tobacco settlement fund, that provision is superseded by section 1."

Delete the title and insert:

"A bill for an act relating to the operation of state government; modifying provisions relating to health; health department; human services; human services department; long-term care; medical assistance; general assistance medical care; MinnesotaCare; senior drug program; home and community-based waivers; services for persons with disabilities; medical assistance reimbursement for special education and other services; county-based purchasing; group residential housing; state-operated services; chemical dependency; mental health; Minnesota family investment program; general assistance program; child support enforcement; adoption; recreational licenses; paternity; children in need of protection or services; termination of parental rights; child protection; veterans nursing homes board; health-related licensing boards; emergency medical services regulatory board; Minnesota state council on disability; ombudsman for mental health and mental retardation; ombudsman for families; creating a medical education endowment fund and a tobacco use prevention and local public health endowment fund; establishing the state board of physical therapy; modifying fees; providing penalties; requiring reports; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 13.99, subdivision 38a, and by adding a subdivision; 15.059, subdivision 5a; 16C.10, subdivision 5; 62A.045; 62E.11, by adding a subdivision; 62J.04, subdivision 3; 62J.06; 62J.07, subdivisions 1 and 3; 62J.09, subdivision 8; 62J.2930, subdivision 3; 62Q.03, subdivision 5a; 62Q.075; 62R.06, subdivision 1; 116L.02; 122A.09, subdivision 4; 125A.08; 125A.744, subdivision 3; 125A.76, subdivision 2; 144.05, by adding a subdivision; 144.065; 144.121, by adding a subdivision; 144.148; 144.1483; 144.1492, subdivision 3; 144.1761, subdivision 1; 144.413, subdivision 2; 144.414, subdivision 1; 144.4165; 144.56, subdivision 2b; 144.99, subdivision 1, and by adding a subdivision; 144A.073, subdivision 5; 144A.10, by adding subdivisions; 144A.46, subdivision 2; 144A.4605, subdivision 2; 144D.01, subdivision 4; 144E.001, by adding subdivisions; 144E.10, subdivision 1; 144E.11, by adding a subdivision; 144E.16, subdivision 4; 144E.18; 144E.27, by adding subdivisions; 144E.50, by adding a subdivision; 145.924; 145.9255, subdivisions 1 and 4; 145A.02, subdivision 10; 148.5194, subdivisions 2, 3, 4, and by adding a subdivision; 148.66; 148.67; 148.70; 148.705; 148.71; 148.72, subdivisions 1, 2, and 4; 148.73; 148.74; 148.75; 148.76; 148.78; 198.003, by adding a subdivision; 214.01, subdivision 2; 245.462, subdivisions 4 and 17; 245.4711, subdivision 1; 245.4712, subdivision 2; 245.4871, subdivisions 4 and 26; 245.4881, subdivision 1; 245A.04, subdivision 3a; 245A.08, subdivision 5; 245A.30; 245B.05, subdivision 7; 245B.07, subdivisions 5, 8, and 10; 246.18, subdivision 6; 252.28, subdivision 1; 252.291, by adding a subdivision; 252.32, subdivision 3a; 252.46, subdivision 6; 253B.045, by adding subdivisions; 253B.07, subdivision 1; 253B.185, by adding a subdivision; 254B.01, by adding a subdivision; 254B.03, subdivision 2; 254B.04, subdivision 1; 254B.05, subdivision 1; 256.01, subdivisions 2, 6, and by adding a subdivision; 256.014, by adding a subdivision; 256.015, subdivisions 1 and 3; 256.485; 256.87, subdivision 1a;

256.955, subdivisions 3, 4, 7, 8, and 9; 256.9685, subdivision 1a; 256.969, subdivision 1; 256.978, subdivision 1; 256B.04, subdivision 16, and by adding a subdivision; 256B.042, subdivisions 1, 2, and 3; 256B.055, subdivision 3a; 256B.056, subdivision 4; 256B.057, subdivision 3, and by adding a subdivision; 256B.0575; 256B.061; 256B.0625, subdivisions 6a, 8, 8a, 13, 19c, 20, 26, 28, 30, 32, 35, and by adding subdivisions; 256B.0627, subdivisions 1, 2, 4, 5, 8, and by adding subdivisions; 256B.0635, subdivision 3; 256B.0911, subdivision 6; 256B.0913, subdivisions 5, 10, 12, and 16; 256B.0916; 256B.0917, subdivision 8; 256B.094, subdivisions 3, 5, and 6; 256B.0951, subdivisions 1 and 3; 256B.0955; 256B.37, subdivision 2; 256B.431, subdivisions 2i, 17, 26, and by adding a subdivision; 256B.434, subdivisions 3, 4, 13, and by adding a subdivision; 256B.435; 256B.48, subdivisions 1, 1a, 1b, and 6; 256B.50, subdivision 1e; 256B.501, subdivision 8a; 256B.5011, subdivisions 1 and 2; 256B.69, subdivisions 3a, 5a, 5b, 5c, 6a, 6b, and by adding subdivisions; 256B.692, subdivision 2; 256B.75; 256B.76; 256B.77, subdivisions 7a, 8, 10, 14, and by adding subdivisions; 256D.03, subdivisions 3, 4, and 8; 256D.051, subdivision 2a, and by adding a subdivision; 256D.053, subdivision 1; 256D.06, subdivision 5; 256F.03, subdivision 5; 256F.05, subdivision 8; 256F.10, subdivisions 1, 4, 6, 7, 8, 9, and 10; 256I.04, subdivision 3; 256I.05, subdivisions 1, 1a, and by adding a subdivision; 256J.02, subdivision 2; 256J.08, subdivisions 11, 24, 65, 82, 83, 86a, and by adding subdivisions; 256J.11, subdivisions 2 and 3; 256J.12, subdivisions 1a and 2; 256J.14; 256J.20, subdivision 3; 256J.21, subdivisions 2, 3, and 4; 256J.24, subdivisions 2, 3, 7, 8, 9, and by adding a subdivision; 256J.26, subdivision 1; 256J.30, subdivisions 2, 7, 8, and 9; 256J.31, subdivisions 5 and 12; 256J.32, subdivisions 4 and 6; 256J.33; 256J.34, subdivisions 1, 3, and 4; 256J.35; 256J.36; 256J.37, subdivisions 1, 1a, 2, 9, and 10; 256J.38, subdivision 4; 256J.39, subdivision 1; 256J.42, subdivisions 1 and 5; 256J.43; 256J.45, subdivision 1, and by adding a subdivision; 256J.46, subdivisions 1, 2, and 2a; 256J.47, subdivision 4; 256J.48, subdivisions 2 and 3; 256J.50, subdivision 1; 256J.515; 256J.52, subdivisions 1, 3, 4, 5, and by adding a subdivision; 256J.54, subdivision 2; 256J.55, subdivision 4; 256J.56; 256J.57, subdivision 1; 256J.62, subdivisions 1, 6, 7, 8, 9, and by adding a subdivision; 256J.67, subdivision 4; 256J.74, subdivision 2; 256J.76, subdivisions 1, 2, and 4; 256L.03, subdivisions 5 and 6; 256L.04, subdivisions 2, 8, 11, and 13; 256L.05, subdivision 4, and by adding a subdivision; 256L.06, subdivision 3; 256L.07; 256L.15, subdivisions 1, 1b, and 2; 257.071, subdivisions 1, 1a, 1c, 1d, 1e, 3, and 4; 257.62, subdivision 5; 257.66, subdivision 3; 257.75, subdivision 2; 257.85, subdivisions 2, 3, 4, 5, 6, 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; 260.011, subdivision 2; 260.012; 260.015, subdivisions 2a, 13, 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, 1a, 1b, and 3b; 260.192; 260.221, subdivisions 1, 1a, 1b, 1c, 3, and 5; 326.40, subdivisions 2, 4, and 5; 518.10; 518.551, by adding a subdivision; 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; 626.556, subdivisions 2, 3, 4, 7, 10, 10b, 10d, 10e, 10f, 10i, 10j, 11, 11b, 11c, and by adding a subdivision; 626.558, subdivision 1; Laws 1995, chapters 178, article 2, section 46, subdivision 10; 207, articles 3, section 21; 8, section 41, as amended; 257, article 1, section 35, subdivision 1; Laws 1997, chapters 203, article 9, section 19; 225, article 4, section 4; and Laws 1998 chapter 407, article 7, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 16A; 62J; 116L; 127A; 137; 144; 144A; 144E; 148; 214; 245; 246; 252; 254A; 256; 256B; 256J; and 626; repealing Minnesota Statutes 1998, sections 13.99, subdivision 19m; 62J.69; 62J.77; 62J.78; 62J.79; 144.0723; 144.9507, subdivision 4; 144.9511; 144E.16, subdivisions 1, 2, 3, and 6; 144E.17; 144E.25; 144E.30, subdivisions 1, 2, and 6; 145.46; 254A.145; 256.973; 256B.434, subdivision 17; 256B.501, subdivision 3g; 256B.5011, subdivision 3; 256B.74, subdivisions 2 and 5; 256D.051, subdivisions 6 and 19; 256D.053, subdivision 4; 256J.03; 256J.30, subdivision 6; 256J.62, subdivisions 2, 3, and 5; 257.071, subdivisions 8 and 10; 462A.208; 548.091, subdivisions 3, 5, and 6; Laws 1997, chapters 85, article 1, section 63; 203, article 4, section 55; 225, article 6, section 8; and Laws 1998, chapter 407, article 2, section 104; Minnesota Rules, parts 4690.0100, subparts 4, 13, 15, 19, 20, 21, 22, 23, 24, 26, 27, and 29; 4690.0300; 4690.0400; 4690.0500; 4690.0600; 4690.0700; 4690.0800, subparts 1 and 2; 4690.0900; 4690.1000; 4690.1100; 4690.1200; 4690.1300; 4690.1600; 4690.1700; 4690.2100; 4690.2200, subparts 1, 3, 4, and 5; 4690.2300; 4690.2400, subparts 1, 2, and 3; 4690.2500; 4690.2900; 4690.3000; 4690.3700; 4690.3900; 4690.4000; 4690.4100; 4690.4200; 4690.4300; 4690.4400; 4690.4500; 4690.4600; 4690.4700; 4690.4800; 4690.4900; 4690.5000; 4690.5100; 4690.5200; 4690.5300; 4690.5400; 4690.5500; 4690.5700; 4690.5800; 4690.5900; 4690.6000; 4690.6100; 4690.6200; 4690.6300; 4690.6400; 4690.6500; 4690.6600; 4690.6700; 4690.6800; 4690.7000; 4690.7100; 4690.7200; 4690.7300; 4690.7400; 4690.7500; 4690.7600; 4690.7700; 4690.7800; 4690.8300, subparts 1, 2, 3, 4, and 5; and 4735.5000."

