# STATE OF MINNESOTA

## EIGHTY-SECOND SESSION — 2002

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## SEVENTY-THIRD DAY

SAINT PAUL, MINNESOTA, MONDAY, FEBRUARY 25, 2002

The House of Representatives convened at 3:00 p.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by Sister Mary Benita, Holy Cross Church, Northeast Minneapolis, Minnesota.

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

The roll was called and the following members were present:

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|---|---|---|---|---|---|
| Abeler | Dorman | Holberg | Leppik | Ozment | Stang |
| Anderson, B. | Dorn | Holsten | Lieder | Paulsen | Swapinski |
| Anderson, I. | Eastlund | Howes | Lindner | Pawlenty | Swenson |
| Bakk | Entenza | Huntley | Lipman | Paymar | Sykora |
| Bernardy | Erhardt | Jacobson | Mahoney | Pelowski | Thompson |
| Biernat | Erickson | Jaros | Mares | Penas | Tingelstad |
| Bishop | Evans | Jennings | Mariani | Peterson | Tuma |
| Blaine | Finseth | Johnson, R. | Marko | Pugh | Vandeveer |
| Boudreau | Folliard | Johnson, S. | Marquart | Rhodes | Wagenius |
| Bradley | Fuller | Juhnke | McElroy | Rifenberg | Walker |
| Buesgens | Gerlach | Kahn | McGuire | Rukavina | Walz |
| Carlson | Gleason | Kalis | Milbert | Ruth | Westerberg |
| Cassell | Goodno | Kelliher | Molnau | Schumacher | Westrom |
| Clark, J. | Goodwin | Kielkucki | Mulder | Seagren | Wilkin |
| Clark, K. | Greiling | Knoblach | Mullery | Seifert | Winter |
| Daggett | Gunther | Koskinen | Murphy | Sertich | Wolf |
| Davids | Haas | Krinkie | Ness | Skoe | Workman |
| Davnie | Hackbarth | Kubly | Nornes | Skoglund | Spk. Sviggum |
| Dawkins | Harder | Kuisle | Opatz | Slawik | |
| Dehler | Hausman | Larson | Osskopp | Smith | |
| Dempsey | Hilstrom | Leighton | Osthoff | Solberg | |
| Dibble | Hilty | Lenczewski | Otremba | Stanek | |

A quorum was present.

Abrams; Gray; Johnson, J.; Olson and Wasiluk were excused.

The Chief Clerk proceeded to read the Journals of the preceding days. Opatz moved that further reading of the Journals be suspended and that the Journals be approved as corrected by the Chief Clerk. The motion prevailed.

## PETITIONS AND COMMUNICATIONS

The following communication was received by the Speaker of the House from the Revisor of Statutes:

STATE OF MINNESOTA
OFFICE OF THE REVISOR OF STATUTES
SAINT PAUL 55155

February 25, 2002

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

Dear Mr. Speaker:

The purpose of this letter is to document for the record the steps taken by the Office of the Revisor of Statutes to deliver House File No. 351 to the Governor or his designated agents on Thursday, February 21, 2002. It is further the purpose of this letter to outline the facts which lead me to conclude that House File No. 351 was presented to the Governor within the meaning of the Constitution of the state of Minnesota, article IV, section 23, on February 21, 2002.

As you are aware, it is the responsibility of the Revisor of Statutes to present bills which have passed both houses of the Minnesota Legislature to the Governor, pursuant to Minnesota Statutes, sec. 3C.04, subd. 5 and Temporary Joint Rules of the Senate and House 2.07. To assist me in these duties, I have appointed Cheryl Anderson of my staff as enrollment clerk.

On Wednesday, February 20, 2002, Jeanne Danaher, Executive Director of the Republican Caucus for the Minnesota House of Representatives, requested that the Revisor's office present House File No. 351 to the Governor as soon as possible after it was duly passed by both houses, prepared and the proper signatures obtained. A request that a bill be presented as soon as possible is not unusual for bills containing important fiscal matters or which are time-critical. Later that same day, I spoke with Ms. Anderson to inform her that we would be presenting House File No. 351 on Thursday, February 21, 2002, and requested that she inform the Governor's staff of our intent to present the bill as soon as practicable after passage.

During the over three years that I have served as Revisor, it has been the custom and practice of our office to inform the Governor's office of our intent to present a bill or group of bills by an advance telephone call. It has further been our practice to speak personally with one of the Governor's designated agents to arrange a presentment time. Part of the reason for this practice is a very practical one; the staff doors to the Governor's office on the ground floor are always kept locked, so it is important to know that someone is expecting us and will let us in. I cannot recall any previous occasion when there has been a problem in arranging a presentment time. If the Governor's staff knew the Revisor's office wanted to present on a specific day, they have made every effort to be available, even if it meant staying late or coming in on an evening or weekend. For the 2002 session, the Governor's designated agents for accepting bills are Susan Eichhorst, Lana Kroening, and Laura Offerdahl, pursuant to a letter from Governor Jesse Ventura to me dated January 22, 2002.

At approximately 11:00 a.m. on Thursday, February 21, 2002, Ms. Anderson spoke to Susan Eichhorst by telephone. Ms. Anderson informed Ms. Eichhorst of the chapter number for House File No. 351 and that she would be presenting the bill to her later in the day, possibly by 5:00 p.m. Ms. Anderson asked Ms. Eichhorst if she would be available, and she said that she would.

Ms. Anderson next proceeded to prepare House File No. 351, as she normally does, to be ready to present after passage by both the House and the Senate. She first obtained your signature, and returned to the Revisor's office at approximately 1:30 p.m. Shortly after 2:00 p.m., Ms. Anderson placed a call to Ms. Eichhorst, and left a message on her voice mail requesting a return call. Subsequently, Ms. Anderson ascertained that Senator Samuelson was out of town, and that Senator Roger D. Moe would be signing the enrollment for the Senate as President Pro-Tem. During this time period between approximately 2:00 p.m. and 3:30 or 4:00 p.m., I had several conversations with Ms. Anderson. In response to my questions about the status of the presentment arrangements, she informed me that she had not received a return call from any of the Governor's designated staff.

After the Senate passed House File No. 351, Ms. Anderson immediately left to go to the Senate chambers to obtain Senator Moe's signature. She next obtained signatures from Pat Flahaven, Secretary of the Senate, and Ed Burdick, Chief Clerk of the House. On her way back from the Capitol to the Revisor's office, Ms. Anderson used her cell phone to call Ms. Eichhorst, and left a voice mail that she would be delivering the bill in approximately 20 minutes. This message was left at approximately 4:20 p.m.

At approximately 4:20 p.m., Ms. Anderson returned to the Revisor's office with all of the required House and Senate signatures. I then signed the enrollment as the Revisor of Statutes. Immediately after my signature, Ms. Anderson and I proceeded back to her work station to see if Ms. Eichhorst had returned the call, but she had not done so. Ms. Anderson placed calls to Ms. Eichhorst, Ms. Kroening and Ms. Offerdahl. None of the three phones were answered. Ms. Anderson paged Ms. Eichhorst, but received no return call.

At approximately 4:40 p.m., I returned to my own office and paged Ms. Eichhorst from my own telephone. I waited about five minutes, but received no return phone call. I have worked with Susan Eichhorst for over three years now, and I know her to be an outstanding staff person of the highest integrity. Based on her failure to return any of Ms. Anderson's phone calls after 2:00 p.m., her unanswered phone at 4:40, and her failure to immediately answer my page, I believed that someone had instructed her to evade presentment. At that time, I made the decision that Ms. Anderson and I should go to the Governor's office to present House File No. 351, even though we had received no return call from any of the Governor's designated staff. I told Ms. Anderson to hurry, as I believed the Governor's staff were trying to evade presentment. We left the Revisor's office at approximately 4:50 p.m. and proceeded to the Capitol.

Ms. Anderson and I arrived at the staff doors to the Governor's office on the ground floor of the Capitol shortly before 5:00 p.m. Both doors were locked. Ms. Anderson knocked loudly on each of the two doors, but there was no answer. We waited for a short time, and a man wearing a jacket opened the door, apparently leaving work for the day. Ms. Anderson asked if Ms. Eichhorst, Ms. Kroening or Ms. Offerdahl were there, and the man replied that all three were gone for the day. He then said something like, "We need to shut the door now," and left. Ms. Anderson and I next proceeded to the Governor's office on the first floor of the Capitol, but the doors were locked.

Ms. Anderson then went back to the Revisor's office. Because I knew you had left for the day, I went to Senator Moe's office to report that we had been unable to find a designated Governor's staff person to receive the enrollment. Additional attempts were made from Senator Moe's office to reach the three designated staff persons, but none of those attempts was successful. Senator Moe then requested that I go to the Governor's mansion with the enrollment.

At approximately 6:15 p.m., Ms. Anderson and I arrived at the Governor's mansion. A gate opened, and we proceeded up the driveway in our vehicle. A state trooper came out to talk to us and Ms. Anderson and I got out of the vehicle. We identified ourselves to the trooper, and stated that we were there to deliver a bill to the Governor. The trooper said that the Governor was not at the mansion, and that the Governor's son was the only one there. The trooper said that the Governor was at an event and might return to the mansion later. We then left, with the enrollment, and proceeded back to the Capitol and Senator Moe's office.

At Senator Moe's office, Ms. Anderson made additional attempts to reach Ms. Eichhorst and Ms. Offerdahl by telephone, but those attempts were unsuccessful. I went back to the Revisor's office at approximately 8:30 p.m. to check both my telephone and Ms. Anderson's for voice mails, but there were no messages on either phone. In the meantime, information had been received that the Governor was at his ranch in Maple Grove, and at about 8:45 p.m., Senator Moe and Representative Tim Pawlenty requested that I go to the Governor's ranch to present the bill.

Ms. Anderson and I arrived at the Governor's ranch in Maple Grove at approximately 10:03 p.m. We got out of the vehicle and proceeded toward the outside of the gate. A state trooper came out to talk to us, standing inside the gate. I first asked if this was the Governor's residence, and the trooper replied that it was. Next, I identified myself and Ms. Anderson, and stated we were from the Revisor's office and were there to deliver a bill to the Governor. I asked if the Governor was at home, and the trooper said he could not divulge that information due to security reasons. I next asked if another adult person who lived at the home was there. The trooper again replied that he could not disclose that information due to security reasons. I then asked, if someone were home, if the trooper would call to the residence to indicate who we were and why we were there. The trooper said that he did not do business from his station and that if I had business it would have to be done the next day at the Governor's office. I thanked him, he thanked me, and Ms. Anderson and I returned to the vehicle and left the premises.

Shortly thereafter, in our vehicle, I made the determination that the Office of the Revisor of Statutes had effectively presented House File No. 351 to the Governor on Thursday, February 21, 2002. My decision was based upon all of the facts and circumstances outlined in this letter to you, specifically:

1. The fact that Ms. Eichhorst had been told we would be presenting the bill to the Governor that day and had said she would be available to receive it, but was not.

2. The fact that neither Ms. Eichhorst, nor any of the other persons designated by the Governor to receive bills, answered their telephones or returned our calls and pages after 2:00 p.m.

3. The fact that Ms. Eichhorst did not answer Ms. Anderson's cell phone call at 4:20, or my call or page at 4:40 p.m.

4. The fact that we had delivered the bill to the Governor's office at approximately 5:00 p.m., but were not met by any of the designated agents and were further told by another staff person that all three were gone and the door needed to be closed.

5. The fact that Ms. Anderson and I made a good faith attempt to deliver House File No. 351 to the Governor at the mansion at approximately 6:15 p.m.

6. The fact that Ms. Anderson and I made another good faith attempt to deliver House File No. 351 to the Governor at his ranch in Maple Grove at approximately 10:03 p.m., and based on our information and belief that the Governor was present at the ranch at that time.

I directed Ms. Anderson to fill in the date of February 21, 2002, as the date of presentment on the enrollment signature sheet. She did so at my direction at approximately 10:30 p.m. on Thursday, February 21, 2002.

At approximately 9:00 a.m. on February 22, 2002, Ms. Anderson and I delivered House File No. 351 to the Governor's office, after arranging a presentment time with Lana Kroening, pursuant to our normal practice.

Later on Friday, the Governor admitted in radio and television broadcasts that, after dinner at the residence on Summit Avenue, he went to his ranch in Maple Grove and was there, watching a Timberwolves basketball game and later a hockey game on television, at the time of our third attempt to give him the bill. According to a *Star Tribune* article on Saturday, February 23, 2002, he also said that he wanted to delay presentation of the bill so that he would have an extra day to ponder his decision whether to sign it. He was quoted in that article as having told reporters on Friday, "You're darn right I wanted an extra day. This is such an important bill, why wouldn't I? Twenty-four hours can be a lifetime in this business."