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

Senate Conferees: DON SAMUELSON, LINDA BERGLIN, SHEILA M. KISCADEN, EMBER R. JUNGE AND EDWARD C. OLIVER.

House Conferees: KEVIN GOODNO, FRAN BRADLEY AND LEE GREENFIELD.

Goodno moved that the report of the Conference Committee on S. F. No. 2225 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

Wenzel moved that the House refuse to adopt the Conference Committee report on S. F. No. 2225, and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Wenzel motion and the roll was called.

Abrams moved that those not voting be excused from voting. The motion prevailed.

There were 63 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Abeler	Fuller	Krinkie	Opatz	Schumacher	Van Dellen
Anderson, B.	Gerlach	Kubly	Osskopp	Seifert, J.	Vandeveer
Anderson, I.	Haake	Larsen, P.	Otremba	Seifert, M.	Wenzel
Broecker	Harder	Lenczewski	Ozment	Skoe	Westerberg
Buesgens	Hasskamp	Lieder	Paulsen	Smith	Westrom
Cassell	Holberg	Lindner	Pelowski	Solberg	Wilkin
Clark, J.	Howes	Milbert	Peterson	Stanek	Winter
Davids	Juhnke	Mulder	Pugh	Storm	Workman
Dehler	Kalis	Murphy	Reuter	Swenson	
Erickson	Kielkucki	Nornes	Rifenberg	Tuma	
Finseth	Knoblach	Olson	Rostberg	Tunheim	

Those who voted in the negative were:

Abrams	Dorman	Hackbarth	Larson, D.	Mullery	Tomassoni
Bakk	Dorn	Hausman	Leighton	Orfield	Trimble
Biernat	Entenza	Hilty	Leppik	Osthoff	Wagenius
Bishop	Erhardt	Holsten	Luther	Pawlenty	Wejcman
Boudreau	Folliard	Huntley	Mahoney	Rest	Westfall
Bradley	Gleason	Jaros	Mares	Rhodes	Wolf
Carlson	Goodno	Jennings	Mariani	Rukavina	Spk. Sviggum
Carruthers	Gray	Johnson	Marko	Seagren	
Chaudhary	Greenfield	Kahn	McCollum	Skoglund	
Daggett	Greiling	Kelliher	McElroy	Stang	
Dawkins	Gunther	Koskinen	McGuire	Sykora	
Dempsey	Haas	Kuisle	Molnau	Tingelstad	

The motion did not prevail.

The question recurred on the Goodno motion and the roll was called.

Abrams moved that those not voting be excused from voting. The motion prevailed.

There were 72 yeas and 57 nays as follows:

Those who voted in the affirmative were:

Abrams	Dorman	Hackbarth	Leighton	Ness	Skoglund
Bakk	Dorn	Hausman	Leppik	Nornes	Swenson
Biernat	Entenza	Hilty	Luther	Orfield	Sykora
Bishop	Erhardt	Holsten	Mahoney	Osthoff	Tingelstad
Boudreau	Finseth	Huntley	Mares	Ozment	Tomassoni
Bradley	Folliard	Jaros	Mariani	Pawlenty	Trimble
Broecker	Gleason	Johnson	Marko	Paymar	Wagenius
Carlson	Goodno	Kahn	McCollum	Rest	Wejcman
Carruthers	Greenfield	Kelliher	McElroy	Rhodes	Westfall
Chaudhary	Greiling	Koskinen	McGuire	Rukavina	Wolf
Daggett	Gunther	Kuisle	Molnau	Seagren	Workman
Dawkins	Haas	Larson, D.	Mullery	Skoe	Spk. Sviggum

Those who voted in the negative were:

Abeler	Fuller	Knoblach	Opatz	Schumacher	Van Dellen
Anderson, B.	Gerlach	Krinkie	Osskopp	Seifert, J.	Vandeveer
Anderson, I.	Haake	Kubly	Otremba	Seifert, M.	Wenzel
Buesgens	Harder	Larsen, P.	Paulsen	Smith	Westerberg
Cassell	Hasskamp	Lenczewski	Pelowski	Solberg	Westrom
Clark, J.	Holberg	Lindner	Peterson	Stanek	Wilkin
Davids	Howes	Milbert	Pugh	Stang	Winter
Dehler	Juhnke	Mulder	Reuter	Storm	
Dempsey	Kalis	Murphy	Rifenberg	Tuma	
Erickson	Kielkucki	Olson	Rostberg	Tunheim	

The motion prevailed.

S. F. No. 2225, A bill for an act relating to human services; appropriating money for the departments of human services and health, the veterans nursing homes board, the health-related boards, the emergency medical services board, the council on disability, the ombudsman for mental health and mental retardation, and the ombudsman for families; establishing the state board of physical therapy; amending Minnesota Statutes 1998, sections 13.99, subdivision 38a, and by adding a subdivision; 16A.76, subdivision 2; 16C.10, subdivision 5; 60A.15, subdivision 1; 62A.045; 62E.11, by adding a subdivision; 62J.69; 116L.02; 125A.08; 125A.21, subdivision 1; 125A.74, subdivisions 1 and 2; 144.065; 144.148; 144.1761, subdivision 1; 144.99, subdivision 1, and by adding a subdivision; 144A.073, subdivision 5; 144A.10, by adding subdivisions; 144A.46, subdivision 2; 144D.01, subdivision 4; 144E.001, by adding subdivisions; 144E.10, subdivision 1; 144E.11, by adding a subdivision; 144E.16, subdivision 4; 144E.18; 144E.27, by adding subdivisions; 144E.50, by adding a subdivision; 145.924; 145.9255, subdivisions 1 and 4; 145A.02, subdivision 10; 145.9255, subdivisions 1 and 4; 148.5194, subdivisions 2, 3, 4, and by adding a subdivision; 148.66; 148.67; 148.70; 148.705; 148.71; 148.72, subdivisions 1, 2, and 4; 148.73; 148.74; 148.75; 148.76; 148.78; 148B.32, subdivision 1; 150A.10, subdivision 1; 214.01, subdivision 2; 245.462, subdivisions 4 and 17; 245.4711, subdivision 1; 245.4712, subdivision 2; 245.4871, subdivisions 4 and 26; 245.4881, subdivision 1; 245A.04, subdivision 3a; 245A.08, subdivision 5; 245A.30; 245B.05, subdivision 7; 245B.07, subdivisions 5, 8, and 10; 246.18, subdivision 6; 252.28, subdivision 1; 252.291, by adding a subdivision; 252.32, subdivision 3a; 252.46,

subdivision 6; 253B.045, by adding subdivisions; 253B.07, subdivision 1; 253B.185, by adding a subdivision; 254B.01, by adding a subdivision; 254B.03, subdivision 2; 254B.04, subdivision 1; 254B.05, subdivision 1; 256.01, subdivision 2; 256.015, subdivisions 1 and 3; 256.87, subdivision 1a; 256.955, subdivisions 3, 4, 7, 8, and 9; 256.9685, subdivision 1a; 256.969, subdivision 1; 256B.04, subdivision 16, and by adding a subdivision; 256B.042, subdivisions 1, 2, and 3; 256B.055, subdivision 3a; 256B.056, subdivision 4; 256B.057, subdivision 3, and by adding a subdivision; 256B.0575; 256B.061; 256B.0625, subdivisions 6a, 8, 8a, 13, 19c, 20, 26, 28, 30, 32, 35, and by adding subdivisions; 256B.0627, subdivisions 1, 2, 4, 5, 8, and by adding subdivisions; 256B.0635, subdivision 3; 256B.064, subdivisions 1a, 1b, 1c, 2, and by adding a subdivision; 256B.0911, subdivision 6; 256B.0913, subdivisions 5, 10, 12, and 16; 256B.0917, subdivision 8; 256B.094, subdivisions 3, 5, and 6; 256B.37, subdivision 2; 256B.431, subdivisions 2i, 17, 26, and by adding a subdivision; 256B.434, subdivisions 3, 4, 13, and by adding a subdivision; 256B.435; 256B.48, subdivisions 1, 1a, 1b, and 6; 256B.50, subdivision 1e; 256B.501, subdivision 8a, and by adding a subdivision; 256B.5011, subdivisions 1 and 2; 256B.69, subdivisions 3a, 5b, 6a, 6b, and by adding subdivisions; 256B.692, subdivision 2; 256B.75; 256B.76; 256B.77, subdivisions 7a, 8, and by adding subdivisions; 256D.03, subdivisions 3, 4, and 8; 256D.051, subdivision 2a, and by adding a subdivision; 256D.053, subdivision 1; 256D.06, subdivision 5; 256F.03, subdivision 5; 256F.05, subdivision 8; 256F.10, subdivisions 1, 4, 6, 7, 8, 9, and 10; 256I.04, subdivision 3; 256I.05, subdivisions 1 and 1a; 256J.08, subdivisions 11, 24, 65, 82, 83, 86a, and by adding subdivisions; 256J.11, subdivisions 2 and 3; 256J.12, subdivisions 1a and 2; 256J.14; 256J.20, subdivision 3; 256J.21, subdivisions 2, 3, and 4; 256J.24, subdivisions 2, 3, 7, 8, 9, and by adding a subdivision; 256J.26, subdivision 1; 256J.30, subdivisions 2, 7, 8, and 9; 256J.31, subdivisions 5 and 12; 256J.32, subdivisions 4 and 6; 256J.33; 256J.34, subdivisions 1, 3, and 4; 256J.35; 256J.36; 256J.37, subdivisions 1, 1a, 2, 9, and 10; 256J.38, subdivision 4; 256J.42, subdivisions 1, 5, and by adding a subdivision; 256J.43; 256J.45, subdivision 1; 256J.46, subdivisions 1, 2, and 2a; 256J.47, subdivision 4; 256J.48, subdivisions 2 and 3; 256J.50, subdivision 1; 256J.515; 256J.52, subdivisions 1, 4, 8, and by adding a subdivision; 256J.55, subdivision 4; 256J.56; 256J.57, subdivision 1; 256J.62, subdivisions 1, 6, 7, 8, 9, and by adding a subdivision; 256J.67, subdivision 4; 256J.74, subdivision 2; 256J.76, subdivisions 1, 2, and 4; 256L.03, subdivisions 5 and 6; 256L.04, subdivisions 2, 7, 8, 11, and 13; 256L.05, subdivision 4, and by adding a subdivision; 256L.06, subdivision 3; 256L.07; 256L.15, subdivisions 1, 1b, 2, and 3; 257.071, subdivisions 1, 1a, 1c, 1d, 1e, 3, and 4; 257.66, subdivision 3; 257.75, subdivision 2; 257.85, subdivisions 2, 3, 4, 5, 6, 7, 9, and 11; 259.29, subdivision 2; 259.67, subdivisions 6 and 7; 259.73; 259.85, subdivisions 2, 3, and 5; 259.89, by adding a subdivision; 260.011, subdivision 2; 260.012; 260.015, subdivisions 2a, 13, and 29; 260.131, subdivision 1a; 260.133, subdivisions 1 and 2; 260.135, by adding a subdivision; 260.172, subdivision 1, and by adding a subdivision; 260.181, subdivision 3; 260.191, subdivisions 1, 1a, 1b, and 3b; 260.192; 260.221, subdivisions 1, 1a, 1b, 1c, 3, and 5; 326.40, subdivisions 2, 4, and 5; 518.10; 518.158, subdivisions 1 and 2; 518.551, by adding a subdivision; 518.5853, by adding a subdivision; 626.556, subdivisions 2, 3, 4, 7, 10, 10b, 10d, 10e, 10f, 10i, 10j, 11, 11b, 11c, and by adding a subdivision; and 626.558, subdivision 1; Laws 1995, chapter 178, article 2, section 46, subdivision 10; chapter 207, article 8, section 41, as amended; Laws 1997, chapter 203, article 9, section 19; Laws 1998, chapter 407, article 7, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 10; 62J; 116L; 137; 144; 144A; 144E; 148; 214; 245; 246; 252; 254A; 256; 256B; 256J; and 626; proposing coding for new law as Minnesota Statutes, chapter 256M; repealing Minnesota Statutes 1998, sections 62J.77; 62J.78; 62J.79; 144.0723; 144E.16, subdivisions 1, 2, 3, and 6; 144E.17; 144E.25; 144E.30, subdivisions 1, 2, and 6; 145.46; 256B.434, subdivision 17; 256B.501, subdivision 3g; 256B.5011, subdivision 3; 256B.74, subdivisions 2 and 5; 256D.051, subdivisions 6 and 19; 256D.053, subdivision 4; 256J.03; 256J.30, subdivision 6; 256J.53, subdivision 4; 256J.62, subdivisions 2, 3, and 5; 257.071, subdivisions 8 and 10; and 462A.208; Laws 1997, chapter 85, article 1, section 63; chapter 203, article 4, section 55; chapter 225, article 6, section 8; Laws 1998, chapter 407, article 2, section 104; Minnesota Rules, parts 4690.0100, subparts 4, 13, 15, 19, 20, 21, 22, 23, 24, 26, 27, and 29; 4690.0300; 4690.0400; 4690.0500; 4690.0600; 4690.0700; 4690.0800, subparts 1 and 2; 4690.0900; 4690.1000; 4690.1100; 4690.1200; 4690.1300; 4690.1600; 4690.1700; 4690.2100; 4690.2200, subparts 1, 3, 4, and 5; 4690.2300; 4690.2400, subparts 1, 2, and 3; 4690.2500; 4690.2900; 4690.3000; 4690.3700; 4690.3900; 4690.4000; 4690.4100; 4690.4200; 4690.4300; 4690.4400; 4690.4500; 4690.4600; 4690.4700; 4690.4800; 4690.4900; 4690.5000; 4690.5100; 4690.5200; 4690.5300; 4690.5400; 4690.5500; 4690.5700; 4690.5800; 4690.5900; 4690.6000; 4690.6100; 4690.6200; 4690.6300; 4690.6400; 4690.6500; 4690.6600; 4690.6700; 4690.6800; 4690.7000; 4690.7100; 4690.7200; 4690.7300; 4690.7400; 4690.7500; 4690.7600; 4690.7700; 4690.7800; 4690.8300, subparts 1, 2, 3, 4, and 5; and 4735.5000.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 76 yeas and 56 nays as follows:

Those who voted in the affirmative were:

Abrams	Entenza	Holsten	Luther	Osthoff	Tingelstad
Bakk	Erhardt	Huntley	Mahoney	Ozment	Tomassoni
Bishop	Finseth	Jaros	Mares	Pawlenty	Trimble
Boudreau	Folliard	Jennings	Mariani	Paymar	Wagenius
Bradley	Goodno	Johnson	Marko	Rest	Wejcman
Broecker	Gray	Kahn	McCollum	Rhodes	Westfall
Carlson	Greenfield	Kelliher	McGuire	Rukavina	Westrom
Carruthers	Greiling	Knoblach	Molnau	Seagren	Winter
Chaudhary	Gunther	Koskinen	Mullery	Skoe	Wolf
Daggett	Haas	Kuisle	Ness	Skoglund	Workman
Dempsey	Hackbarth	Leighton	Nornes	Stang	Spk. Sviggum
Dorman	Harder	Leppik	Opatz	Swenson	
Dorn	Hausman	Lieder	Orfield	Sykora	

Those who voted in the negative were:

Abeler	Erickson	Kalis	Mulder	Rifenberg	Tunheim
Anderson, B.	Fuller	Kielkucki	Murphy	Rostberg	Van Dellen
Anderson, I.	Gerlach	Krinkie	Olson	Schumacher	Vandeveer
Biernat	Gleason	Kubly	Osskopp	Seifert, J.	Wenzel
Buesgens	Haake	Larsen, P.	Otremba	Seifert, M.	Westerberg
Cassell	Hasskamp	Larson, D.	Paulsen	Smith	Wilkin
Clark, J.	Hilty	Lenczewski	Pelowski	Solberg	
Davids	Holberg	Lindner	Peterson	Stanek	
Dawkins	Howes	McElroy	Pugh	Storm	
Dehler	Juhnke	Milbert	Reuter	Tuma	

The bill was repassed, as amended by Conference, and its title agreed to.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 420

A bill for an act relating to cities; modifying the authority to establish a housing improvement area; amending Minnesota Statutes 1998, sections 428A.11, subdivision 6, and by adding subdivisions; 428A.13, subdivisions 1 and 3; 428A.14, subdivision 1; 428A.15; 428A.16; 428A.17; and 428A.19; repealing Minnesota Statutes 1998, section 428A.21.

May 17, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 420, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 420 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [BROOKLYN PARK; ECONOMIC DEVELOPMENT AUTHORITY.]

Subdivision 1. [HOUSING IMPROVEMENT AREAS.] The city of Brooklyn Park may, by resolution, authorize its economic development authority to exercise all or any part of the powers of the city under Minnesota Statutes, sections 428A.11 to 428A.20. The authority may establish one or more housing improvement areas within the city under that authority.

Subd. 2. [USE OF FEES.] The economic development authority may use fees permitted under Minnesota Statutes, section 428A.14, subdivision 1, to reimburse the authority for housing improvements or to pay bonds issued by the authority under Minnesota Statutes, section 428A.16.

Subd. 3. [BONDS.] With the approval of the governing body of the city, the authority may issue bonds secured by fees imposed under Minnesota Statutes, section 428A.14, and the full faith, credit, and taxing power of the city.

Sec. 2. [EFFECTIVE DATE.]

The provisions of this act are effective upon local approval by the governing body of the city of Brooklyn Park under Minnesota Statutes, section 645.021, and remain in effect without regard to the provisions of Minnesota Statutes, section 428A.21."

Delete the title and insert:

"A bill for an act relating to the city of Brooklyn Park; authorizing its economic development authority to exercise housing improvement powers and issue bonds."

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

House Conferees: BILL HAAS, ANN H. REST AND RON ABRAMS.

Senate Conferees: LINDA SCHEID, DOUGLAS J. JOHNSON AND WILLIAM V. BELANGER, JR.

Haas moved that the report of the Conference Committee on H. F. No. 420 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 420, A bill for an act relating to cities; modifying the authority to establish a housing improvement area; amending Minnesota Statutes 1998, sections 428A.11, subdivision 6, and by adding subdivisions; 428A.13, subdivisions 1 and 3; 428A.14, subdivision 1; 428A.15; 428A.16; 428A.17; and 428A.19; repealing Minnesota Statutes 1998, section 428A.21.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Abrams moved that those not voting be excused from voting. The motion prevailed.

There were 115 yeas and 16 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, B.	Holberg	Krinkie	Paulsen	Van Dellen	Workman
Buesgens	Howes	Molnau	Reuter	Vandeveer	
Gerlach	Kielkucki	Olson	Sykora	Wilkin	

The bill was repassed, as amended by Conference, and its title agreed to.

TAKEN FROM TABLE

Abrams moved that H. F. No. 2420, as amended by Conference, be taken from the table.

A roll call was requested and properly seconded.

The question was taken on the Abrams motion and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 119 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Abeler	Biernat	Bradley	Carlson	Chaudhary	Davids
Abrams	Bishop	Broecker	Carruthers	Clark, J.	Dehler
Anderson, B.	Boudreau	Buesgens	Cassell	Daggett	Dempsey

Dorman	Harder	Kubly	Molnau	Reuter	Trimble
Dorn	Hasskamp	Kuisle	Mullery	Rhodes	Tuma
Entenza	Hilty	Larsen, P.	Ness	Rifenberg	Tunheim
Erhardt	Holberg	Larson, D.	Nornes	Rostberg	Van Dellen
Erickson	Holsten	Leighton	Olson	Schumacher	Vandeveer
Finseth	Howes	Lenczewski	Opatz	Seagren	Wagenius
Folliard	Huntley	Leppik	Osskopp	Seifert, J.	Wejcman
Fuller	Jennings	Lieder	Osthoff	Seifert, M.	Wenzel
Gerlach	Johnson	Lindner	Otremba	Skoe	Westerberg
Gleason	Juhnke	Luther	Ozment	Skoglund	Westfall
Goodno	Kahn	Mahoney	Paulsen	Smith	Westrom
Greenfield	Kalis	Mares	Pawlenty	Stanek	Wilkin
Greiling	Kelliher	Marko	Paymar	Stang	Winter
Gunther	Kielkucki	McCollum	Pelowski	Storm	Wolf
Haake	Knoblach	McElroy	Peterson	Swenson	Workman
Haas	Koskinen	McGuire	Pugh	Sykora	Spk. Sviggum
Hackbarth	Krinkie	Milbert	Rest	Tingelstad	

Those who voted in the negative were:

Anderson, I.	Dawkins	Jaros	Orfield	Solberg
Bakk	Gray	Mariani	Rukavina	Tomassoni

The motion prevailed.

H. F. No. 2420, as amended by Conference, was again reported to the House.

H. F. No. 2420, A bill for an act relating to financing state and local government; providing a sales tax rebate; reducing individual income tax rates; making changes to income, sales and use, property, excise, mortgage registry and deed, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, aircraft registration, lawful gambling, taconite production, solid waste, and special taxes; establishing an agricultural homestead credit; changing and allowing tax credits, subtractions, and exemptions; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, review, appeal, abatement, and distribution provisions; extending levy limits and changing levy authority; providing for reverse referenda on certain levy increases; phasing out health care provider taxes; extending the suspension of the tax on certain insurance premiums; reducing tax rates on lawful gambling; changing tax increment financing law and providing special authority for certain cities; authorizing water and sanitary sewer districts; providing for the funding of courts in certain judicial districts; changing tax forfeiture and delinquency provisions; changing and clarifying tax administration, collection, enforcement, and penalty provisions; freezing the taconite production tax and providing for its distribution; providing for funding for border cities; changing fiscal note requirements; providing for deposit of tobacco settlement funds; providing for allocation of certain budget surpluses; requiring studies; establishing a task force; and providing for appointments; transferring funds; appropriating money; amending Minnesota Statutes 1998, sections 3.986, subdivision 2; 3.987, subdivision 1; 16A.152, subdivision 2, and by adding a subdivision; 16A.1521; 60A.15, subdivision 1; 62J.041, subdivision 1; 62Q.095, subdivision 6; 92.51; 97A.065, subdivision 2; 214.16, subdivisions 2 and 3; 270.07, subdivision 1; 270.65; 270.67, by adding a subdivision; 270B.01, subdivision 8; 270B.14, subdivision 1, and by adding a subdivision; 271.01, subdivision 5; 271.21, subdivision 2; 272.02, subdivision 1; 272.027; 272.03, subdivision 6; 273.11, subdivisions 1a and 16; 273.111, by adding a subdivision; 273.124, subdivisions 1, 7, 8, 13, 14, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.1382; 273.1398, subdivisions 2, 8, and by adding a subdivision; 273.1399, subdivision 6; 273.20; 274.01, subdivision 1; 275.065, subdivisions 3, 5a, 6, 8, and by adding a subdivision; 275.07, subdivision 1; 275.71, subdivisions 2, 3, and 4; 276.131; 279.37, subdivisions 1, 1a, and 2; 281.23, subdivisions 2, 4, and 6; 282.01, subdivisions 1, 4, and 7; 282.04, subdivision 2;

282.05; 282.08; 282.09; 282.241; 282.261, subdivision 4, and by adding a subdivision; 283.10; 287.01, subdivision 3, as amended; 287.05, subdivisions 1, as amended, and 1a, as amended; 289A.02, subdivision 7; 289A.18, subdivision 4; 289A.20, subdivision 4; 289A.31, subdivision 2; 289A.40, subdivisions 1 and 1a; 289A.50, subdivision 7, and by adding a subdivision; 289A.56, subdivision 4; 289A.60, subdivisions 3 and 21; 290.01, subdivisions 7, 19, 19a, 19b, 19f, 31, and by adding a subdivision; 290.06, subdivisions 2c, 2d, and by adding subdivisions; 290.0671, subdivision 1; 290.0672, subdivision 1; 290.0674, subdivisions 1 and 2; 290.091, subdivisions 1, 2, and 6; 290.0921, subdivision 5; 290.095, subdivision 3; 290.17, subdivisions 3, 4, and 6; 290.191, subdivisions 2 and 3; 290.9725; 290.9726, by adding a subdivision; 290A.03, subdivisions 3 and 15; 290B.03, subdivision 1; 290B.04, subdivisions 3 and 4; 290B.05, subdivision 1; 291.005, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 7; 295.53, subdivision 1; 295.55, subdivisions 2 and 3; 296A.16, by adding subdivisions; 297A.01, subdivision 15; 297A.15, subdivision 5; 297A.25, subdivisions 9, 11, 63, 73, and by adding subdivisions; 297A.48, by adding a subdivision; 297B.01, subdivision 7; 297B.03; 297E.01, by adding a subdivision; 297E.02, subdivisions 1, 3, 4, and 6; 297F.01, subdivision 23; 297F.17, subdivision 6; 297H.05; 297H.06, subdivision 2; 298.24, subdivision 1; 298.28, subdivision 9a; 299D.03, subdivision 5; 357.021, subdivision 1a; 360.55, by adding a subdivision; 375.192, subdivision 2; 383C.482, subdivision 1; 465.82, by adding a subdivision; 469.169, subdivision 12, and by adding a subdivision; 469.1735, by adding a subdivision; 469.176, subdivision 4g; 469.1763, by adding a subdivision; 469.1771, subdivision 1, and by adding a subdivision; 469.1791, subdivision 3; 469.1813, subdivisions 1, 2, 3, 6, and by adding a subdivision; 469.1815, subdivision 2; 473.249, subdivision 1; 473.252, subdivision 2; 473.253, subdivision 1; 477A.03, subdivision 2; 477A.06, subdivision 1; 485.018, subdivision 5; 487.02, subdivision 2; 487.32, subdivision 3; 487.33, subdivision 5; and 574.34, subdivision 1; Laws 1988, chapter 645, section 3; Laws 1997, chapter 231, article 1, section 19, subdivisions 1 and 3; Laws 1997, chapter 231, article 3, section 9; Laws 1997, First Special Session chapter 3, section 27; Laws 1997, Second Special Session chapter 2, section 6; Laws 1998, chapter 389, article 1, section 1; and Laws 1998, chapter 389, article 8, section 44, subdivisions 5, 6, and 7, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 62Q; 256L; 275; 297A; 469; and 473; repealing Minnesota Statutes 1998, sections 13.99, subdivision 86b; 16A.724; 16A.76; 92.22; 144.1484, subdivision 2; 256L.02, subdivision 3; 273.11, subdivision 10; 280.27; 281.13; 281.38; 284.01; 284.02; 284.03; 284.04; 284.05; 284.06; 295.50; 295.51; 295.52; 295.53; 295.54; 295.55; 295.56; 295.57; 295.58; 295.582; 295.59; 297E.12, subdivision 3; 297F.19, subdivision 4; 297G.18, subdivision 4; and 473.252, subdivisions 4 and 5; Laws 1997, chapter 231, article 1, section 19, subdivision 2; and Laws 1998, chapter 389, article 3, section 45.

The bill, as amended by Conference, was placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 119 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Haake	Koskinen	McElroy	Pawlenty
Abrams	Dehler	Haas	Krinkie	McGuire	Paymar
Anderson, B.	Dempsey	Hackbarth	Kubly	Milbert	Pelowski
Bakk	Dorman	Harder	Kuisle	Molnau	Peterson
Biernat	Dorn	Hasskamp	Larsen, P.	Mulder	Pugh
Bishop	Entenza	Holberg	Larson, D.	Mullery	Rest
Boudreau	Erhardt	Holsten	Leighton	Murphy	Rhodes
Bradley	Erickson	Howes	Lenczewski	Ness	Rifenberg
Broecker	Finseth	Huntley	Leppik	Nornes	Rostberg
Buesgens	Folliard	Jennings	Lieder	Olson	Schumacher
Carlson	Fuller	Johnson	Lindner	Opatz	Seagren
Carruthers	Gerlach	Juhnke	Luther	Osskopp	Seifert, J.
Cassell	Gleason	Kalis	Mahoney	Osthoff	Seifert, M.
Chaudhary	Goodno	Kelliher	Mares	Otremba	Skoe
Clark, J.	Greenfield	Kielkucki	Marko	Ozment	Skoglund
Daggett	Gunther	Knoblach	McCollum	Paulsen	Smith

Solberg	Swenson	Trimble	Vandeveer	Westfall	Wolf
Stanek	Sykora	Tuma	Wagenius	Westrom	Workman
Stang	Tingelstad	Tunheim	Wenzel	Wilkin	Spk. Sviggum
Storm	Tomassoni	Van Dellen	Westerberg	Winter	

Those who voted in the negative were:

Anderson, I.	Greiling	Jaros	Orfield	Wejcman
Dawkins	Hausman	Kahn	Reuter	
Gray	Hilty	Mariani	Rukavina	

The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2333, A bill for an act relating to education; prekindergarten through grade 12; providing for general education; special programs; lifework development; facilities and technology; education excellence; other programs; nutrition programs; libraries; education policy; and state agencies; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 43A.18, subdivision 4a; 119A.01, subdivisions 1 and 2; 120A.22, subdivision 5; 120A.24, subdivision 1; 120A.41; 121A.15, subdivision 1; 121A.23; 121A.45, subdivision 2; 122A.07, subdivision 1; 122A.18, by adding a subdivision; 122A.28; 122A.60, subdivision 3; 122A.61, subdivisions 1 and 2; 123A.05, subdivision 2; 123A.48, subdivision 10; 123B.195; 123B.36, subdivision 1; 123B.49, subdivision 4; 123B.53, subdivisions 4, 5, and 6; 123B.54; 123B.57, subdivision 4; 123B.61; 123B.75, by adding a subdivision; 123B.79, by adding a subdivision; 123B.92, subdivision 9; 123B.93; 124C.55, by adding a subdivision; 124D.10, subdivisions 3, 4, 5, 6, 10, 11, and by adding a subdivision; 124D.11, subdivisions 4, 6, 7, 8, and by adding a subdivision; 124D.453, subdivision 3; 124D.454; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.87; 124D.88, subdivision 3; 124D.94, subdivisions 3, 6, and 7; 125A.09, subdivision 4; 125A.50, subdivisions 2 and 5; 125A.75, subdivision 8; 125A.76, subdivisions 1, 4, and 5; 125A.79, subdivisions 1, 2, and by adding subdivisions; 125B.05, subdivision 3; 125B.20; 126C.05, subdivisions 1, 3, 15, and by adding a subdivision; 126C.10, subdivisions 1, 2, 3, 4, 10, 14, 19, 21, and by adding subdivisions; 126C.12; 126C.13, subdivisions 1 and 2; 126C.15; 126C.17, subdivisions 2, 5, and 6; 126C.40, subdivision 4; 126C.42, subdivisions 1 and 2; 126C.46; 126C.63, subdivisions 5 and 8; 126C.69, subdivisions 2 and 9; 127A.44, subdivision 2; 127A.45, subdivisions 2, 3, 4, 13, and by adding a subdivision; 127A.47, subdivisions 2 and 7; 127A.49, subdivisions 2 and 3; 128C.01, subdivisions 4 and 5; 128C.02, by adding a subdivision; 128C.12, subdivision 1; 128C.20; and 626.556, by adding a subdivision; Laws 1993, chapter 224, article 3, section 32, as amended; Laws 1995, First Special Session chapter 3, article 12, section 7, as amended; Laws 1996, chapter 412, article 1, section 35; Laws 1997, First Special Session chapter 4, article 1, section 61, subdivisions 1, 2, 3, as amended, and 4; article 2, section 51, subdivision 29, as amended; article 8, section 4; article 9, section 13; and Laws 1998, chapter 397, article 12, section 8; chapter 398, article 6, sections 38 and 39; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 124D; 125A; 125B; 128C; and 134; repealing Minnesota Statutes 1998, sections 120B.05; 122A.31, subdivision 4; 123B.05; 123B.64, subdivisions 1, 2, 3, and 4; 123B.92, subdivisions 2, 4, 6, 7, 8, and 10; 124D.112; 124D.113; 124D.116; 124D.24; 124D.25;

124D.26; 124D.27; 124D.28; 124D.29; 124D.30; 124D.32; 124D.453; 124D.65, subdivision 3; 124D.67; 124D.70; 124D.90; 125A.76, subdivision 6; 125A.77; 125A.79, subdivision 3; 126C.05, subdivision 4; 126C.06; 127A.45, subdivision 5; 134.155; 135A.081; Laws 1995, First Special Session chapter 3, article 3, section 11; Laws 1997, First Special Session chapter 4, article 1, section 62, subdivision 5; article 2, section 51, subdivision 10; article 3, section 5; and article 8, section 5; and Laws 1998, chapter 398, article 2, section 57.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1876.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1876

A bill for an act relating to public finance; imposing and modifying conditions and limitations on the use of public debt; reenacting certain provisions relating to taxes, abatements, and tax increments; requiring a study of the taxation of forest land; amending Minnesota Statutes 1998, sections 126C.55, subdivision 7; 272.02, by adding a subdivision; 373.01, subdivision 3; 410.32; 412.301; 469.015, subdivision 4; 469.155, subdivision 4; 473.39, by adding a subdivision; 475.56; and 475.60, subdivisions 1 and 3.