These later facts confirm my earlier determination that House File No. 351 was presented to Governor Jesse Ventura on February 21, 2002, within the meaning of the Constitution of the state of Minnesota, article IV, section 23.

Sincerely,

MICHELLE L. TIMMONS
Revisor of Statutes

## REPORTS OF STANDING COMMITTEES

Ozment from the Committee on Environment and Natural Resources Policy to which was referred:

H. F. No. 94, A bill for an act relating to natural resources; establishing penalties for gross overlimit violations of fish and game laws; setting certain restitution values; providing criminal penalties; amending Minnesota Statutes 2000, sections 97A.225, subdivision 1; 97A.255, by adding a subdivision; 97A.421, subdivision 5, by adding a subdivision; 97C.505, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 97A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 97A.015, is amended by adding a subdivision to read:

Subd. 42a. [RESTITUTION VALUE OF THE WILD ANIMALS.] "Restitution value of the wild animals" means the total value of the wild animals taken in a violation based on:

(1) the values established under section 97A.345; or

(2) the values determined by the court under section 97A.341, subdivision 4, if the values are not established under section 97A.345.

Sec. 2. Minnesota Statutes 2000, section 97A.225, subdivision 1, is amended to read:

Subdivision 1. [SEIZURE.] (a) An enforcement officer must seize all motor vehicles used to:

(1) shine wild animals in violation of section 97B.081, subdivision 1;

(2) transport big game animals illegally taken or fur-bearing animals illegally purchased; or

(3) transport minnows in violation of section 97C.501, 97C.515, or 97C.525.

(b) An enforcement officer must seize all boats and motors used in netting fish on Lake of the Woods, Rainy Lake, Lake Superior, Namakan Lake, and Sand Point Lake in violation of licensing or operating requirements of section 97A.475, subdivision ~~31, 32, 33, or 37~~ 30, 97C.825, 97C.831, or 97C.835, or a rule of the commissioner relating to these provisions.

(c) An enforcement officer may seize all boats and motors, with their trailers, that are used to take, possess, or transport wild animals when the restitution value of the wild animals exceeds $500.

Sec. 3. Minnesota Statutes 2000, section 97A.255, is amended by adding a subdivision to read:

Subd. 5. [JOINT AND SEVERAL LIABILITY.] When two or more people intentionally aid, advise, counsel, conspire with, or act in concert with each other to unlawfully take, transport, or possess wild animals when the restitution value of the wild animals exceeds $500, each person is jointly and severally liable for the wild animals for purposes of:

(1) license seizure and revocation under sections 97A.420 and 97A.421;

(2) equipment and property seizure under section 97A.221;

(3) boat, motor, and trailer seizure under section 97A.225; and

(4) restitution under section 97A.341.

Sec. 4. [97A.338] [GROSS OVERLIMITS OF WILD ANIMALS; PENALTY.] A person who takes, possesses, or transports wild animals over the legal limit, in closed season, or without a valid license, when the restitution value of the wild animals is over $1,000, is guilty of a gross overlimit violation. A violation under this section is a gross misdemeanor.

Sec. 5. [97A.420] [SEIZURE OF LICENSES.]

Subdivision 1. [SEIZURE.] (a) An enforcement officer shall immediately seize the license of a person who unlawfully takes, transports, or possesses wild animals when the restitution value of the wild animals exceeds $500. Except as provided in subdivisions 2, 4, and 5, the person may not obtain any license to take the same type of wild animals involved, including a duplicate license, until an action is taken under subdivision 6.

(b) In addition to the license seizure under paragraph (a), if the restitution value of the wild animals unlawfully taken, possessed, or transported is $5,000 or more, all other game and fish licenses held by the person shall be immediately seized. Except as provided in subdivision 2, 4, or 5, the person may not obtain any game or fish license or permit, including a duplicate license, until an action is taken under subdivision 6.

(c) A person may not take wild animals covered by a license seized under this subdivision until an action is taken under subdivision 6.

Subd. 2. [ADMINISTRATIVE REVIEW.] (a) At any time after the seizure of a license under subdivision 1 and before revocation under section 97A.421, a person may request in writing a review of the seizure under this section. Upon receiving the request for review, the commissioner shall review the seizure, the evidence upon which it was based, and other material information brought to the attention of the commissioner, and determine whether sufficient cause exists to sustain the seizure.

(b) Within 15 days after receiving the request for administrative review, the commissioner shall issue a written report of the review and shall order that the seizure be either sustained or rescinded.

(c) The review provided in this subdivision is not subject to the contested case provisions of the Administrative Procedure Act under chapter 14. The availability of administrative review does not preclude judicial review under this section.

Subd. 3. [JUDICIAL REVIEW.] (a) Within 30 days following the seizure of a license under subdivision 1, a person may petition the court for review. The petition must be filed with the district court administrator in the county where the incident occurred, together with proof of service of a copy on the commissioner and the county attorney. A responsive pleading is not required of the commissioner of natural resources and court fees may not be charged for the appearance of the representative of the commissioner in the matter.

(b) The petition must be captioned in the name of the person making the petition as petitioner and the commissioner as respondent. The petition must state specifically the grounds upon which the petitioner seeks rescission of the license seizure.

(c) The filing of the petition does not stay the license seizure. The judicial review shall be conducted according to the Rules of Civil Procedure.

Subd. 4. [HEARING.] (a) A hearing under subdivision 3 must be before a district court judge in the county where the incident giving rise to the license seizure occurred. The hearing must be to the court and may be conducted at the same time as hearings upon pretrial motions in a related criminal prosecution. The commissioner must be represented by the county attorney.

(b) The hearing must be held at the earliest practicable date and in any event no later than 60 days following the filing of the petition for review.

(c) The scope of the hearing must be limited to the issue of whether there is probable cause to believe that the person violated section 97A.338.

(d) The court shall order that the license seizure be either sustained or rescinded. Within 14 days following the hearing, the court shall forward a copy of the order to the commissioner.

(e) Any party aggrieved by the decision of the reviewing court may appeal the decision as provided in the Rules of Civil Appellate Procedure.

Subd. 5. [TEMPORARY RELEASE OF COMMERCIAL LICENSES.] At any time during the period that a game or fish license is seized under subdivision 1, a person possessing a commercial license issued under the game and fish laws may make a written request to the commissioner to temporarily release the commercial license. If the commissioner determines that the public welfare will not be injured, the commissioner may temporarily reinstate the commercial license upon payment of a temporary reinstatement fee of $1,000 cash or bond in favor of the state for each commercial license to be released. An additional fee is not required for vehicles licensed under section 97A.475, subdivision 26, clause (2) or (4). If the license is returned under subdivision 6, paragraph (a), the temporary reinstatement fee shall be returned to the licensee. If the license is revoked under subdivision 6, paragraph (b), the temporary reinstatement fee shall be deposited in the game and fish fund and is not refundable.

Subd. 6. [RETURN OR REVOCATION OF LICENSES UPON DISMISSAL OR CONVICTION.] (a) Upon acquittal, dismissal, or determination not to charge a person for a violation, the license seizure under subdivision 1 is immediately rescinded and any license seized in connection with the incident must be returned to the licensee.

(b) Upon conviction of a violation when the restitution value of the wild animals exceeds $500, revocation of licenses and license privileges must be imposed as provided under section 97A.421, subdivision 2a.

Sec. 6. Minnesota Statutes 2000, section 97A.421, is amended by adding a subdivision to read:

Subd. 2a. [LICENSE REVOCATION AFTER CONVICTION.] (a) A person may not obtain a license to take a wild animal and is prohibited from taking wild animals for a period of five years after the date of conviction of:

(1) a violation when the restitution value of the wild animals is $5,000 or more; or

(2) a violation when the restitution value of the wild animals exceeds $500 and the violation occurs within ten years of one or more previous license revocations under this subdivision.

(b) A person may not obtain a license to take the type of wild animals involved in a violation when the restitution value of the wild animals exceeds $500 and is prohibited from taking the type of wild animals involved in the violation for a period of three years after the date of conviction of a violation.

(c) The time period of multiple revocations under paragraph (a), clause (2), shall be consecutive and no wild animals of any kind may be taken during the entire period.

(d) The court may not stay or reduce the imposition of license revocation provisions under this subdivision.

Sec. 7. Minnesota Statutes 2000, section 97A.421, subdivision 5, is amended to read:

Subd. 5. [COMMISSIONER MAY REINSTATE CERTAIN LICENSES AFTER CONVICTION.] If the commissioner determines that the public welfare will not be injured, the commissioner may reinstate licenses voided under subdivision 1 and issue licenses to persons ineligible under subdivision 2 or 2a. The commissioner's authority applies only to licenses to:

(1) maintain and operate fur or game farms, aquatic farms, or private fish hatcheries;

(2) take fish ~~commercially in Lake of the Woods, Rainy Lake, Namakan Lake, or Lake Superior~~ by commercial netting;

(3) buy fish from ~~Lake of the Woods, Rainy Lake, Namakan Lake, or Lake Superior commercial fishing~~ commercial netting licensees; and

(4) sell or export turtles or live minnows.

Sec. 8. Minnesota Statutes 2000, section 97C.505, is amended by adding a subdivision to read:

Subd. 8. [POSSESSION FOR MINNOW DEALERS.] When nets and traps are lawfully set and tended, minnows and incidentally taken game fish under four inches in length are not considered to be in possession until the minnows or game fish are placed on a motor vehicle or trailer for transport on land.

Sec. 9. [97C.843] [POSSESSION FOR COMMERCIAL NETTING.]

When commercial nets, seines, bags, or cribs are lawfully set and tended, incidentally taken fish not included in the license are not considered in possession if they are returned to the water or if they are tagged in accordance with section 97C.835 before they are placed on a motor vehicle or trailer for transport on land.

Sec. 10. [RULES FOR RESTITUTION VALUES FOR FISH AND WILDLIFE.]

(a) The restitution value for a canvasback is $100. The restitution value for trumpeter swans is $1,000. The base restitution value for a yellow perch is $10 and the quality size limit is ten inches. The restitution values for the following game fish based on size are:

(1) green or orange spotted sunfish that are less than four inches in length, no value;

(2) yellow perch and members of the Centrarchidae family, not included in clause (1), that are less than four inches in length, ten cents per fish;

(3) walleye taken on Lake Superior or in St. Louis bay that are less than two inches in length, ten cents per fish; and

(4) all other game fish that are less than four inches in length and not included in clauses (1) to (3), $1 per fish.

(b) The commissioner of natural resources shall amend the permanent rules relating to restitution values for fish and wildlife, Minnesota Rules, chapter 6133, according to this section and pursuant to Minnesota Statutes, section 14.388, clause (3). Except as provided in Minnesota Statutes, section 14.388, section 14.386 does not apply.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective March 1, 2003, and the criminal provisions apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to natural resources; establishing a gross misdemeanor penalty for gross overlimit violations of fish and game laws; setting certain restitution values; requiring fish and game license seizure for certain violations; establishing possession criteria for commercial fishing operations; modifying commercial license reinstatement provisions; providing criminal penalties; amending Minnesota Statutes 2000, sections 97A.015, by adding a subdivision; 97A.225, subdivision 1; 97A.255, by adding a subdivision; 97A.421, subdivision 5, by adding a subdivision; 97C.505, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 97A; 97C."

With the recommendation that when so amended the bill pass.

The report was adopted.

Workman from the Committee on Transportation Policy to which was referred:

H. F. No. 211, A bill for an act relating to local government; providing reimbursement to fire departments for expenses incurred in extinguishing certain motor vehicle fires; providing cities and towns authority to collect unpaid bills for certain emergency services from nonresidents; appropriating money; amending Minnesota Statutes 2000, sections 161.465; 366.011; and 366.012.

Reported the same back with the following amendments:

Page 2, line 5, delete "available" and insert "reasonable"

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

The report was adopted.

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

H. F. No. 856, A bill for an act relating to civil actions; providing limits on liability of certain nonprofit corporations securing or maintaining homes for dependent children or providing day training and habilitation services for adults with mental retardation and daytime developmental achievement center services for children with mental retardation and related conditions; proposing coding for new law in Minnesota Statutes, chapter 604A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [604A.33] [LIMITED LIABILITY FOR CERTAIN NONPROFIT CORPORATIONS.]

Subdivision 1. [LIMIT ON AMOUNT OF LIABILITY.] Nonprofit corporations organized and existing under, or whose existence is continued under, chapter 317A that provide day training and habilitation services for adults with mental retardation and related conditions under sections 252.40 to 252.46; that provide daytime developmental achievement services for children with mental retardation and related conditions; that are residential treatment centers, group homes, or private child placing agencies governed by Minnesota Rules, parts 9545.0905 to 9545.1125, 9545.0755 to 9545.0845, or 9545.1410 to 9545.1470; or that are nonprofit corporations formed for the purposes set forth in section 317A.907, subdivision 1, are subject to the same liability limits provided for municipalities under section 466.04, with respect to claims for professional liability against the nonprofit corporation arising out of the care or treatment of those individuals or the activities of those individuals while in the care of the nonprofit corporation, if the nonprofit corporation procures insurance against liability for claims described under this section, which insurance is in an amount equal to the amounts specified for municipalities under section 466.04. This section does not apply if the conduct of the nonprofit corporation was intentional or grossly negligent.

Subd. 2. [EFFECT OF EXCESS LIABILITY INSURANCE.] Notwithstanding subdivision 1, if the nonprofit corporation has insurance coverage in excess of the liability limits under section 466.04, the procurement of that insurance constitutes a waiver of those limits but only to the extent that valid and collectible insurance exceeds those limits and covers a claim. The purchase of excess insurance has no other effect on the liability of the nonprofit corporation.

Sec. 2. [EFFECTIVE DATE; APPLICATION.]

Section 1 is effective July 1, 2002, and applies to claims for professional liability arising from incidents occurring on or after that date."

Delete the title and insert:

"A bill for an act relating to civil actions; providing limits on certain liability of certain nonprofit corporations providing day training and habilitation services for adults with mental retardation or daytime developmental achievement center services for children with mental retardation and related conditions or securing or maintaining homes for dependent and neglected children; proposing coding for new law in Minnesota Statutes, chapter 604A."

With the recommendation that when so amended the bill pass.

The report was adopted.

Tuma from the Committee on Crime Prevention to which was referred:

H. F. No. 861, A bill for an act relating to crime; providing that a person who causes the death of a child under the age of 14 and with premeditation and intent shall be sentenced to life imprisonment without the possibility of release; amending Minnesota Statutes 2000, sections 609.106, subdivision 2; and 609.185.

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

The report was adopted.

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

H. F. No. 1025, A bill for an act relating to state government; requiring members of the state board of investment to disclose certain arrangements; amending Minnesota Statutes 2000, section 11A.075.

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

The report was adopted.

Dempsey from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1189, A bill for an act relating to annexation; providing for the election of municipal council members after certain annexations; amending Minnesota Statutes 2000, sections 414.031, subdivision 4a; and 414.09, subdivision 3.

Reported the same back with the following amendments:

Page 1, line 9, strike "PROCEEDINGS INITIATED BY JOINT RESOLUTION" and insert "PROVIDING FOR ELECTION OF NEW MUNICIPAL OFFICERS"

Page 1, line 14, after the period, insert "The director of the office of strategic and long-range planning, or the director's designee, may also order an election of new municipal officers in accordance with section 414.09 as part of any other annexation order under this section if the director or the director's designee determines that such an election would be equitable."

Page 1, line 23, after "planning" insert ", or the director's designee,"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1224, A bill for an act relating to health; creating registration for medical response units; proposing coding for new law in Minnesota Statutes, chapter 144E.

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

The report was adopted.

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

H. F. No. 1517, A bill for an act relating to human services; establishing requirements for swimming pools at family day care or group family day care homes; making municipalities immune from liability for claims based upon a provider's failure to comply with requirements for swimming pools at family day care or group family day care homes; amending Minnesota Statutes 2000, sections 144.1222, by adding a subdivision; 245A.14, by adding a subdivision; 466.03, subdivision 6d.

Reported the same back with the following amendments:

Page 5, line 3, delete everything after "10," and insert "unless the municipality had"

Page 5, delete lines 4 and 5

Page 5, line 6, delete everything before "actual"

Page 5, line 7, after "the" insert "licensing"

Page 5, line 8, after "10," insert "paragraph (a), clauses (1) to (3),"

Amend the title as follows:

Page 1, line 4, delete "making municipalities immune" and insert "changing municipalities' immunity"

With the recommendation that when so amended the bill pass.

The report was adopted.

Dempsey from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1620, A bill for an act relating to annexation; strengthening the effect of an orderly annexation agreement; amending Minnesota Statutes 2000, section 414.0325, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, after line 19, insert:

"Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment and applies to annexations ordered on or after that date."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1868, A bill for an act relating to public employees; establishing a statewide health insurance plan for school district employees; providing for postretirement health insurance coverage; establishing a labor-management team to design the insurance plan; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 43A.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Health and Human Services Policy.

The report was adopted.

Workman from the Committee on Transportation Policy to which was referred:

H. F. No. 1885, A bill for an act relating to motor vehicles; regulating dealers; clarifying licensed motor vehicle dealer bonding requirements; amending Minnesota Statutes 2000, section 168.27, subdivision 24.

Reported the same back with the following amendments:

Page 1, line 17, delete "consumer"

Page 1, lines 19 and 20, reinstate the stricken language

Page 1, line 22, reinstate the stricken language

Page 1, lines 23 and 24, delete the new language

With the recommendation that when so amended the bill pass.

The report was adopted.

Dempsey from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 2168, A bill for an act relating to cities; allowing the charter to prohibit members of the governing body of the city from serving on the charter commission; amending Minnesota Statutes 2000, section 410.05, subdivision 1.

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

The report was adopted.

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

H. F. No. 2550, A bill for an act relating to public safety; modifying emergency 911 telephone system provisions to establish emergency 911 telecommunications system; amending Minnesota Statutes 2000, sections 403.01; 403.02, subdivisions 3, 6, 7, by adding subdivisions; 403.05; 403.06; 403.07; 403.08; 403.09; 403.10, subdivision 1; 403.11, subdivisions 3, 4, by adding a subdivision; 403.113, subdivision 1; Minnesota Statutes 2001 Supplement, section 403.11, subdivision 1; repealing Minnesota Statutes 2000, sections 403.04; 403.11, subdivision 2; 403.113, subdivision 5; 403.12, subdivision 1; 403.13; 403.14; Minnesota Rules, parts 1215.0400; 1215.0600; 1215.0700; 1215.1200, subpart 3; 1215.1500.

Reported the same back with the following amendments:

Page 2, line 27, delete "operating,"

Page 3, line 2, delete everything after the period

Page 3, delete line 3

Page 5, line 14, delete "operation and"

Page 5, line 21, delete everything after "to" and insert "requests"

Page 5, line 27, delete "operating and"

Page 5, line 29, delete "operating and"

Page 5, line 32, delete "relinquish" and insert "expend"

Page 5, line 33, delete "operation,"

Delete page 5, line 35 to page 6, line 1

Page 6, line 2, delete "3" and insert "2"

Page 6, line 6, delete "must" and insert "may"

Page 6, lines 10 to 19, reinstate the stricken language

Page 6, line 20, reinstate "~~Subd. 2. [DESIGN STANDARDS.] The metropolitan~~" and after "~~council~~" insert "911 board"

Page 6, lines 21 to 24, reinstate the stricken language

Page 10, line 31, delete "annually" and insert "four times per year"

Page 11, line 15, delete "8" and insert "7"

Page 12, line 4, delete "wireless or"

Page 12, line 7, delete "wireless or"

Page 13, line 15, delete "remain in the account" and insert "be credited to the account and may be appropriated for 911 expenditures as authorized by this chapter"

Page 14, line 11, after "invoice" insert "unless the commissioner notifies the service provider that the commissioner disputes the invoice"

Page 15, line 9, delete "operation,"

Page 15, delete lines 29 to 32

Page 15, line 33, delete "19" and insert "18"

Page 16, line 3, delete "20" and insert "19"

Page 16, line 4, delete "and 17 to 19" and insert ", 17, and 18"

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

The report was adopted.

Tuma from the Committee on Crime Prevention to which was referred:

H. F. No. 2564, A bill for an act relating to crime prevention; requiring certain repeat property offenders to pay full restitution to the victims of their offenses and successfully complete a character-development program; requiring a report on individuals sentenced under these procedures; establishing a task force to propose an industry-based corrections institution where offenders will work to earn money to pay restitution; amending Minnesota Statutes 2000, sections 260B.198, by adding a subdivision; 609A.02, by adding a subdivision; 609A.03, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 609.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 260B.198, is amended by adding a subdivision to read:

Subd. 2a. [MANDATORY PROPERTY OFFENSES; MANDATORY SENTENCE.] (a) As used in this section:

(1) "character-development program" means a program, with an established record of success, that stresses the obligation of the offender to repair the harm done to the victim and the community. The program shall emphasize strengths such as, but not limited to, empathy, patience, truthfulness, respect for authority, diligence, initiative, self-discipline, punctuality, forgiveness, and resourcefulness; and

(2) "property offense" means a violation of section 609.52 (theft), 609.53 (receiving stolen property), 609.582 (burglary), 609.625 (aggravated forgery), 609.63 (forgery), or 609.631 (check forgery).

(b) When a court issues a disposition order that includes restitution concerning a juvenile adjudicated delinquent for a property offense, the court must include in its disposition a case plan specifying how the juvenile will:

(1) pay full restitution as requested by the victim; and

(2) attend and successfully complete a character development program.

(c) In its restitution order, the court shall require that the juvenile pay restitution, whenever possible, with money earned by the juvenile or in a manner designated by the victim. The provisions of section 611A.04 apply to restitution orders issued under this section, except that notwithstanding section 611A.04, subdivision 2, the court shall direct the court administrator to make restitution payments directly to the victim upon receipt from the juvenile and before any payment is received for fines, fees, or costs. The court administrator shall keep records of restitution payments in the manner provided in section 611A.04, subdivision 2.

(d) If the juvenile fails to pay restitution in accordance with the payment schedule or structure contained in the case plan, the court shall review the case and restructure the plan to ensure payment.

(e) If the juvenile fails to successfully complete a character development program, the court shall immediately review the case and consider alternative programs suggested by the risks and needs assessment administered by the county probation officer, community corrections department, or department of corrections juvenile probation agent.

(f) The court shall, through the county probation officer, the community corrections department, or the department of corrections juvenile agent, forward dispositions under this section and revocations under paragraphs (d) and (e) to the department of corrections for inclusion in an annual outcome report on restitution. The report shall include, but not be limited to: the amount of restitution ordered, amount of restitution paid, number of juveniles completing probation who successfully paid the full amount of restitution, number of juveniles completing probation who had restitution docketed, number of juveniles who successfully completed a character development program, which character development programs were used, number of probation violations for failure to pay restitution, and the number of probation violations for failing to complete character development programming. This information shall be tabulated and reported on an annual basis by the department of corrections.

Sec. 2. [609.114] [MANDATORY PROPERTY OFFENSES; MANDATORY SENTENCE.]

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

(1) "character-development program" means a program, with an established record of success, that stresses the obligation of the offender to repair the harm done to the victim and the community. The program shall emphasize strengths such as, but not limited to, empathy, patience, truthfulness, respect for authority, diligence, initiative, self-discipline, punctuality, forgiveness, and resourcefulness; and

(2) "property offense" means a violation of section 609.52 (theft), 609.53 (receiving stolen property), 609.582 (burglary), 609.625 (aggravated forgery), 609.63 (forgery), or 609.631 (check forgery).

Subd. 2. [MANDATORY PROPERTY OFFENSE CONVICTION; SENTENCE.] When a court sentences a person convicted of a property offense, the court is encouraged to impose, at a minimum, a sentence equal to the statutory maximum sentence provided for the offense, and stay execution of the sentence on the condition that the offender abides by a case plan ordered by the court that must include requirements to:

(1) pay full restitution as requested by the victim; and

(2) attend and successfully complete a character development program.

Subd. 3. [CONTENTS OF RESTITUTION ORDER.] In its restitution order, the court shall require that the offender pay restitution, whenever possible, with money earned by the offender or in a manner designated by the victim.

Subd. 4. [PAYMENT OF RESTITUTION TO VICTIM.] The provisions of section 611A.04 apply to restitution orders issued under this section except that, notwithstanding section 611A.04, subdivision 2, the court shall direct the court administrator to make restitution payments directly to the victim upon receipt from the offender and before any payment is received for fines, fees, or costs. The court administrator shall keep records of restitution payments in the manner provided in section 611A.04, subdivision 2.

Subd. 5. [FAILURE TO PAY RESTITUTION.] If the offender fails to pay restitution in accordance with the payment schedule or structure contained in the case plan, the court shall review the case and restructure the plan to ensure payment.

Subd. 6. [FAILURE TO COMPLETE A CHARACTER DEVELOPMENT PROGRAM.] If the offender fails to successfully complete a character development program, the court shall immediately review the case and consider alternative programs suggested by the risks and needs assessment administered by the county probation officer, community corrections department, or department of corrections probation agent.