May 17, 1999

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1876, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 1876 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 126C.55, subdivision 7, is amended to read:

Subd. 7. [ELECTION AS TO MANDATORY APPLICATION.] A district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, to notify the commissioner of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those debt obligations when due. If the district obligates itself to be bound by this section, it must covenant in the resolution that authorizes the issuance

of the debt obligations to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner under subdivision 1 that it will be unable to make all or a portion of that payment. A district that has obligated itself must include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. Funds invested in a refunding escrow account established under section 475.67 that are to become available to the paying agent on a principal or interest payment date are deemed to be on deposit with the paying agent three business days before the payment date. If a district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt obligations and a district is unable to make payments on one or more of those issues, the district must continue to make payments on the remaining issues.

Sec. 2. Minnesota Statutes 1998, section 272.02, is amended by adding a subdivision to read:

Subd. 1b. [TREATMENT OF PROPERTY OF CERTAIN LIMITED LIABILITY COMPANIES.] For purposes of the exemptions granted by subdivision 1, property owned or operated by a limited liability company consisting of a sole member shall be treated as if owned or operated by that member.

Sec. 3. Minnesota Statutes 1998, section 383D.41, subdivision 1, is amended to read:

Subdivision 1. [~~HOUSING AND REDEVELOPMENT AUTHORITY~~ COMMUNITY DEVELOPMENT AGENCY.] There is ~~hereby~~ created in Dakota county a public body corporate and politic, to be known as the Dakota county ~~housing and redevelopment authority~~ community development agency, having all of the powers and duties of a housing and redevelopment authority under sections 469.001 to 469.047; ~~which act applies~~ and all powers and duties of a county housing and redevelopment authority under any other provisions of Minnesota law. Sections 469.001 to 469.047 and 469.090 to 469.1081 apply to the county of Dakota. For the purposes of applying the provisions of ~~the municipal housing and redevelopment act~~ sections 469.001 to 469.047 and 469.090 to 469.1081 to Dakota county, and subject to the provisions of this section, the county has all of the powers and duties of a municipality, the county board has all of the powers and duties of a governing body, the chair of the county board has all of the powers and duties of a mayor, and the area of operation includes the area within the territorial boundaries of the county.

Sec. 4. Minnesota Statutes 1998, section 383D.41, subdivision 2, is amended to read:

Subd. 2. This section shall not limit or restrict any existing housing and redevelopment authority or prevent a municipality from creating an authority. ~~The county shall not exercise jurisdiction in any municipality where a municipal housing and redevelopment authority is established.~~ A municipal housing and redevelopment authority may request the Dakota county ~~housing and redevelopment authority~~ community development agency to handle the housing duties of the authority ~~and, in such an event,~~. If the municipal authority makes the request, the Dakota county ~~housing and redevelopment authority~~ community development agency shall act and have exclusive jurisdiction for housing in the municipality pursuant to sections 469.001 to 469.047. A transfer of duties relating to housing ~~shall~~ does not transfer any duties relating to redevelopment.

Sec. 5. Minnesota Statutes 1998, section 383D.41, subdivision 3, is amended to read:

Subd. 3. If any housing ~~or~~ project, development district, redevelopment project, or economic development project is constructed in Dakota county pursuant to this authorization, and ~~such~~ the project is within the boundaries of any incorporated home rule charter or statutory city, the location of ~~such~~ the project ~~shall~~ must be approved by the governing body of the city, and:

(1) in the case of any housing project or housing development project, by the municipal housing and redevelopment authority established for the city if it has not previously requested that the Dakota county community development agency or its predecessor agency handle the housing duties of the authority; or

(2) in the case of any redevelopment project by the municipal housing and redevelopment authority established for the city.

Sec. 6. Minnesota Statutes 1998, section 383D.41, is amended by adding a subdivision to read:

Subd. 7. [DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY.] (a) After December 31, 1999, the Dakota county housing and redevelopment authority shall be known as the Dakota county community development agency. In addition to the other powers granted in this section, the Dakota county community development agency shall have the powers of an economic development authority under sections 469.090 to 469.1081 that are granted to the agency by resolution adopted by the Dakota county board of commissioners, except as provided in paragraph (b). The agency may exercise any of the powers granted to it under sections 469.001 to 469.047 and any of the powers of an economic development authority granted to it by the Dakota county board of commissioners for the purposes described in these sections.

(b) The Dakota county community development agency may not levy the tax described in section 469.107, but with the approval of the Dakota county board may increase its levy of the special tax described in section 469.033, subdivision 6, to an amount not exceeding 0.01813 percent of net tax capacity, or any higher limit authorized under section 469.107 or 469.033, subdivision 6.

Sec. 7. Minnesota Statutes 1998, section 383D.41, is amended by adding a subdivision to read:

Subd. 8. [OFFERS OF TAX-FORFEITED LANDS.] Notwithstanding any other law, Dakota county may offer to the Dakota county community development agency, under the conditions and policies established by the county, nonconservation tax-forfeited land prior to making the properties available to cities in Dakota county.

Sec. 8. Minnesota Statutes 1998, section 469.155, subdivision 4, is amended to read:

Subd. 4. [REFINANCING ~~HEALTH~~ NONPROFIT FACILITIES.] It may issue revenue bonds to pay, purchase, or discharge all or any part of the outstanding indebtedness of a contracting party that is an organization described in section 501(c)(3) of the Internal Revenue Code primarily engaged in health care-related activities or in activities for mentally or physically disabled persons or that is engaged primarily in the operation of one or more nonprofit hospitals or nursing homes previously incurred in the acquisition or betterment of its existing ~~hospital or nursing home~~ facilities to the extent deemed necessary by the governing body of the municipality or redevelopment agency; this may include any unpaid interest on the indebtedness accrued or to accrue to the date on which the indebtedness is finally paid, and any premium the governing body of the municipality or redevelopment agency determines to be necessary to be paid to pay, purchase, or defease the outstanding indebtedness. If revenue bonds are issued for this purpose, the refinancing and the existing properties of the contracting party shall be deemed to constitute a project under section 469.153, subdivision 2, clause (b), (c), or (d).

Sec. 9. Minnesota Statutes 1998, section 469.305, subdivision 1, is amended to read:

Subdivision 1. [INCENTIVE GRANTS.] (a) An incentive grant is available to businesses located in an enterprise zone that meet the conditions of this section. Each city designated as an enterprise zone is allocated $3,000,000 to be used to provide grants under this section for the duration of the program. Each city of the second class designated as an economically depressed area by the United States Department of Commerce is allocated $300,000 to be used to provide grants under this section for the duration of the program. For fiscal year 1998 and subsequent years, the proration in section 469.31 shall continue to apply until the amount designated in this subdivision is expended. For the allocation in fiscal year 1998 and subsequent years, the commissioner may use up to 15 percent of the allocation to the city of Minneapolis for a grant to the city of Minneapolis and up to 15 percent of the allocation to the city of St. Paul for a grant to the city of St. Paul, for administration of the program or employment services provided to the

employers and employees involved in the incentive grant program under this section. The commissioner may authorize the use of grant funds for employer-focused workforce development initiatives designed to promote the hiring and retention of city residents.

(b) The incentive grant is in an amount equal to 20 percent of the wages paid to an employee, not to exceed $5,000 per employee per calendar year. The incentive grant is available to an employer for a zone resident employed in the zone at full-time wage levels of not less than 110 percent of the federal poverty level for a family of four, as determined by the United States Department of Agriculture. The incentive grant is not available to workers employed in construction or employees of financial institutions, gambling enterprises, public utilities, sports, fitness, and health facilities, or racetracks. The employee must be employed at that rate at the time the business applies for a grant, and must have been employed for at least one year at the business. A grant may be provided only for new jobs; for purposes of this section, a "new job" is a job that did not exist in Minnesota before May 6, 1994. The incentive grant authority is available for the five calendar years after the application has been approved to the extent the allocation to the city remains available to fund the grants, and if the city certifies to the commissioner on an annual basis that the business is in compliance with the plan to recruit, hire, train, and retain zone residents. The employer may designate an organization that provides employment services to receive all or a portion of the employer's incentive grant.

Sec. 10. Minnesota Statutes 1998, section 473.39, is amended by adding a subdivision to read:

Subd. 1g. [OBLIGATIONS; 2000-2002.] In addition to the authority in subdivisions 1a, 1b, 1c, 1d, and 1e, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding $36,000,000, which may be used for capital expenditures, other than for construction, maintenance, or operation of light rail transit, as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. The funds must be proportionally spent on capital improvement projects as recommended by the regional transit capital evaluation committee.

Sec. 11. [APPLICATION.]

Section 10 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 12. Minnesota Statutes 1998, section 473.898, subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS.] (a) The principal amount of the bonds issued pursuant to subdivision 1, exclusive of any original issue discount, shall not exceed the amount of $10,000,000 plus the amount the council determines necessary to pay the costs of issuance, fund reserves, debt service, and pay for any bond insurance or other credit enhancement.

(b) In addition to the amount authorized under paragraph (a), the council may issue bonds under subdivision 1 in a principal amount of $3,306,300, plus the amount the council determines necessary to pay the cost of issuance, fund reserves, debt service, and any bond insurance or other credit enhancement. The proceeds of bonds issued under this paragraph may not be used to finance portable or subscriber radio sets.