Subd. 7. [REPORT TO SENTENCING GUIDELINES COMMISSION.] The court shall, through the county probation officer, the community corrections department, or the department of corrections agent, forward dispositions under this section and revocations under subdivisions 5 and 6 to the department of corrections for inclusion in an annual outcome report on restitution. The report shall include, but not be limited to: the amount of restitution

ordered, amount of restitution paid, number of offenders completing probation who successfully paid the full amount of restitution, number of offenders completing probation who had restitution docketed, number of offenders who successfully completed a character development program, which character development programs were used, number of probation violations for failure to pay restitution, and the number of probation violations for failing to complete a character development program. This information shall be tabulated and reported on an annual basis by the department of corrections.

Sec. 3. Minnesota Statutes 2000, section 609A.02, is amended by adding a subdivision to read:

Subd. 2a. [CERTAIN REPEAT PROPERTY OFFENSE CONVICTIONS.] A petition for the sealing of a conviction record under section 609A.03 may be filed by a person who has successfully fulfilled the conditions of a stayed sentence imposed under section 609.114.

Sec. 4. Minnesota Statutes 2001 Supplement, section 609A.03, subdivision 5, is amended to read:

Subd. 5. [NATURE OF REMEDY; STANDARD; FIREARMS RESTRICTION.] (a) Except as otherwise provided by paragraph (b) or (c), expungement of a criminal record is an extraordinary remedy to be granted only upon clear and convincing evidence that it would yield a benefit to the petitioner commensurate with the disadvantages to the public and public safety of:

(1) sealing the record; and

(2) burdening the court and public authorities to issue, enforce, and monitor an expungement order.

(b) Except as otherwise provided by this paragraph, if the petitioner is petitioning for the sealing of a criminal record under section 609A.02, subdivision 3, the court shall grant the petition to seal the record unless the agency or jurisdiction whose records would be affected establishes by clear and convincing evidence that the interests of the public and public safety outweigh the disadvantages to the petitioner of not sealing the record.

(c) If the petitioner is petitioning for sealing of a criminal record under section 609A.02, subdivision 2a, the court shall grant the petition if the petitioner demonstrates by clear and convincing evidence that the petitioner successfully fulfilled the conditions of the stayed sentence.

(d) If the court issues an expungement order it may require that the criminal record be sealed, the existence of the record not be revealed, and the record not be opened except as required under subdivision 7. Records must not be destroyed or returned to the subject of the record.

Sec. 5. [SENTENCING GUIDELINES COMMISSION; REPORT.]

By January 15, 2003, the executive director of the sentencing guidelines commission shall report to the chairs and ranking minority members of the house and senate committees having jurisdiction over criminal justice policy and funding on:

(1) the dispositions and revocations under Minnesota Statutes, section 260B.198;

(2) the convictions and revocations under Minnesota Statutes, section 609.114;

(3) the total number of offenders sentenced under Minnesota Statutes, sections 260B.198 and 609.114, respectively, and for each group, the number of offenders who successfully completed a character-development program and which programs were used; and

(4) a summary of the total amount of restitution ordered to be paid by offenders and the amount paid.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 4 are effective August 1, 2002, and apply to offenses committed on or after that date. Section 5 is effective July 1, 2002."

Amend the title as follows:

Page 1, delete lines 7 and 8

Page 1, line 9, delete everything before "amending"

Page 1, line 11, after the second semicolon, insert "Minnesota Statutes 2001 Supplement, section"

With the recommendation that when so amended the bill be re-referred to the Committee on Judiciary Finance without further recommendation.

The report was adopted.

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

H. F. No. 2618, A bill for an act relating to crimes; requiring public employees, officials, and officers to make reports of certain unlawful actions to law enforcement; amending Minnesota Statutes 2000, section 609.456, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 6.715, subdivision 3, is amended to read:

Subd. 3. [LAW ENFORCEMENT.] Notwithstanding any provision to the contrary in subdivision 2, chapter 13, or any other statute related to the classification of government data, the state auditor may share data relating to an audit with appropriate ~~local~~ law enforcement agencies, including data classified as not public.

Sec. 2. Minnesota Statutes 2000, section 6.715, is amended by adding a subdivision to read:

Subd. 4. [ACCESS TO DATA.] It is not a violation of chapter 13 or any other statute related to the classification of government data for a state agency, statewide system, or political subdivision, as defined in section 13.02, to provide data or information to the state auditor, including data classified as not public, for the purpose of an audit or pursuant to section 609.456, subdivision 1.

Sec. 3. Minnesota Statutes 2001 Supplement, section 13.43, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] (a) Except for employees described in subdivision 5, the following personnel data on current and former employees, volunteers, and independent contractors of a state agency, statewide system, or political subdivision and members of advisory boards or commissions is public:

(1) name; employee identification number, which must not be the employee's social security number; actual gross salary; salary range; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; and the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary;

(2) job title and bargaining unit; job description; education and training background; and previous work experience;

(3) date of first and last employment;

(4) the existence and status of any complaints or charges against the employee, regardless of whether the complaint or charge resulted in a disciplinary action;

(5) the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body;

(6) the terms of any agreement settling any dispute arising out of an employment relationship, including a buyout agreement as defined in section 123B.143, subdivision 2, paragraph (a); except that the agreement must include specific reasons for the agreement if it involves the payment of more than $10,000 of public money;

(7) work location; a work telephone number; badge number; and honors and awards received; and

(8) payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data~~; and city and county of residence~~.

(b) For purposes of this subdivision, a final disposition occurs when the state agency, statewide system, or political subdivision makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement. Final disposition includes a resignation by an individual when the resignation occurs after the final decision of the state agency, statewide system, political subdivision, or arbitrator.

(c) The state agency, statewide system, or political subdivision may display a photograph of a current or former employee to a prospective witness as part of the state agency's, statewide system's, or political subdivision's investigation of any complaint or charge against the employee.

(d) A complainant has access to a statement provided by the complainant to a state agency, statewide system, or political subdivision in connection with a complaint or charge against an employee.

(e) Notwithstanding paragraph (a), clause (5), upon completion of an investigation of a complaint or charge against a public official, or if a public official resigns or is terminated from employment while the complaint or charge is pending, all data relating to the complaint or charge are public, unless access to the data would jeopardize an active investigation or reveal confidential sources. For purposes of this paragraph, "public official" means:

(1) the head of a state agency and deputy and assistant state agency heads;

(2) members of boards or commissions required by law to be appointed by the governor or other elective officers; and

(3) executive or administrative heads of departments, bureaus, divisions, or institutions.

Sec. 4. Minnesota Statutes 2000, section 13.82, subdivision 17, is amended to read:

Subd. 17. [PROTECTION OF IDENTITIES.] A law enforcement agency or a law enforcement dispatching agency working under direction of a law enforcement agency shall withhold public access to data on individuals to protect the identity of individuals in the following circumstances:

(a) when access to the data would reveal the identity of an undercover law enforcement officer, as provided in section 13.43, subdivision 5;

(b) when access to the data would reveal the identity of a victim or alleged victim of criminal sexual conduct or of a violation of section 617.246, subdivision 2;

(c) when access to the data would reveal the identity of a paid or unpaid informant being used by the agency if the agency reasonably determines that revealing the identity of the informant would threaten the personal safety of the informant;

(d) when access to the data would reveal the identity of a victim of or witness to a crime if the victim or witness specifically requests not to be identified publicly, unless the agency reasonably determines that revealing the identity of the victim or witness would not threaten the personal safety or property of the individual;

(e) when access to the data would reveal the identity of a deceased person whose body was unlawfully removed from a cemetery in which it was interred;

(f) when access to the data would reveal the identity of a person who placed a call to a 911 system or the identity or telephone number of a service subscriber whose phone is used to place a call to the 911 system and: (1) the agency determines that revealing the identity may threaten the personal safety or property of any person; or (2) the object of the call is to receive help in a mental health emergency. For the purposes of this paragraph, a voice recording of a call placed to the 911 system is deemed to reveal the identity of the caller;

(g) when access to the data would reveal the identity of a juvenile witness and the agency reasonably determines that the subject matter of the investigation justifies protecting the identity of the witness; or

(h) when access to the data would reveal the identity of a mandated reporter under ~~sections~~ section 626.556 ~~and~~, 626.557, or 609.456.

Data concerning individuals whose identities are protected by this subdivision are private data about those individuals. Law enforcement agencies shall establish procedures to acquire the data and make the decisions necessary to protect the identity of individuals described in clauses (c), (d), (f), and (g).

Sec. 5. Minnesota Statutes 2000, section 609.456, subdivision 1, is amended to read:

Subdivision 1. [STATE AUDITOR.] Whenever a public employee or public officer of a political subdivision discovers evidence of theft, embezzlement, or unlawful use of public funds or property, the employee or ~~elected official~~ officer shall~~, except when to do so would knowingly impede or otherwise interfere with an ongoing criminal investigation,~~ promptly report to law enforcement and shall promptly report in writing to the state auditor a detailed description of the alleged incident or incidents. Notwithstanding chapter 13 or any other statute related to the classification of government data, the public employee or public officer shall provide data or information related to the alleged incident or incidents to the state auditor and law enforcement, including data classified as not public."

Delete the title and insert:

"A bill for an act relating to crimes; requiring public employees and officers to make prompt reports of certain unlawful actions; authorizing providing certain data to the state auditor for audit or law enforcement purposes notwithstanding provisions of the data practices act; amending Minnesota Statutes 2000, sections 6.715, subdivision 3, by adding a subdivision; 13.82, subdivision 17; 609.456, subdivision 1; Minnesota Statutes 2001 Supplement, section 13.43, subdivision 2."

With the recommendation that when so amended the bill pass.

The report was adopted.

Tuma from the Committee on Crime Prevention to which was referred:

H. F. No. 2622, A bill for an act relating to terrorism; data practices; enacting the Minnesota Anti-Terrorism Act of 2002; establishing crimes and setting penalties for crimes involving weapons of mass destruction, explosives, and hoaxes relating to such crimes; interception of communications; establishing hazardous materials driver's endorsement regulations; establishing a biological agents registry; authorizing rulemaking; providing for a civil penalty; providing criminal penalties; classifying certain data related to terrorism; prescribing penalties; authorizing the issuance of state bonds; appropriating money; amending Minnesota Statutes 2000, sections 13.37, subdivision 1; 13.381, by adding a subdivision; 13D.05, subdivision 3; 171.07, subdivision 4; 171.27; 473.898, subdivision 3; 609.035, subdivision 1; 609.505; 609.506, subdivisions 1, 3; 609.605, by adding a subdivision; 609.668, subdivision 6; 609.713, subdivisions 1, 2; 624.712, subdivision 5; 626A.01, subdivisions 3, 16; 626A.05, subdivision 2; 626A.06, subdivisions 11, 12; 626A.27; 626A.28; 631.40, by adding a subdivision; Minnesota Statutes 2001 Supplement, sections 403.11, subdivision 1; 473.901, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 135A; 144; 171; 609.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [MINNESOTA ANTI-TERRORISM ACT OF 2002; PURPOSE.]

Subdivision 1. [SHORT TITLE.] This section may be cited as the "Minnesota Anti-Terrorism Act of 2002."

Subd. 2. [PURPOSE.] The acts of terrorism that struck the United States of America on September 11, 2001, cannot be tolerated in a civilized society. While federal statutes deal with terrorist acts, we need Minnesota state laws to complement federal laws and to ensure that terrorists who commit atrocities in our state are brought to justice and receive maximum punishment to match their dastardly crimes. Minnesota must send a message to those who would commit terrorist acts which kill, maim, and seriously injury our citizens, that our law enforcement officials have the tools to investigate and apprehend terrorists and that our laws will allow a punishment that fits the seriousness of their crimes. Equally important is that Minnesota's laws are enforced fairly and protect the freedoms of all ethnic, religious, and racial groups. This legislation is intended to deter and punish terrorist acts in Minnesota and to enhance law enforcement's ability to train and prepare for, as well as to investigate and respond to, acts of terrorism, thereby providing public safety for all Minnesotans.

Sec. 2. Minnesota Statutes 2000, section 12.03, subdivision 4, is amended to read:

Subd. 4. [EMERGENCY MANAGEMENT.] "Emergency management" means the preparation for and the carrying out of emergency functions, other than functions for which military forces are primarily responsible, to prevent, minimize and repair injury and damage resulting from disasters, from acute shortages of energy, or from incidents occurring at nuclear power plants that pose radiological or other health hazards. These functions include, without limitation, firefighting services, police services, medical and health services, rescue, engineering, warning services, communications, radiological, chemical and other special weapons defense, evacuation of persons from stricken areas, emergency human services, emergency transportation, existing or properly assigned functions of plant protection, temporary restoration of public utility services, implementation of energy supply emergency conservation and allocation measures, emergency waste and debris management and disposal, and other functions related to civilian protection, together with all other activities necessary or incidental to preparing for and carrying out these functions.