Sec. 13. Minnesota Statutes 1998, section 475.56, is amended to read:

475.56 [INTEREST RATE.]

(a) Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons, but the highest aggregate rate of interest contracted to be so paid for any period shall not exceed the maximum rate authorized by law. Such higher rate may also be represented in part by the issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount required

by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid; but if the principal amount of the entire series exceeds its cash sale price, such excess shall not, when added to the total amount of interest payable on all obligations of the series to their stated maturity dates, cause the average annual rate of such interest to exceed the maximum rate authorized by law. This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

(b) Any municipality issuing obligations under any law may sell original issue discount obligations having a stated principal amount in excess of the authorized amount and the sale price, provided that:

(1) the sale price does not exceed by more than two percent the amount of obligations otherwise authorized to be issued;

(2) the underwriting fee, discount, or other sales or underwriting commission does not exceed two percent of the sale price; and

(3) the discount rate necessary to present value total principal and interest payments over the term of the issue to the sale price does not exceed the lesser of the maximum rate permitted by law for municipal obligations or ten percent.

(c) Any obligation of an issue of obligations otherwise subject to section 475.55, subdivision 1, may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality, but the rate of interest for any period shall not exceed the maximum rate of interest for the obligations determined in accordance with section 475.55, subdivision 1. For purposes of section 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term shall be determined as if their rate of interest is the maximum rate permitted for the obligations under section 475.55, subdivision 1, or the lesser maximum rate of interest payable on the obligations in accordance with their terms, but if the interest rate is subsequently converted to a fixed rate the levy may be modified to provide at least five percent in excess of amounts necessary to pay principal of and interest at the fixed rate on the obligations when due. For purposes of computing debt service or interest pursuant to section 475.67, subdivision 12, interest throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the rate of interest first borne by the bonds. The provisions of this paragraph do not apply to obligations issued by a statutory or home rule charter city with a population of less than 7,500, as defined in section 477A.011, subdivision 3, or to obligations that are not rated A or better, or an equivalent subsequently established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating agency, except that any statutory or home rule charter city, regardless of population or bond rating, may issue variable rate obligations as a participant in a bond pooling program established by the league of Minnesota cities that meets this bond rating requirement.

Sec. 14. Minnesota Statutes 1998, section 475.58, is amended by adding a subdivision to read:

Subd. 3a. [YOUTH ICE FACILITIES.] A municipality may, without regard to the election requirement under subdivision 1 or under any other provision of law or home rule charter, issue and sell obligations to refund existing debt of an indoor ice arena that is used predominantly for youth athletic activity if all the following conditions are met:

(1) the obligations are secured by a pledge of revenues from the facility; and

(2) the governing body of the municipality finds, based on analysis provided by a professional experienced in finance, that the facility's revenues and other available money will be sufficient to pay the obligations, without reliance on a property tax levy or the municipality's general purpose state aid.

Sec. 15. Minnesota Statutes 1998, section 475.60, subdivision 1, is amended to read:

Subdivision 1. [ADVERTISEMENT.] All obligations shall be negotiated and sold by the governing body, except when authority therefor is delegated by the governing body or by the charter of the municipality to a board, department, or officers of the municipality. Except as provided in section 475.56, obligations shall be sold at not

less than par value plus accrued interest to date of delivery and not greater than two percent greater than the amount authorized to be issued plus accrued interest. Except as provided in subdivision 2 all obligations shall be sold at ~~public~~ competitive sale after notice given ~~at least ten days in advance by publication in a legal newspaper having general circulation in the municipality and ten days in advance by publication in a daily or weekly periodical published in a Minnesota city of the first class, or its metropolitan area, which circulates throughout the state and furnishes financial news as a part of its service~~ as provided in subdivision 3.

Sec. 16. Minnesota Statutes 1998, section 475.60, subdivision 3, is amended to read:

Subd. 3. [PUBLISHED NOTICE.] ~~Published notice~~ The notice of sale to prospective bidders, where required, shall specify the maximum principal amount of the obligations, the place of receipt and consideration of bids and ~~such~~ other details as to the obligations and terms of sale as the governing body or the municipality's authorized financial consultant deems suitable. The ~~published~~ notice shall either specify the date and time for receipt of bids or ~~provide that the bids will be received at a date and time not less than ten nor more than 60 days after the date of publication. If the published notice does not state the specific date or amount for the sale, it shall~~ specify the manner in which notice of the date or amount of the sale will be given to prospective bidders. Notification of prospective bidders shall be given by mail, facsimile, electronic data transmission or other form of communication common to the municipal bond trade at least ~~four~~ two days (omitting Saturdays, Sundays, and legal holidays) before the date for receipt of bids to at least five firms determined by the governing body or its financial consultant to be prospective bidders, or shall be published in a newspaper or other periodical which circulates throughout the state and furnishes financial news as part of its service. ~~If within five days after the date of publication a prospective bidder requests in writing to be notified by mail, the municipality shall do so.~~ Failure to give the notice as described in ~~the preceding sentence to a bidder~~ this subdivision shall not affect the validity of the ~~sale or of the~~ obligations. Bids may be accepted by facsimile or other electronic transmission or in writing as specified by the governing body or its financial consultant. The governing body may employ an agent to receive and open the bids at any place within or outside the corporate limits of the municipality, in the presence of an officer of the municipality or the officer's designee, but the obligations shall not be sold except by action of the governing body or authorized officers of the municipality after communication of the bids to them. Additional notice may be given for such time and in such manner as the governing body deems suitable. At the time and place so fixed, the bids shall be ~~opened~~ considered and the offer complying with the terms of sale and deemed most favorable shall be accepted, but the governing body may reject any and all such offers, in which event, or if no offers have been received, it may award the obligations to any person who within 30 days thereafter presents an offer complying with the terms of sale and deemed more favorable than any received previously, or upon like notice the governing body may invite other bids upon the same or different terms and conditions~~, except that if the original published notice does not state the specific date or amount for the sale and if the material terms and conditions of the sale remain the same, except for the date and amount, notice of the date or amount may be given in the manner provided above~~.

Sec. 17. [CUYUNA RANGE JOINT POWERS ECONOMIC DEVELOPMENT AUTHORITY.]

The Cuyuna Range joint powers economic development authority, originally established by resolutions of the member cities, is authorized to act as an economic development authority and may exercise the powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.1081, that are delegated to it by the member cities, including, without limitation, the authority to own and operate a civic center facility that includes athletic and other public facilities.

Sec. 18. [CERTAIN TAXES.]

The provisions of Laws 1997, chapter 231, article 1, sections 4, 5, 6, 8, and 15, are reenacted.

Sec. 19. [TAX ABATEMENT.]

The provisions of Laws 1997, chapter 231, article 2, sections 45 to 48, inclusive, are reenacted.

Sec. 20. [TAX INCREMENT.]

The provisions of Laws 1997, chapter 231, article 10, are reenacted.

Sec. 21. [CITY OF DULUTH; REFUNDING BONDS; DULUTH ENTERTAINMENT AND CONVENTION CENTER AUTHORITY.]

The Duluth city council may by ordinance provide for the issuance and sale of general obligation revenue refunding bonds to refund in advance of their maturity, the city's gross revenue recreation facility bonds Duluth Entertainment Convention Center/Imax Dome Theater Project series 1994, dated as of December 1, 1994. These refunding bonds must be issued with the full faith and credit of the city. The Duluth entertainment and convention center authority shall pledge the net revenues of the authority's facilities for payment and principal and interest on these refunding bonds. The issuance of the refunding bonds is subject to the provisions of Minnesota Statutes, chapter 475, except that no election is required unless a referendum on the ordinance is required under section 52 of the Duluth city charter.

Sec. 22. [AUTHORIZATION.]

If the Long Prairie housing and redevelopment authority issues bonds under Minnesota Statutes, section 469.034, subdivision 2, to provide funds to renovate the Hotel Reichert building on the National Register of Historic Places for a qualified housing development project, the project is not required to be owned by the authority for the term of the bonds. The bonds are subject to all other requirements of Minnesota Statutes, section 469.034, subdivision 2.

Sec. 23. [COMPETITIVE BIDDING; STRUCTURED PARKING.]

A structured parking facility qualifies under Minnesota Statutes, section 469.015, subdivision 4, paragraph (a), clause (2)(i), if the structured parking facility is immediately adjacent to the development and the bonds are issued before February 1, 2000.

Sec. 24. [BONDS AUTHORIZED.]

The city of Woodbury may issue general obligations to provide funding for the construction of a highway interchange at the intersection of I-494 and Tamarack Road and for road and bridge improvements on the portion of the interchange that are required as a result of construction of the interchange. The obligations must be issued under Minnesota Statutes, chapter 475, except that no referendum is required under Minnesota Statutes, section 475.58.

Sec. 25. [INSTRUCTION TO THE REVISOR.]

In the 2000 edition of Minnesota Statutes, the revisor of statutes shall change "Dakota county housing and redevelopment authority" to "Dakota county community development agency" wherever it appears.

Sec. 26. [EFFECTIVE DATES.]

Sections 3 to 7 are effective upon compliance by the Dakota county board of commissioners with the provisions of Minnesota Statutes, section 645.021. Section 18 is effective retroactive for taxes payable in 1999 and thereafter. Section 19 is effective retroactive for the 1997 assessment and thereafter, for taxes payable in 1998 and thereafter. Section 20 is effective retroactive to the dates specified in Laws 1997, chapter 231, article 10, section 25. Section 21 is effective upon approval by the Duluth city council and the Duluth entertainment and convention center authority, and upon compliance with the provisions of Minnesota Statutes, section 645.021. Section 22 is effective the day after the latter of the certificates of approval of the Long Prairie city council and the board of commissioners of the Long Prairie housing and redevelopment authority is filed in compliance with Minnesota Statutes, section 645.021, subdivision 3. The rest of this act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to public administration; imposing and modifying conditions and limitations on the use of public debt; providing for the Dakota county community development agency and the Cuyuna Range joint powers economic development authority; reenacting certain provisions relating to taxes, abatements, and tax increments; clarifying the treatment of property of certain limited liability companies for certain property tax exemption purposes; broadening certain revenue bonding authority involving certain nonprofit facilities and to refund certain youth-based-ice facility debt; authorizing the city of Duluth to provide for certain refunding bonds; removing a condition for the issuance of certain bonds by the Long Prairie housing and redevelopment authority; temporarily expanding an exception to competitive bidding requirements for certain bond-financed structured parking facilities; authorizing the city of Woodbury to issue general obligations to finance construction of a highway interchange and related improvements; authorizing the use of enterprise zone incentive grants for certain purposes by Minneapolis and St. Paul; amending Minnesota Statutes 1998, sections 126C.55, subdivision 7; 272.02, by adding a subdivision; 383D.41, subdivisions 1, 2, 3, and by adding subdivisions; 469.155, subdivision 4; 469.305, subdivision 1; 473.39, by adding a subdivision; 473.898, subdivision 3; 475.56; 475.58, by adding a subdivision; and 475.60, subdivisions 1 and 3."

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

Senate Conferees: LAWRENCE J. POGEMILLER, DON BETZOLD AND GEN OLSON.

House Conferees: RON ABRAMS, DAN MCELROY AND ANN H. REST.

Abrams moved that the report of the Conference Committee on S. F. No. 1876 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1876, A bill for an act relating to public finance; imposing and modifying conditions and limitations on the use of public debt; reenacting certain provisions relating to taxes, abatements, and tax increments; requiring a study of the taxation of forest land; amending Minnesota Statutes 1998, sections 126C.55, subdivision 7; 272.02, by adding a subdivision; 373.01, subdivision 3; 410.32; 412.301; 469.015, subdivision 4; 469.155, subdivision 4; 473.39, by adding a subdivision; 475.56; and 475.60, subdivisions 1 and 3.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 82 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Goodno	Huntley	Mares	Osthoff
Abrams	Dawkins	Gunther	Jaros	Mariani	Ozment
Anderson, I.	Dempsey	Haake	Jennings	McElroy	Paulsen
Bakk	Dorman	Haas	Kahn	Molnau	Pawlenty
Bishop	Dorn	Hackbarth	Kalis	Mulder	Pelowski
Boudreau	Entenza	Harder	Kelliher	Ness	Peterson
Bradley	Erhardt	Hasskamp	Knoblach	Nornes	Rest
Cassell	Erickson	Hilty	Kuisle	Opatz	Rhodes
Clark, J.	Finseth	Holsten	Leppik	Orfield	Rifenberg
Daggett	Fuller	Howes	Lieder	Osskopp	Rostberg

Rukavina	Seifert, M.	Stang	Tingelstad	Westerberg	Wolf
Schumacher	Smith	Storm	Tuma	Westfall	Spk. Sviggum
Seagren	Solberg	Swenson	Tunheim	Westrom	
Seifert, J.	Stanek	Sykora	Wenzel	Winter	

Those who voted in the negative were:

Anderson, B.	Gerlach	Koskinen	Mahoney	Paymar	Wagenius
Biernat	Gleason	Krinkie	Marko	Pugh	Wejcman
Broecker	Greenfield	Kubly	McCollum	Reuter	Wilkin
Buesgens	Greiling	Larsen, P.	McGuire	Skoe	Workman
Carlson	Hausman	Larson, D.	Milbert	Skoglund	
Carruthers	Holberg	Leighton	Mullery	Tomassoni	
Chaudhary	Johnson	Lenczewski	Murphy	Trimble	
Dehler	Juhnke	Lindner	Olson	Van Dellen	
Folliard	Kielkucki	Luther	Otremba	Vandeveer	

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce the adoption by the Senate of the following Senate Concurrent Resolution, herewith transmitted:

Senate Concurrent Resolution No. 9, A senate concurrent resolution relating to adjournment of the Senate and House of Representatives until 2000.

PATRICK E. FLAHAVEN, Secretary of the Senate

SUSPENSION OF RULES

Pawlenty moved that the rules be so far suspended that Senate Concurrent Resolution No. 9 be now considered and be placed upon its adoption. The motion prevailed.

SENATE CONCURRENT RESOLUTION NO. 9

A senate concurrent resolution relating to adjournment of the Senate and the House of Representatives until 2000.

Be It Resolved, by the Senate of the State of Minnesota, the House of Representatives concurring:

1. Upon their adjournments on May 17, 1999, the Senate may set its next day of meeting for Tuesday, February 1, 2000, at 12:00 noon and the House of Representatives may set its next day of meeting for Tuesday, February 1, 2000, at 12:00 noon.

2. By the adoption of this resolution, each house consents to adjournment of the other house for more than three days.

Pawlenty moved that Senate Concurrent Resolution No. 9 be now adopted. The motion prevailed and Senate Concurrent Resolution No. 9 was adopted.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

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; providing a sales tax rebate; providing agricultural property tax relief; changing income tax rates and brackets; appropriating money; amending Minnesota Statutes 1998, sections 290.06, subdivisions 2c and 2d; and 290.091, subdivisions 1, 2, and 6.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE

Bishop moved that the House concur in the Senate amendments to H. F. No. 878 and that the bill be repassed as amended by the Senate.

Krinkie moved that the House refuse to concur in the Senate amendments to H. F. No. 878, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses.

A roll call was requested and properly seconded.

The question was taken on the Krinkie motion and the roll was called.

Molnau moved that those not voting be excused from voting. The motion prevailed.

There were 33 yeas and 94 nays as follows:

Those who voted in the affirmative were:

Abeler	Gerlach	Krinkie	Mulder	Seagren	Wejcman
Abrams	Haake	Kubly	Olson	Smith	Wilkin
Anderson, B.	Holberg	Larson, D.	Otremba	Sykora	Workman
Broecker	Jennings	Lenczewski	Paulsen	Trimble	
Buesgens	Juhnke	Lindner	Peterson	Van Dellen	
Erhardt	Kielkucki	Mariani	Reuter	Vandeveer	

Those who voted in the negative were:

Anderson, I.	Bradley	Clark, J.	Dempsey	Finseth	Greenfield
Bakk	Carlson	Daggett	Dorman	Folliard	Greiling
Biernat	Carruthers	Davids	Dorn	Fuller	Gunther
Bishop	Cassell	Dawkins	Entenza	Gleason	Haas
Boudreau	Chaudhary	Dehler	Erickson	Goodno	Hackbarth

Harder	Knoblach	McCollum	Ozment	Seifert, M.	Tunheim
Hasskamp	Koskinen	McElroy	Paymar	Skoe	Wagenius
Hausman	Kuisle	McGuire	Pelowski	Skoglund	Wenzel
Hilty	Larsen, P.	Milbert	Pugh	Solberg	Westerberg
Holsten	Leighton	Molnau	Rest	Stanek	Westfall
Howes	Leppik	Ness	Rhodes	Stang	Westrom
Huntley	Lieder	Nornes	Rifenberg	Storm	Winter
Jaros	Luther	Opatz	Rostberg	Swenson	Wolf
Johnson	Mahoney	Orfield	Rukavina	Tingelstad	Spk. Sviggum
Kalis	Mares	Osskopp	Schumacher	Tomassoni	
Kelliher	Marko	Osthoff	Seifert, J.	Tuma	

The motion did not prevail.

Bishop moved that H. F. No. 878, as amended by the Senate, be temporarily laid over. The motion prevailed.

MOTION TO FIX THE TIME OF ADJOURNMENT

Pawlenty moved that when the House adjourns today it adjourn until 12:00 noon, Tuesday, February 1, 2000. The motion prevailed.

MESSAGES FROM THE SENATE, Continued

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 2224.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2224, A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 1998, sections 97A.075, subdivision 1; 124D.135, subdivision 3, as amended; 124D.54, subdivision 1, as amended; 256.476, subdivision 8, as amended; 322B.115, subdivision 4; Senate File 626, section 44; Senate File 2221, article 1, section 2, subdivision 4; section 7, subdivision 6; section 8, subdivision 3; section 12, subdivision 1; section 13, subdivision 1; section 18; Senate File 2226, section 5, subdivision 4; section 6; House File 1825, section 12; House File 2390, article 1, section 2, subdivisions 2 and 4; section 4, subdivision 4; section 17, subdivision 1; article 2, section 81; House File 2420, article 5, section 18; article 6, section 2; proposing coding in Minnesota Statutes 1998, chapter 126C.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Seifert, J., moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2224 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Seifert, J., moved that the rules of the House be so far suspended that S. F. No. 2224 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 2224 was read for the second time.

S. F. No. 2224, A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 1998, sections 97A.075, subdivision 1; 124D.135, subdivision 3, as amended; 124D.54, subdivision 1, as amended; 256.476, subdivision 8, as amended; 322B.115, subdivision 4; Senate File 626, section 44; Senate File 2221, article 1, section 2, subdivision 4; section 7, subdivision 6; section 8, subdivision 3; section 12, subdivision 1; section 13, subdivision 1; section 18; Senate File 2226, section 5, subdivision 4; section 6; House File 1825, section 12; House File 2390, article 1, section 2, subdivisions 2 and 4; section 4, subdivision 4; section 17, subdivision 1; article 2, section 81; House File 2420, article 5, section 18; article 6, section 2; proposing coding in Minnesota Statutes 1998, chapter 126C.

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.

Abrams moved that those not voting be excused from voting. The motion prevailed.

There were 119 yeas and 13 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Abeler	Krinkie	Osskopp	Westerberg	Workman
Buesgens	Mulder	Reuter	Westrom	
Gerlach	Olson	Van Dellen	Wilkin	

The bill was passed and its title agreed to.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 420, A bill for an act relating to cities; modifying the authority to establish a housing improvement area; amending Minnesota Statutes 1998, sections 428A.11, subdivision 6, and by adding subdivisions; 428A.13, subdivisions 1 and 3; 428A.14, subdivision 1; 428A.15; 428A.16; 428A.17; and 428A.19; repealing Minnesota Statutes 1998, section 428A.21.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2420, A bill for an act relating to financing state and local government; providing a sales tax rebate; reducing individual income tax rates; making changes to income, sales and use, property, excise, mortgage registry and deed, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, aircraft registration, lawful gambling, taconite production, solid waste, and special taxes; establishing an agricultural homestead credit; changing and allowing tax credits, subtractions, and exemptions; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, review, appeal, abatement, and distribution provisions; extending levy limits and changing levy authority; providing for reverse referenda on certain levy increases; phasing out health care provider taxes; extending the suspension of the tax on certain insurance premiums; reducing tax rates on lawful gambling; changing tax increment financing law and providing special authority for certain cities; authorizing water and sanitary sewer districts; providing for the funding of courts in certain judicial districts; changing tax forfeiture and delinquency provisions; changing and clarifying tax administration, collection, enforcement, and penalty provisions; freezing the taconite production tax and providing for its distribution; providing for funding for border cities; changing fiscal note requirements; providing for deposit of tobacco settlement funds; providing for allocation of certain budget surpluses; requiring studies; establishing a task force; and providing for appointments; transferring funds; appropriating money; amending Minnesota Statutes 1998, sections 3.986, subdivision 2; 3.987, subdivision 1; 16A.152, subdivision 2, and by adding a subdivision; 16A.1521; 60A.15, subdivision 1; 62J.041, subdivision 1; 62Q.095, subdivision 6; 92.51; 97A.065, subdivision 2; 214.16, subdivisions 2 and 3; 270.07, subdivision 1; 270.65; 270.67, by adding a subdivision; 270B.01, subdivision 8; 270B.14, subdivision 1, and by adding a subdivision; 271.01, subdivision 5; 271.21, subdivision 2; 272.02, subdivision 1; 272.027; 272.03, subdivision 6; 273.11, subdivisions 1a and 16; 273.111, by adding a subdivision; 273.124, subdivisions 1, 7, 8, 13, 14, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.1382; 273.1398, subdivisions 2, 8, and by adding a subdivision; 273.1399, subdivision 6; 273.20; 274.01, subdivision 1; 275.065, subdivisions 3, 5a, 6, 8, and by adding a subdivision; 275.07, subdivision 1; 275.71, subdivisions 2, 3, and 4; 276.131; 279.37, subdivisions 1, 1a, and 2; 281.23, subdivisions 2, 4, and 6; 282.01, subdivisions 1, 4, and 7; 282.04, subdivision 2; 282.05; 282.08; 282.09; 282.241; 282.261, subdivision 4, and by adding a subdivision; 283.10; 287.01, subdivision 3, as amended; 287.05, subdivisions 1, as amended, and 1a, as amended; 289A.02, subdivision 7; 289A.18, subdivision 4; 289A.20, subdivision 4; 289A.31, subdivision 2; 289A.40, subdivisions 1 and 1a; 289A.50,