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

Sec. 3. Minnesota Statutes 2000, section 12.21, subdivision 1, is amended to read:

Subdivision 1. [GENERAL AUTHORITY.] The governor (1) has general direction and control of emergency management, (2) may carry out the provisions of this chapter, and (3) during a national security emergency or peacetime emergency declared as existing under section 12.31, during the existence of an energy supply emergency

as declared under section 216C.15, or during the existence of an emergency resulting from an incident at a nuclear power plant that poses a radiological or other health hazard, may assume direct operational control over all or any part of the emergency management functions within this state.

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

Sec. 4. Minnesota Statutes 2000, section 12.21, subdivision 2, is amended to read:

Subd. 2. [COOPERATION.] In performing duties under this chapter, the governor may cooperate with the federal government, ~~with~~ other states, ~~with~~ Canadian provinces, tribal governments, and ~~with~~ private agencies, in all matters pertaining to the emergency management of this state and of the nation.

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

Sec. 5. Minnesota Statutes 2000, section 12.21, subdivision 3, is amended to read:

Subd. 3. [SPECIFIC AUTHORITY.] In performing duties under this chapter and to effect its policy and purpose, the governor may:

(1) make, amend, and rescind the necessary orders and rules to carry out the provisions of this chapter and section 216C.15 within the limits of the authority conferred by this section, with due consideration of the plans of the federal government and without complying with sections 14.001 to 14.69, but no order or rule has the effect of law except as provided by section 12.32;

(2) ensure that a comprehensive emergency operations plan and emergency management program for this state are developed and maintained, and are integrated into and coordinated with the emergency plans of the federal government and of other states to the fullest possible extent;

(3) in accordance with the emergency operations plan and the emergency management program of this state, procure supplies and equipment, institute training programs and public information programs, and take all other preparatory steps, including the partial or full activation of emergency management organizations in advance of actual disaster to ensure the furnishing of adequately trained and equipped forces of emergency management personnel in time of need;

(4) make studies and surveys of the industries, resources, and facilities in this state as may be necessary to ascertain the capabilities of the state for emergency management and to plan for the most efficient emergency use of those industries, resources, and facilities;

(5) on behalf of this state, enter into mutual aid arrangements or cooperative agreements with other states, tribal governments, and ~~with~~ Canadian provinces, and coordinate mutual aid plans between political subdivisions of this state;

(6) delegate administrative authority vested in the governor under this chapter, except the power to make rules, and provide for the subdelegation of that authority;

(7) cooperate with the president and the heads of the armed forces, the emergency management agency of the United States and other appropriate federal officers and agencies, and with the officers and agencies of other states in matters pertaining to the emergency management of the state and nation, including the direction or control of:

(i) emergency preparedness drills and exercises;

(ii) warnings and signals for drills or actual emergencies and the mechanical devices to be used in connection with them;

(iii) shutting off water mains, gas mains, electric power connections and the suspension of all other utility services;

(iv) the conduct of persons in the state and the movement and cessation of movement of pedestrians and vehicular traffic during, prior, and subsequent to drills or actual emergencies;

(v) public meetings or gatherings; and

(vi) the evacuation, reception, and sheltering of persons;

(8) contribute to a political subdivision, within the limits of the appropriation for that purpose, not more than 25 percent of the cost of acquiring organizational equipment that meets standards established by the governor;

(9) formulate and execute, with the approval of the executive council, plans and rules for the control of traffic in order to provide for the rapid and safe movement over public highways and streets of troops, vehicles of a military nature, materials for national defense and war or for use in any war industry, for the conservation of critical materials or for emergency management purposes, and coordinate the activities of the departments or agencies of the state and its political subdivisions concerned directly or indirectly with public highways and streets, in a manner that will best effectuate those plans;

(10) alter or adjust by executive order, without complying with sections 14.01 to 14.69, the working hours, work days and work week of, and annual and sick leave provisions and payroll laws regarding all state employees in the executive branch as the governor deems necessary to minimize the impact of the disaster or emergency, conforming the alterations or adjustments to existing state laws, rules, and collective bargaining agreements to the extent practicable;

(11) authorize the commissioner of children, families, and learning to alter school schedules, curtail school activities, or order schools closed without affecting state aid to schools, as defined in section 120A.05, subdivisions 9, 11, 13, and 17, and including charter schools under section 124D.10, and elementary schools enrolling prekindergarten pupils in district programs~~.~~; and

(12) authorize the commissioner of the pollution control agency to suspend the operation of its statutes, rules, permits, and agreements to allow expedited management and disposal of debris and waste, including if needed, disposal of waste at a temporary site until safe permanent disposal can be made. In implementing this authority, the commissioner shall minimize impact on human health and the environment, as much as practicable, given the need for expedited management of the waste. The suspension shall be valid for the duration of the declared emergency and for up to 90 days following the governor's closure of the emergency. If proper management or disposal of waste materials and debris cannot be completed within this 90-day period, the commissioner may extend the suspension for additional 90-day periods as needed to achieve proper management or disposal. Notification of the initial suspension under this subdivision and any subsequent extension thereof shall be made to the governor, president of the senate, speaker of the house, and to the chairs of each appropriate legislative committee.

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

Sec. 6. Minnesota Statutes 2000, section 12.22, subdivision 2, is amended to read:

Subd. 2. [OFFERS OF AID, POLITICAL SUBDIVISIONS OR PERSONS.] Whenever a person offers to the state or to a political subdivision of the state, services, equipment, supplies, materials, real property, or funds by the way of gift, grant, or loan, for purposes of civil emergency management, the state, acting through the governor, or a political subdivision, acting through its governing body, may accept the offer and then may authorize an officer of the state or of the political subdivision, as the case may be, to receive the services, equipment, supplies, materials, real property, or funds on behalf of the state or political subdivision, and subject to the terms of the offer. However, no money or other funds may be accepted or received as a loan nor any indebtedness incurred except as provided by law. Real property so accepted must be treated as, and subject to the same immunities during time of national security or peacetime emergency as, real property owned by the state.

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

Sec. 7. Minnesota Statutes 2000, 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, or the environment 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.

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

Sec. 8. Minnesota Statutes 2000, section 12.32, is amended to read:

12.32 [GOVERNOR'S ORDERS AND RULES, EFFECT.]

Orders and rules promulgated by the governor under authority of section 12.21, subdivision 3, clause (1), when approved by the executive council and filed in the office of the secretary of state, have, during a national security emergency, peacetime emergency, or energy supply emergency, the full force and effect of law. Rules and ordinances of any agency or political subdivision of the state inconsistent with the provisions of this chapter or with any order or rule having the force and effect of law issued under the authority of this chapter, is suspended during the period of time and to the extent that the emergency exists.

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

Sec. 9. Minnesota Statutes 2000, section 12.34, subdivision 1, is amended to read:

Subdivision 1. [EMERGENCY POWERS.] When necessary to save life, property, or the environment during a national security emergency or a peacetime emergency, the governor, the state director, or a member of a class of members of a state or local emergency management organization designated by the governor, may:

(1) require any person, except members of the federal or state military forces and officers of the state or a political subdivision, to perform services for emergency management purposes as directed by any of the persons described above~~, and~~;

(2) commandeer~~, during a national security emergency,~~ any motor vehicle, tools, appliances, or other personal property and any facilities.

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

Sec. 10. Minnesota Statutes 2000, section 12.36, is amended to read:

12.36 [GOVERNOR MAY CONTRACT.]

(a) The governor, during an emergency or disaster and notwithstanding any other law, may:

(1) enter into contracts and incur obligations necessary to combat the disaster by protecting the health and safety of persons and the safety of property and the environment 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 contract;

(iii) incurring of obligations;

(iv) employment of temporary workers;

(v) rental of equipment;

(vi) purchase of supplies and materials, for example, but not limited to, publication of calls for bids;

(vii) provisions of the Civil Service Act and rules;

(viii) provisions relating to low bids; and

(ix) requirements for the budgeting and allotment of funds.

(b) All contracts must be in writing, executed on behalf of the state by the governor or a person delegated by the governor in writing so to do, and must be promptly filed with the commissioner of finance, who shall forthwith encumber funds appropriated for the purposes of the contract for the full contract liability and certify thereon that the encumbrance has been made.

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

Sec. 11. Minnesota Statutes 2000, section 13.381, is amended by adding a subdivision to read:

Subd. 3a. [BIOLOGICAL AGENTS REGISTRY.] Data collected or maintained by the commissioner of health in the biological agents registry are classified under section 144.1208, subdivision 4. The release of such data is governed by section 144.1208, subdivision 4.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 12. Minnesota Statutes 2000, section 13D.05, subdivision 3, is amended to read:

Subd. 3. [WHAT MEETINGS MAY BE CLOSED.] (a) A public body may close a meeting to evaluate the performance of an individual who is subject to its authority. The public body shall identify the individual to be evaluated prior to closing a meeting. At its next open meeting, the public body shall summarize its conclusions regarding the evaluation. A meeting must be open at the request of the individual who is the subject of the meeting.

(b) Meetings may be closed if the closure is expressly authorized by statute or permitted by the attorney-client privilege.

(c) Meetings may be closed to receive security briefings and reports, to discuss issues related to security systems, emergency response procedures if they are unrelated to medical treatment, vaccination, medical testing, health surveillance, isolation, or quarantine of individuals, and to discuss security deficiencies in public services, infrastructure and facilities, if disclosure of the information discussed would pose a clear danger to public safety. Financial issues related to security matters must be discussed and all related financial decisions must be made at an open meeting. The proceedings of a closed meeting to discuss security information must be tape-recorded at the expense of the public body. The recording must be preserved for two years after the date of the closed meeting, but the recording must be destroyed after two years have elapsed from the date of the closed meeting.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and will expire on June 30, 2005.

Sec. 13. [18D.302] [FALSE STATEMENT OR RECORD.]

A person must not make or offer a false statement, record, or other information as part of:

(1) an application for registration, license, certification, permit, or land application of contaminated soil or other media under this chapter or chapter 18B, 18C, or 18F or rules adopted under one of those chapters;

(2) records or reports required under this chapter or chapter 18B, 18C, 18E, or 18F or rules adopted under one of those chapters; or

(3) an investigation of a violation of this chapter or chapter 18B, 18C, 18E, or 18F or rules adopted under one of those chapters.

Sec. 14. Minnesota Statutes 2001 Supplement, section 28A.085, subdivision 4, is amended to read:

Subd. 4. [FOOD HANDLER REINSPECTION ACCOUNT; APPROPRIATION.] A food handler reinspection account is established in the agricultural fund. All reinspection fees, court awarded costs under section 31.05, and assessments collected must be deposited in the state treasury and are credited to the food handler reinspection account. Money in the account, including interest accrued, is appropriated to the commissioner to pay the expenses relating to reinspections conducted under the chapters listed in subdivision 1.

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

Sec. 15. Minnesota Statutes 2000, section 31.05, subdivision 1, is amended to read:

Subdivision 1. A duly authorized agent of the commissioner who finds or has probable cause to believe that any food or consumer commodity is adulterated or so misbranded as to be dangerous or fraudulent, or is in violation of section 31.131 shall affix to such article a tag or other appropriate marking giving notice that such article is, or is suspected of being, adulterated or misbranded and has been detained or embargoed, and warning all persons not to remove or dispose of such article by sale or otherwise until permission for removal or disposal is given by such agent or the court. It shall be unlawful for any person to remove or dispose of such detained or embargoed article by sale or otherwise without such permission.

In the event of an emergency declared by the governor under section 12.31, an embargo may be placed on a geographical area of the state limiting food or consumer commodity movement into or out of the embargoed area.