subdivision 7, and by adding a subdivision; 289A.56, subdivision 4; 289A.60, subdivisions 3 and 21; 290.01, subdivisions 7, 19, 19a, 19b, 19f, 31, and by adding a subdivision; 290.06, subdivisions 2c, 2d, and by adding subdivisions; 290.0671, subdivision 1; 290.0672, subdivision 1; 290.0674, subdivisions 1 and 2; 290.091, subdivisions 1, 2, and 6; 290.0921, subdivision 5; 290.095, subdivision 3; 290.17, subdivisions 3, 4, and 6; 290.191, subdivisions 2 and 3; 290.9725; 290.9726, by adding a subdivision; 290A.03, subdivisions 3 and 15; 290B.03, subdivision 1; 290B.04, subdivisions 3 and 4; 290B.05, subdivision 1; 291.005, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 7; 295.53, subdivision 1; 295.55, subdivisions 2 and 3; 296A.16, by adding subdivisions; 297A.01, subdivision 15; 297A.15, subdivision 5; 297A.25, subdivisions 9, 11, 63, 73, and by adding subdivisions; 297A.48, by adding a subdivision; 297B.01, subdivision 7; 297B.03; 297E.01, by adding a subdivision; 297E.02, subdivisions 1, 3, 4, and 6; 297F.01, subdivision 23; 297F.17, subdivision 6; 297H.05; 297H.06, subdivision 2; 298.24, subdivision 1; 298.28, subdivision 9a; 299D.03, subdivision 5; 357.021, subdivision 1a; 360.55, by adding a subdivision; 375.192, subdivision 2; 383C.482, subdivision 1; 465.82, by adding a subdivision; 469.169, subdivision 12, and by adding a subdivision; 469.1735, by adding a subdivision; 469.176, subdivision 4g; 469.1763, by adding a subdivision; 469.1771, subdivision 1, and by adding a subdivision; 469.1791, subdivision 3; 469.1813, subdivisions 1, 2, 3, 6, and by adding a subdivision; 469.1815, subdivision 2; 473.249, subdivision 1; 473.252, subdivision 2; 473.253, subdivision 1; 477A.03, subdivision 2; 477A.06, subdivision 1; 485.018, subdivision 5; 487.02, subdivision 2; 487.32, subdivision 3; 487.33, subdivision 5; and 574.34, subdivision 1; Laws 1988, chapter 645, section 3; Laws 1997, chapter 231, article 1, section 19, subdivisions 1 and 3; Laws 1997, chapter 231, article 3, section 9; Laws 1997, First Special Session chapter 3, section 27; Laws 1997, Second Special Session chapter 2, section 6; Laws 1998, chapter 389, article 1, section 1; and Laws 1998, chapter 389, article 8, section 44, subdivisions 5, 6, and 7, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 62Q; 256L; 275; 297A; 469; and 473; repealing Minnesota Statutes 1998, sections 13.99, subdivision 86b; 16A.724; 16A.76; 92.22; 144.1484, subdivision 2; 256L.02, subdivision 3; 273.11, subdivision 10; 280.27; 281.13; 281.38; 284.01; 284.02; 284.03; 284.04; 284.05; 284.06; 295.50; 295.51; 295.52; 295.53; 295.54; 295.55; 295.56; 295.57; 295.58; 295.582; 295.59; 297E.12, subdivision 3; 297F.19, subdivision 4; 297G.18, subdivision 4; and 473.252, subdivisions 4 and 5; Laws 1997, chapter 231, article 1, section 19, subdivision 2; and Laws 1998, chapter 389, article 3, section 45.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

There being no objection, H. F. No. 878, as amended by the Senate, which was temporarily laid over earlier today, was again reported to the House.

CONCURRENCE AND REPASSAGE

The question recurred on the Bishop motion that the House concur in the Senate amendments to H. F. No. 878 and that the bill be repassed, as amended by the Senate. The motion prevailed.

H. F. No. 878, as amended by the Senate, was read for the third time.

MOTION TO ADJOURN

Krinkie moved that the House adjourn. The motion did not prevail.

H. F. No. 878, A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government with certain conditions; modifying provisions relating to state government operations; amending Minnesota Statutes 1998, sections 3.3005, by adding

a subdivision; 3.17; 3C.12, subdivision 2; 8.15, subdivisions 1, 2, and 3; 12.31, subdivision 2; 12.37; 13.03, subdivision 2; 13.05, by adding a subdivision; 13.073, by adding a subdivision; 14.131; 14.23; 15.50, subdivision 2; 16A.102, subdivision 1; 16A.103, subdivision 1; 16A.11, by adding a subdivision; 16A.126, subdivision 3; 16A.129, subdivision 3; 16A.45, subdivision 1; 16A.85, subdivision 1; 16B.03; 16B.104; 16B.24, subdivision 5; 16B.31, subdivision 2; 16B.32, subdivision 2; 16B.415; 16B.42, subdivision 1; 16B.46; 16B.465; 16B.72; 16B.73; 16B.748; 16C.14, subdivision 1; 16D.04, subdivision 2; 16E.01, subdivision 1; 16E.02; 16E.08; 18.54; 21.92; 43A.047; 43A.22; 43A.23, subdivisions 1 and 2; 43A.30, by adding a subdivision; 43A.31, subdivision 2, and by adding a subdivision; 60A.964, subdivision 1; 60A.972, subdivision 3; 97B.025; 103G.301, subdivision 2; 103I.525, subdivision 9; 103I.531, subdivision 9; 103I.535, subdivision 9; 103I.541, subdivision 5; 115B.49, subdivisions 2 and 4; 115B.491, subdivisions 2 and 3; 116.07, subdivision 4d; 116.12; 116C.834, subdivision 1; 128C.02, by adding a subdivision; 138.17, subdivisions 7 and 8; 144.98, subdivision 3; 176.102, subdivision 14; 183.375, subdivision 5; 192.49, subdivision 3; 197.79, subdivision 10; 202A.18, by adding a subdivision; 202A.20, subdivision 2; 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; 204B.28, subdivision 1; 223.17, subdivision 3; 239.101, subdivision 4; 240A.09; 297F.08, by adding a subdivision; 299M.04; 325K.03, by adding a subdivision; 325K.04; 325K.05, subdivision 1; 325K.09, by adding a subdivision; 325K.10, subdivision 5; 325K.14, by adding a subdivision; 325K.15, by adding a subdivision; 326.50; 326.86, subdivision 1; and 349.163, subdivision 4; Laws 1993, chapter 192, section 16; Laws 1994, chapter 643, section 69, subdivision 1; Laws 1995, First Special Session chapter 3, article 12, section 7, subdivision 1, as amended; section 10; Laws 1997, chapter 202, article 2, section 61; and Laws 1998, chapter 366, section 2; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 16C; 43A; 240A; and 325F; proposing coding for new law as Minnesota Statutes, chapter 604B; repealing Minnesota Statutes 1998, sections 4A.08; 4A.09; 4A.10; 15.90; 15.91; 15.92; 16A.103, subdivision 3; 16A.1285, subdivisions 4 and 5; 16E.11; 16E.12; 16E.13; 207A.01; 207A.02; 207A.03; 207A.04; 207A.06; 207A.07; 207A.08; 207A.09; and 207A.10; Laws 1991, chapter 235, article 5, section 3, as amended; Minnesota Rules, part 8275.0045, subpart 2; and 1999 S. F. No. 2223, if enacted.

The bill, as amended by the Senate, was placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Abrams moved that those not voting be excused from voting. The motion prevailed.

There were 96 yeas and 35 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Erickson	Holsten	Luther	Paymar	Stanek
Bakk	Finseth	Howes	Mahoney	Pelowski	Stang
Biernat	Folliard	Jaros	Mares	Peterson	Storm
Bishop	Fuller	Johnson	Marko	Pugh	Swenson
Boudreau	Gleason	Juhnke	McCollum	Rest	Tingelstad
Bradley	Goodno	Kahn	McElroy	Rhodes	Tomassoni
Carlson	Gray	Kalis	McGuire	Rifenberg	Trimble
Carruthers	Greenfield	Kelliher	Milbert	Rostberg	Tunheim
Cassell	Greiling	Knoblach	Mullery	Rukavina	Wagenius
Chaudhary	Gunther	Koskinen	Murphy	Schumacher	Wejcman
Daggett	Haas	Kuisle	Ness	Seagren	Wenzel
Davids	Hackbarth	Larsen, P.	Nornes	Seifert, J.	Westfall
Dawkins	Harder	Leighton	Opatz	Skoe	Westrom
Dempsey	Hasskamp	Leppik	Orfield	Skoglund	Winter
Dorn	Hausman	Lieder	Osthoff	Smith	Wolf
Entenza	Hilty	Lindner	Ozment	Solberg	Spk. Sviggum

Those who voted in the negative were:

Abeler	Dorman	Jennings	Mariani	Paulsen	Van Dellen
Abrams	Erhardt	Kielkucki	Molnau	Pawlenty	Vandeveer
Anderson, B.	Gerlach	Krinkie	Mulder	Reuter	Westerberg
Broecker	Haake	Kubly	Olson	Seifert, M.	Wilkin
Buesgens	Holberg	Larson, D.	Osskopp	Sykora	Workman
Clark, J.	Huntley	Lenczewski	Otremba	Tuma	

The bill was repassed, as amended by the Senate, and its title agreed to.

ADJOURNMENT

Pawlenty moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Tuesday, February 1, 2000.

EDWARD A. BURDICK, Chief Clerk, House of Representatives