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

Sec. 16. Minnesota Statutes 2000, section 31.05, is amended by adding a subdivision to read:

Subd. 5. If a person is convicted of adulteration under section 609.687, terroristic threats under section 609.713, terrorism under section 609.714, use of a weapon of mass destruction under section 609.712, or a misdemeanor under section 31.032, the person is responsible for, and the district court shall award to the commissioner, all costs incurred for laboratory testing, inspection, investigation, and disposal of the food or consumer commodity.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 17. Minnesota Statutes 2001 Supplement, section 35.0661, subdivision 2, is amended to read:

Subd. 2. [QUARANTINE ZONES.] Upon an emergency declaration by the governor under subdivision 1, the board or any licensed veterinarian designated by the board may establish quarantine zones of control in any area where a specific animal is deemed by a licensed veterinarian as likely to be infected with the disease based on an actual veterinary examination or laboratory testing. Quarantine zones of control must be the smallest size practicable

to prevent the spread of disease and must exist for the shortest duration consistent with effective disease control. A quarantine zone of control ~~must not extend beyond a radius of three miles from an animal deemed as likely to be infected with the disease, unless the board has adopted a rule regarding a specific disease requiring a larger quarantine zone of control.~~ for humans, machinery, and personal property, excluding livestock products, will be limited to infected premises. The size of the quarantine zone of control for livestock and livestock products will depend on weather conditions, type of farms, time of year, species affected, and geography of area affected.

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

Sec. 18. [144.1208] [BIOLOGICAL AGENTS REGISTRY.]

Subdivision 1. [REGISTRY ESTABLISHED.] The commissioner of health shall establish a registry of all individuals and entities, including state agencies, in this state that possess or maintain a biological agent required to be reported under this section. The biological agents registry must list the biological agents possessed or maintained by individuals and entities in this state and the purposes for which each biological agent is used.

Subd. 2. [DEFINITION.] For purposes of this section, "biological agent" means:

(1) a select agent that is a virus, bacterium, rickettsia, fungus, or toxin listed in Code of Federal Regulations, title 42, part 72, appendix A;

(2) a genetically modified microorganism or genetic element from an organism listed in Code of Federal Regulations, title 42, part 72, appendix A, shown to produce or encode for a factor associated with a disease; or

(3) a genetically modified microorganism or genetic element that contains nucleic acid sequences coding for any of the toxins listed in Code of Federal Regulations, title 42, part 72, appendix A, or their toxic subunits.

Subd. 3. [REGISTRATION REQUIRED; OTHER REPORT.] (a) Except as provided in subdivision 7, any individual or entity that possesses or maintains a biological agent required to be reported under this section must register with the commissioner on a form prepared by the commissioner, within seven days after the individual or entity obtains a biological agent. When an individual or entity registers with the commissioner, the individual or entity must:

(1) list all biological agents possessed or maintained by the individual or entity;

(2) verify that the individual or entity is adequately equipped to safely handle all biological agents possessed or maintained; and

(3) describe the uses for which each biological agent is being possessed or maintained.

(b) An individual or entity registered with the commissioner must report to the commissioner within 24 hours after an unauthorized individual or entity gains access or attempts to gain access to a biological agent possessed or maintained by the registered individual or entity. The initial report may be made orally but must be followed by a written report if requested by the commissioner.

Subd. 4. [DATA PRACTICES.] (a) All data collected or maintained by the commissioner in the biological agents registry are private data on individuals or nonpublic data but may be released as provided in paragraph (b).

(b) The commissioner may release data collected or maintained by the commissioner in the biological agents registry:

(1) for the purpose of aiding or conducting an epidemiologic investigation of a communicable disease;

(2) to the United States Centers for Disease Control and Prevention in any investigation involving the release, theft, or loss of a biological agent required to be reported under this section; or

(3) to state and federal law enforcement agencies in any investigation involving the release, theft, loss, or suspended or attempted misuse of a biological agent required to be reported under this section.

Subd. 5. [COOPERATION.] The commissioner shall cooperate with the United States Centers for Disease Control and Prevention and state and federal law enforcement agencies in any investigation involving the release, theft, or loss of a biological agent required to be reported under this section.

Subd. 6. [PENALTY.] The commissioner shall impose a fine of up to $1,000 on any person who willfully or knowingly violates any provision of this section. Each day of a continuing violation shall constitute a separate offense.

Subd. 7. [EXEMPTION.] A person or entity that possesses or maintains a biological agent is exempt from the registration and reporting requirements of this section if the person or entity:

(1) detects a biological agent in a clinical sample for the purpose of disease diagnosis, epidemiological surveillance, or exposure assessment or for reference, verification, or proficiency testing purposes; and

(2) discards the biological agent (i) within 14 calendar days of receiving notice that the confirmation testing is complete, or (ii) within 14 calendar days of using the biological agent for reference, verification, or proficiency testing.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 19. [168.185] [MOTOR CARRIER USDOT NUMBERS.]

A motor carrier operating a truck or truck tractor having a gross vehicle weight of more than 26,000 pounds, as defined in 169.01, subdivision 46, shall report to the registrar at the time of registration its USDOT carrier number. A motor carrier who does not have a USDOT number shall apply for the number at the time of registration by completing a form MCS-150 Motor Carrier Identification Report, issued by the Federal Motor Carrier Safety Administration, or comparable document as determined by the registrar.

Assigned USDOT numbers need not be displayed on the outside of the vehicle, but must be made available upon request of an authorized agent of the registrar, peace officer, other employees of the State Patrol authorized in 299D, or employees of the Minnesota department of transportation. A motor carrier shall notify the registrar if there is a change to the carrier's USDOT number.

If a carrier fails to report or apply for a USDOT number, the registrar shall suspend the carrier's registration.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 20. [171.065] [PROOF OF RESIDENCY.]

Subdivision 1. [PROOF OF RESIDENCY AT INITIAL APPLICATION.] Proof of residency is required at the time of application for an initial driving permit, driver's license, or state identification card. The applicant must attest to a residence address in Minnesota and demonstrate proof of either lawful short-term admission to the United States, permanent United States resident status, or United States citizenship.

Subd. 2. [PROOF OF RESIDENCY AT RENEWAL.] (a) Proof of residency is required at the time of application for renewal of a driving permit, driver's license, or state identification card.

(b) A person with permanent United States resident status or United States citizenship must attest to a residence address in Minnesota.

(c) A person with lawful short-term admission to the United States must attest to a residence address in Minnesota and provide proof of lawful short-term admission status to the United States.

Subd. 3. [DOCUMENTS NOT SUFFICIENT TO PROVE RESIDENCY.] The department shall not accept presentation of a permit, driver's license, or identification card from another United States state as proof of lawful short-term admission to the United States, permanent United States resident status, or United States citizenship.

Subd. 4. [DOCUMENTS SUFFICIENT TO PROVE RESIDENCY.] To demonstrate lawful short-term admission to the United States, permanent United States resident status, or United States citizenship, an applicant must attest to Minnesota residence address on the application form and present either:

(1) a certified copy of a birth certificate issued by a United States government bureau of vital statistics or by a board of health of a United States jurisdiction;

(2) a Certificate of Naturalization issued by the United States Department of Justice;

(3) a document issued by the United States Department of Justice or United States Department of State indicating either lawful short-term admission to the United States or permanent United States resident status; or

(4) a Minnesota driving permit, driver's license, or identification card that is current or expired for not more than five years.

Subd. 5. [EVIDENCE REQUIRED WHEN NAME CHANGED.] If there has been a change in the individual's full name as it appears on the presented document, the individual shall also present evidence of a change of name as specified by rule of the commissioner.

Subd. 6. [LAWFUL SHORT-TERM ADMISSION STATUS.] The department shall not issue a state driving permit, driver's license, or identification card if an individual has no lawful admission status to the United States or if the lawful short-term admission period expires in 30 days or less.

Subd. 7. [REFUGEE OR ASYLEE STATUS.] (a) An individual who is a refugee or has been granted asylee status shall be considered a permanent resident alien if the individual has an INS-issued employment authorization document (EAD), and an I-94 document indicating refugee status or asylum status has been granted.

(b) An individual who is awaiting a determination of asylee status is considered a short-term resident and a state-issued identification card or driver's license must bear the expiration date on the refugee or asylee's INS-issued employment authorization document.

Subd. 8. [RULES; VARIANCE.] The commissioner may adopt rules, standards, and procedures according to chapter 14 to administer this section. The requirements of this section are subject to variance under rules of the commissioner.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 21. Minnesota Statutes 2000, section 171.07, subdivision 1a, is amended to read:

Subd. 1a. [FILING PHOTOGRAPH OR IMAGE; DATA CLASSIFICATION.] The department shall file, or contract to file, all photographs or electronically produced images obtained in the process of issuing drivers' licenses or Minnesota identification cards. The photographs or electronically produced images ~~shall be~~ are private data

pursuant to section 13.02, subdivision 12. Notwithstanding section 13.04, subdivision 3, the department ~~shall~~ is not ~~be~~ required to provide copies of photographs or electronically produced images to data subjects. The use of the files is restricted:

(1) to the issuance and control of drivers' licenses;

(2) for law enforcement purposes in the investigation ~~and~~ or prosecution of crimes; and

(3) for child support enforcement purposes under section 256.978.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 22. Minnesota Statutes 2000, section 171.07, subdivision 4, is amended to read:

Subd. 4. [EXPIRATION.] (a) Except as otherwise provided in this subdivision, the expiration date of Minnesota identification cards of applicants under the age of 65 shall be the birthday of the applicant in the fourth year following the date of issuance of the card.

(b) Minnesota identification cards issued to applicants age 65 or over shall be valid for the lifetime of the applicant.

(c) The expiration date for an Under-21 identification card is the card holder's 21st birthday. The commissioner shall issue an identification card to a holder of an Under-21 identification card who applies for the card, pays the required fee, and presents proof of identity and age, unless the commissioner determines that the applicant is not qualified for the identification card.

(d) Notwithstanding paragraph (a) or (b), the expiration date for an identification card issued to a person who is lawfully in the United States as a result of a document issued by the United States Immigration and Naturalization Service or successor agency that authorizes the person to remain in the United States until a specified date is the date on which that authorization expires, the date on which that authorization is terminated, or four years after the date of issuance of the identification card, whichever occurs first. In the case of an under-21 identification card issued to a person described in this paragraph, the expiration date is the cardholder's 21st birthday or the date on which the person's authorization to remain in the United States expires or is terminated, whichever occurs first. An identification card issued with an expiration date that is the date on which the cardholder's authorization to remain in the United States expires must be clearly marked for law enforcement purposes on the back of the card in a code no larger than other information contained on the back of the card.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 23. Minnesota Statutes 2000, section 171.27, is amended to read:

171.27 [EXPIRATION OF LICENSE.]

Subdivision 1. [GENERALLY.] Except as otherwise provided in this section, the expiration date for each driver's license, other than under-21 licenses, is the birthday of the driver in the fourth year following the date of issuance of the license. The birthday of the driver shall be as indicated on the application for a driver's license. A license may be renewed on or before expiration or within one year after expiration upon application, payment of the required fee, and passing the examination required of all drivers for renewal. Driving privileges shall be extended or renewed on or preceding the expiration date of an existing driver's license unless the commissioner believes that the licensee is no longer qualified as a driver.

Subd. 2. [UNDER-21 LICENSE.] The expiration date for each under-21 license shall be the 21st birthday of the licensee. Upon the licensee attaining the age of 21 and upon the application, payment of the required fee, and passing the examination required of all drivers for renewal, a driver's license shall be issued unless the commissioner determines that the licensee is no longer qualified as a driver.

Subd. 3. [PROVISIONAL LICENSE.] The expiration date for each provisional license is two years after the date of application for the provisional license.

Subd. 4. [LICENSES ISSUED TO PERSONS IN UNITED STATES ON TEMPORARY AUTHORITY.] Notwithstanding subdivisions 1 to 3, the expiration date for a driver's license issued to a person who is lawfully in the United States as a result of a document issued by the United States Immigration and Naturalization Service or successor agency that authorizes the person to remain in the United States until a specified date is the date on which that authorization expires, the date on which that authorization is terminated, or four years after the date of issuance of the license, whichever occurs first. In the case of an under-21 license issued to a person described in this subdivision, the expiration date is the cardholder's 21st birthday or the date on which the person's authorization to remain in the United States expires or is terminated, whichever occurs first. In the case of a provisional license issued to a person described in this subdivision, the expiration date is the date on which the person's authorization to remain in the United States expires or is terminated, or two years after the date of application for the provisional license, whichever occurs first. A license issued with an expiration date that is the date on which the licensee's authorization to remain in the United States expires must be clearly marked for law enforcement purposes on the back of the card in a code no larger than other information contained on the back of the card.

Subd. 5. [LICENSES TO PERSONS ON ACTIVE DUTY.] Any valid Minnesota driver's license issued to a person then or subsequently on active duty with the Armed Forces of the United States, or the person's spouse, shall continue in full force and effect without requirement for renewal until 90 days after the date of the person's discharge from such service, provided that a spouse's license must be renewed if the spouse is residing within the state at the time the license expires or within 90 days after the spouse returns to Minnesota and resides within the state.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 24. [171.324] [QUALIFICATIONS OF HAZARDOUS MATERIALS DRIVERS.]

Subdivision 1. [ENDORSEMENT.] Before being issued or renewing a class C, class B, or class A driver's license with a hazardous materials endorsement, the applicant must comply with federal regulations incorporated in this section.

Subd. 2. [ADOPTION OF FEDERAL REGULATIONS] Public Law 107-56, section 1012, as implemented in Code of Federal Regulations, Title 49, is incorporated by reference.

Subd. 3. [RULES] The commissioner of public safety may adopt rules pursuant to section 14.388, clause (1), in order to implement this section.

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

Sec. 25. Minnesota Statutes 2000, section 221.0355, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of this section, the following words and phrases have the meanings given them in this subdivision:

(a) "Base state" means the state selected by a carrier according to the procedures established by the uniform program.

(b) "Base state agreement" means the agreement between participating states electing to register or permit carriers of hazardous material or hazardous waste.

(c) "Carrier" means a person who operates a motor vehicle used to transport hazardous material or hazardous waste.

(d) "Designated hazardous material" means a hazardous material described in Code of Federal Regulations, title 49, section 107.601, which is incorporated by reference.

(e) "Hazardous material" means:

(1) a hazardous material when the hazardous material is of a type or in a quantity that requires the transport vehicle to be placarded in accordance with Code of Federal Regulations, title 49, part 172; or

(2) a hazardous substance or marine pollutant when transported in bulk packaging as defined in Code of Federal Regulations, title 49, section 171.8, which is incorporated by reference.

(f) "Hazardous material transportation" means the transportation of hazardous material or hazardous waste, or both, on the public highways.

(g) "Hazardous waste" means hazardous waste of a type and amount that requires the shipment to be accompanied by a uniform hazardous waste manifest described in Code of Federal Regulations, title 40, part 262, including state-designated hazardous wastes when a list of state-designated hazardous wastes has been filed by the state with the national repository under the uniform program.

(h) "Participating state" means a state electing to participate in the uniform program by entering a base state agreement.

(i) "Person" means an individual, firm, copartnership, cooperative, company, association, limited liability company, corporation, or public entity.

(j) "Public entity" means a carrier who is a federal or state agency or political subdivision.

(k) "Shipper" means a person who offers a designated hazardous material to another person for shipment or who causes a designated hazardous material to be transported or shipped by another person.

(l) "Uniform application" means the uniform motor carrier registration and permit application form established under the uniform program.

(m) "Uniform program" means the Uniform State Hazardous Materials Transportation Motor Carrier Registration and Permit Program established in the report submitted to the secretary of transportation pursuant to the "Hazardous Materials Transportation Uniform Safety Act of 1990," United States Code, title 49 appendix, section 1819, subsection (c).

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 26. Minnesota Statutes 2000, section 221.0355, subdivision 3, is amended to read:

Subd. 3. [GENERAL REQUIREMENTS.] Except as provided in subdivision 17, after October 1, 1994:

(a) No carrier, other than a public entity, may transport a hazardous material by motor vehicle in Minnesota unless it has complied with subdivision 4.

(b) No carrier, other than a public entity, may transport a hazardous waste in Minnesota unless it has complied with subdivisions 4 and 5.

(c) No shipper may offer a designated hazardous material for shipment or cause a designated hazardous material to be transported or shipped in Minnesota unless it has complied with subdivision 7.

(d) No carrier, other than a public entity, may transport a designated hazardous material by rail or water in Minnesota unless it has complied with subdivision 7a.

(e) No public entity may transport a hazardous material or hazardous waste by motor vehicle in Minnesota unless it has complied with subdivision 8.

(f) A carrier registered under this section, who exclusively offers designated materials for shipment only in vehicles controlled or operated by that carrier and who does not offer hazardous materials to other private or for-hire carriers, is not required to register as a shipper under subdivision 7.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 27. Minnesota Statutes 2001 Supplement, section 260B.171, subdivision 1, is amended to read:

Subdivision 1. [RECORDS REQUIRED TO BE KEPT.] (a) The juvenile court judge shall keep such minutes and in such manner as the court deems necessary and proper. Except as provided in paragraph (b), the court shall keep and maintain records pertaining to delinquent adjudications until the person reaches the age of 28 years and shall release the records on an individual to another juvenile court that has jurisdiction of the juvenile, to a requesting adult court for purposes of sentencing, or to an adult court or juvenile court as required by the right of confrontation of either the United States Constitution or the Minnesota Constitution. The juvenile court shall provide, upon the request of any other juvenile court, copies of the records concerning adjudications involving the particular child. ~~The court also may provide copies of records concerning delinquency adjudications, on request, to law enforcement agencies, probation officers, and corrections agents if the court finds that providing these records serves public safety or is in the best interests of the child.~~ Juvenile court delinquency proceeding records of adjudications, court transcripts, and delinquency petitions, including any probable cause attachments that have been filed or police officer reports relating to a petition, and juvenile petty offense records must be released to requesting law enforcement agencies, probation officers, corrections agents, and prosecuting authorities for purposes of investigating and prosecuting ~~violations of section 609.229, provided that~~ crimes, delinquent acts, or probation violations. Psychological or mental health reports may not be ~~included~~ disclosed with those records unless the court finds disclosure of psychological or mental health reports serves public safety or is in the best interests of the child. The agency receiving the records may release the records only as permitted under this section or authorized by law.

The court shall also keep an index in which files pertaining to juvenile matters shall be indexed under the name of the child. After the name of each file shall be shown the file number and, if ordered by the court, the book and page of the register in which the documents pertaining to such file are listed. The court shall also keep a register properly indexed in which shall be listed under the name of the child all documents filed pertaining to the child and in the order filed. The list shall show the name of the document and the date of filing thereof. The juvenile court legal records shall be deposited in files and shall include the petition, summons, notice, findings, orders, decrees, judgments, and motions and such other matters as the court deems necessary and proper. Unless otherwise provided by law, all court records shall be open at all reasonable times to the inspection of any child to whom the records relate, and to the child's parent and guardian.

(b) The court shall retain records of the court finding that a juvenile committed an act that would be a ~~felony-~~ felony or gross misdemeanor level offense until the offender reaches the age of 28. If the offender commits a felony as an adult, or the court convicts a child as an extended jurisdiction juvenile, the court shall retain the juvenile records for as long as the records would have been retained if the offender had been an adult at the time of the juvenile offense. This paragraph does not apply unless the juvenile was provided counsel as required by section 260B.163, subdivision 2.

**[EFFECTIVE DATE.]** This section is effective August 1, 2002.

Sec. 28. Minnesota Statutes 2000, section 299A.49, subdivision 2, is amended to read:

Subd. 2. [CHEMICAL ASSESSMENT TEAM.] "Chemical assessment team" means a team trained and equipped to evaluate and mitigate a hazardous materials incident and recommend the best means of controlling the hazard after consideration of life safety concerns, environmental effects, exposure hazards, quantity and type of hazardous material, availability of local resources, or other relevant factors.

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

Sec. 29. Minnesota Statutes 2000, section 299A.49, subdivision 4, is amended to read:

Subd. 4. [HAZARDOUS MATERIALS.] "Hazardous materials" means substances or materials that, because of their chemical, physical, or biological nature, pose a potential risk to life, health, or property if they are released. "Hazardous materials" includes any substance or material in a particular form or quantity that may pose an unreasonable risk to health, safety, and property, or any substance or material in a quantity or form that may be harmful to humans, animals, crops, water systems, or other elements of the environment if accidentally released. Hazardous substances so designated may include explosives, radioactive materials, etiologic agents, flammable liquids or solids, combustible liquids or solids, poisons, oxidizing or corrosive materials, chemical and biological substances, and flammable gases.

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

Sec. 30. Minnesota Statutes 2000, section 299C.063, subdivision 2, is amended to read:

Subd. 2. [EXPENSE REIMBURSEMENT.] The commissioner may reimburse bomb disposal units for reasonable expenses incurred to dispose of or neutralize bombs or other similar hazardous explosives for their employer-municipality or for another municipality outside the jurisdiction of the employer-municipality but within the state. Activation through the division of emergency management duty officer is a condition of reimbursement. Operations outside the state of Minnesota may be authorized by the commissioner of public safety as part of a mutual assistance plan between states or between the state of Minnesota and the federal government. Reimbursement is limited to the extent of appropriated funds.

Sec. 31. Minnesota Statutes 2000, section 609.185, is amended to read:

609.185 [MURDER IN THE FIRST DEGREE.]

Whoever does any of the following is guilty of murder in the first degree and shall be sentenced to imprisonment for life:

(1) causes the death of a human being with premeditation and with intent to effect the death of the person or of another;

(2) causes the death of a human being while committing or attempting to commit criminal sexual conduct in the first or second degree with force or violence, either upon or affecting the person or another;

(3) causes the death of a human being with intent to effect the death of the person or another, while committing or attempting to commit burglary, aggravated robbery, kidnapping, arson in the first or second degree, a drive-by shooting, tampering with a witness in the first degree, escape from custody, or any felony violation of chapter 152 involving the unlawful sale of a controlled substance;

(4) causes the death of a peace officer or a guard employed at a Minnesota state or local correctional facility, with intent to effect the death of that person or another, while the peace officer or guard is engaged in the performance of official duties;

(5) causes the death of a minor while committing child abuse, when the perpetrator has engaged in a past pattern of child abuse upon the child and the death occurs under circumstances manifesting an extreme indifference to human life; ~~or~~

(6) causes the death of a human being while committing domestic abuse, when the perpetrator has engaged in a past pattern of domestic abuse upon the victim or upon another family or household member and the death occurs under circumstances manifesting an extreme indifference to human life; or

(7) causes the death of a human being while committing a felony involving terrorism under sections 609.714 or 609.7141.

For purposes of clause (5), "child abuse" means an act committed against a minor victim that constitutes a violation of the following laws of this state or any similar laws of the United States or any other state: section 609.221; 609.222; 609.223; 609.224; 609.2242; 609.342; 609.343; 609.344; 609.345; 609.377; 609.378; or 609.713.

For purposes of clause (6), "domestic abuse" means an act that:

(1) constitutes a violation of section 609.221, 609.222, 609.223, 609.224, 609.2242, 609.342, 609.343, 609.344, 609.345, 609.713, or any similar laws of the United States or any other state; and

(2) is committed against the victim who is a family or household member as defined in section 518B.01, subdivision 2, paragraph (b).

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 32. Minnesota Statutes 2000, section 609.505, is amended to read:

609.505 [FALSELY REPORTING CRIME.]

Whoever informs a law enforcement officer that a crime has been committed, knowing that it is false and intending that the officer shall act in reliance upon it, is guilty of a gross misdemeanor. A person who is convicted a second or subsequent time under this section ~~is guilty of a gross misdemeanor~~ may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than $10,000, or both.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 33. Minnesota Statutes 2000, 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, section 609.712, 609.714, 609.7141, 609.7142, or 609.7143, or chapter 624;

(2) for any violation of section 609.712, 609.714, 609.7141, 609.7142, or 609.7143, or a felony violation of, or a felony-level attempt or conspiracy to violate, section 609.625, subdivision 4; 609.532, subdivision 3, clause (3); 609.713; or a gross misdemeanor violation of section 609.605; and

(3) 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; 609.528; 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; 609.895; 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.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 34. Minnesota Statutes 2000, section 609.532, subdivision 3, is amended to read:

Subd. 3. [ISSUANCE OF A COURT ORDER.] If the court finds that (1) there is probable cause that the account holder was involved in the commission of a felony; (2) the accounts of the account holder are specifically identified; (3) there was a loss of $10,000 or more as a result of the commission of the alleged felony, or the account holder is charged with murder, attempted murder, conspiracy to commit murder, or a violation of section 609.668 prohibited acts involving explosive or incendiary devices, section 609.712 use or possession of a weapon of mass destruction, section 609.713 terroristic threats, or a terroristic crime under section 609.714, 609.7141, 609.7142, or 609.7143; and (4) it is necessary to freeze the account holder's funds or assets to ensure eventual restitution to victims of the alleged offense, the court may order the financial institution to freeze all or part of the account holder's deposited funds or assets so that the funds or assets may not be withdrawn or disposed of until further order of the court.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 35. Minnesota Statutes 2000, section 609.605, subdivision 4, is amended to read:

Subd. 4. [TRESPASSES ON SCHOOL PROPERTY.] (a) It is a misdemeanor for a person to enter or be found in a public or nonpublic elementary, middle, or secondary school building unless the person:

(1) is an enrolled student in, a parent or guardian of an enrolled student in, or an employee of the school or school district;

(2) has permission or an invitation from a school official to be in the building;

(3) is attending a school event, class, or meeting to which the person, the public, or a student's family is invited; or

(4) has reported the person's presence in the school building in the manner required for visitors to the school.

(b) It is a misdemeanor for a person to be on the roof of a public or nonpublic elementary, middle, or secondary school building unless the person has permission from a school official to be on the roof of the building.

(c) It is a gross misdemeanor for a group of three or more persons to enter or be found in a public or nonpublic elementary, middle, or secondary school building unless one of the persons:

(1) is an enrolled student in, a parent or guardian of an enrolled student in, or an employee of the school or school district;

(2) has permission or an invitation from a school official to be in the building;

(3) is attending a school event, class, or meeting to which the person, the public, or a student's family is invited; or

(4) has reported the person's presence in the school building in the manner required for visitors to the school.

~~(c)~~ (d) It is a misdemeanor for a person to enter or be found on school property within six months after being told by the school principal or the principal's designee to leave the property and not to return, unless the principal or the principal's designee has given the person permission to return to the property. As used in this paragraph, "school property" has the meaning given in section 152.01, subdivision 14a, clauses (1) and (3).

~~(d)~~ (e) A school principal or a school employee designated by the school principal to maintain order on school property, who has reasonable cause to believe that a person is violating this subdivision may detain the person in a reasonable manner for a reasonable period of time pending the arrival of a peace officer. A school principal or designated school employee is not civilly or criminally liable for any action authorized under this paragraph if the person's action is based on reasonable cause.

~~(e)~~ (f) A peace officer may arrest a person without a warrant if the officer has probable cause to believe the person violated this subdivision within the preceding four hours. The arrest may be made even though the violation did not occur in the peace officer's presence.

**[EFFECTIVE DATE.]** This section is effective August 1, 2002, and applies to all crimes committed on or after that date.

Sec. 36. [609.6055] [TRESPASS ON UTILITY PROPERTY.]

Subdivision 1. [PENALTIES.] If a person trespasses upon any nonpublic portion of real property containing a critical public service facility, utility, or pipeline, and does so:

(1) with intent to tamper, damage, or otherwise disrupt either the safe operation of the pipeline or utility equipment or facility or the provision of services by a critical public service facility, the person is guilty of a felony; or

(2) without claim of right or consent of one who has the right to give consent to be on the property, the person is guilty of a gross misdemeanor.

Subd. 2. [DETENTION AUTHORITY; LIABILITY.] An employee, or other person, designated by a pipeline, utility, or critical public service facility to ensure the safe operation of the equipment or facility of the pipeline or utility or the provision of services by a critical public service facility who has a reasonable suspicion to believe that a person is committing the offense described in subdivision 1 may detain the person in a reasonable manner for a reasonable period of time pending the arrival of a peace officer. The employee or other designated person is not liable, either criminally or civilly, for any action authorized under this subdivision if the person's action is based on a reasonable suspicion.

Subd. 3. [ARREST AUTHORITY.] A peace officer may arrest a person without a warrant if the officer has probable cause to believe the person violated this subdivision within the preceding four hours. The arrest may be made even though the violation did not occur in the presence of the peace officer.

Subd. 4. [DEFINITIONS.] For purposes of this section:

(a) "Critical public service facility" includes railroad yards and stations, bus stations, airports, and other mass transit facilities; oil refineries; storage areas or facilities for hazardous materials, hazardous substances, or hazardous wastes; and bridges. Critical public service facility does not include railroad tracks or real property beneath power or telecommunications lines.

(b) "Pipeline" means an above-ground pipeline subject to Code of Federal Regulations, title 49, parts 192 and 195.

(c) "Utility" includes (1) any organization defined as a utility in section 216C.06, subdivision 5, or that is subject to the regulations of the federal Nuclear Regulatory Agency or Department of Energy, (2) any telecommunications carrier or telephone company regulated under chapter 237 or subject to the regulations of the Federal Communications Commission, and (3) any local utility or enterprise formed for the purpose of providing electrical or gas heating and power, telephone, water, sewage, wastewater, or other related utility service, which is owned, controlled, or regulated by a town, a statutory or home rule charter city, a county, a port development authority, the metropolitan council, a district heating authority, a regional commission or other regional government unit, or a combination of these governmental units.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 37. Minnesota Statutes 2000, section 609.625, is amended by adding a subdivision to read:

Subd. 4. [FURTHERING TERRORISTIC ACTIVITY.] (a) Whoever commits an offense described in section 171.22, subdivision 1, or 609.63, with intent to assist or in any other way facilitate an act of terrorism, is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both.

(b) A court may provide that all or any part of the fine imposed be disbursed as restitution to any victims of a crime committed contemporaneously with commission of the felony described in paragraph (a).

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 38. Minnesota Statutes 2000, section 609.668, subdivision 6, is amended to read:

Subd. 6. [ACTS PROHIBITED; PENALTIES.] (a) Except as otherwise provided in this section, whoever possesses, manufactures, transports, or stores an explosive device or incendiary device in violation of this section may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both.

(b) Whoever legally possesses, manufactures, transports, or stores an explosive device or incendiary device, with intent to use the device to damage property or cause injury, may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both.

(c) Whoever, acting with gross disregard for human life or property, negligently causes an explosive device or incendiary device to be discharged, may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than $100,000, or both.

(d) Whoever intentionally places any explosive or incendiary device in, upon, under, against, or near any building, motor vehicle, vessel, railroad, airplane, public utility transmission system, or structure, with intent to destroy or injure it without consent or legal authority, whether or not it actually explodes, is guilty of a felony and may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than $100,000, or both.

(e) Whoever intentionally places a simulated explosive or incendiary device in, upon, under, against, or near any building, motor vehicle, vessel, railroad, airplane, public utility transmission system, or structure, with intent to cause another person to fear destruction of property or injury, is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 39. [609.712] [WEAPON OF MASS DESTRUCTION; SIMULATED WEAPON OF MASS DESTRUCTION.]

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meanings given them in this subdivision.

(a) "Weapon of mass destruction" means any device, object, substance, microorganism, virus, infectious substance, toxin, or toxic chemical that, by any means, is designed or intended to cause death, great bodily harm, or serious bodily harm, or serious damage to property or the environment.

(b) "Simulated weapon of mass destruction" means any device, substance, or object that by its design is intended to simulate a weapon of mass destruction, as that term is defined in this subdivision.

Subd. 2. [MANUFACTURE, POSSESSION, OR USE OF A WEAPON OF MASS DESTRUCTION.] A person who, without lawful authority, sells, delivers, displays, uses, threatens to use, manufactures or possesses with intent to injure, or who makes readily accessible to others a weapon of mass destruction is guilty of a felony and may be sentenced to imprisonment for up to 30 years or to payment of a fine of $100,000, or both.

Subd. 3. [SIMULATED WEAPON OF MASS DESTRUCTION.] Any person who sells, delivers, displays, uses, threatens to use, manufactures, or possesses, or who makes readily accessible to others a simulated weapon of mass destruction with the intent to cause fear in another person of death, great bodily harm, serious bodily harm, or significant damage to property or the environment, is guilty of a felony and may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than $40,000, or both.

Subd. 4. [LIMITED EXCEPTIONS.] Subdivisions 2 and 3 do not apply to any member or employee of the armed forces of the United States, a federal or state governmental agency, or a private entity who is otherwise engaged in lawful activity within the scope of employment if the person is otherwise duly authorized or licensed to manufacture, possess, sell, deliver, display, or otherwise engage in activity proscribed by this section and if the person is in compliance with applicable federal and state law.

Subd. 5. [CIVIL ACTION TO RECOVER.] A person who violates subdivision 2 or 3 shall be liable in a civil action brought by

(1) an individual for damages resulting from the violation; or

(2) a municipality, the state, or a rescue organization to recover expenses incurred to provide investigative, rescue, medical, or other services for circumstances or injuries which resulted from the violation.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 40. Minnesota Statutes 2000, section 609.713, subdivision 1, is amended to read:

Subdivision 1. Whoever threatens, directly or indirectly, to commit any crime of violence with purpose to terrorize another or to cause evacuation of a building, place of assembly, vehicle or facility of public transportation or otherwise to cause serious public inconvenience, or in a reckless disregard of the risk of causing such terror or inconvenience may be sentenced to imprisonment for not more than ~~five~~ ten years or to payment of a fine of not more than ~~$10,000~~ $50,000, or both. As used in this subdivision, "crime of violence" has the meaning given "violent crime" in section 609.1095, subdivision 1, paragraph (d).

**[EFFECTIVE DATE.]** This section is effective August 1, 2002, and applies to crimes committed on or after that date.

Sec. 41. Minnesota Statutes 2000, section 609.713, is amended by adding a subdivision to read:

Subd. 4. Prosecution under this section is not a bar to prosecution under section 609.714.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 42. [609.7131] [INTRODUCING OR THREATENING TO INTRODUCE LIVESTOCK, CAPTIVE CERVIDAE, POULTRY, OR WILD DEER PATHOGENS.]

Subdivision 1. [LIVESTOCK, CAPTIVE CERVIDAE, AND POULTRY.] (a) Whoever intentionally introduces an organism pathogenic to livestock, captive cervidae, or poultry is guilty of a felony.

(b) Whoever threatens to introduce an organism pathogenic to livestock, captive cervidae, or poultry located in this state with purpose to terrorize the owner of the livestock, captive cervidae, or poultry or to terrorize members of the public is guilty of a gross misdemeanor.

(c) It is an affirmative defense to criminal liability under this subdivision that the organism has a recognized therapeutic veterinary purpose.

Subd. 2. [WILD DEER.] (a) Whoever introduces an organism pathogenic to wild deer is guilty of a felony.

(b) Whoever threatens to introduce an organism pathogenic to wild deer located in this state with purpose to terrorize members of the public is guilty of a gross misdemeanor.

(c) It is an affirmative defense to criminal liability under this subdivision that the organism has a recognized therapeutic veterinary purpose.

Subd. 3. [PENALTY.] (a) A person convicted of violating subdivision 1, paragraph (a), or subdivision 2, paragraph (a), may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both.

(b) A person convicted of violating subdivision 1, paragraph (b), or subdivision 2, paragraph (b), may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both.

Subd. 4. [CIVIL ACTION.] Any person injured by a violation of subdivision 1 may bring an action for the damages sustained, costs, and attorney fees.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 43. [609.714] [TERRORISM.]

Subdivision 1. [TERRORISM.] A person is guilty of the crime of terrorism if the person commits a crime of violence, as defined in subdivision 2, which is intended to terrorize, or in reckless disregard for causing such terror to, a considerable number of members of the public, excluding those directly affected, or who would have been directly affected, by the crime of violence.

Subd. 2. [CRIME OF VIOLENCE.] As used in subdivision 1, "crime of violence" includes felony violations of: murder; manslaughter; assault; drive-by shootings; use or distribution of drugs to injure or to facilitate crimes causing great bodily harm; robbery; kidnapping; false imprisonment; criminal sexual conduct; theft of a firearm; shooting at a public transit vehicle or facility; reckless use of a gun or dangerous weapon; intentionally pointing a gun at or towards a human being; unlawfully owning, possessing, operating a machine gun or short-barreled

shotgun; criminal vehicular homicide; piracy, robbery, or theft of motor vehicles, aircraft, trains, water-going vessels, or other means of transportation; and an attempt to commit any of these offenses, as each of those offenses is defined in chapters 152 and 609.

Subd. 3. [PENALTY] (a) A person who commits the crime of terrorism shall be sentenced to imprisonment for not less than five years, but not more than 30 years, or to a payment of a fine of not more than $100,000, or both.

(b) A person who commits the crime of terrorism resulting in the death of another is guilty of murder in the first degree under section 609.185, clause (7).

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 44. [609.7141] [HINDERING APPREHENSION OR PROSECUTION FOR TERRORISM.]

(a) Except as provided in paragraph (b), a person commits a ten-year felony who engages in any of the following conduct with purpose to hinder the detention, apprehension, investigation, prosecution, conviction, or punishment of another who has committed the crime of terrorism under section 609.714.

(1) harbors or conceals the other;

(2) provides or aids in providing a weapon, money, transportation, disguise, or other means of avoiding discovery or apprehension or effecting escape;

(3) to suppress, by way of concealment or destruction, any evidence of the crime, or tamper with a witness, informant, document, or other source of information, regardless of its admissibility in evidence, which might aid in the discovery or apprehension of such person or in the lodging of a charge against the person;

(4) warns another person of impending discovery or apprehension, except that this paragraph does not apply to a warning given in connection with an effort to bring another into compliance with law;

(5) prevents or obstructs, by means of force, intimidation, or deception, anyone from performing an act which might aid in the discovery or apprehension of such person or in the lodging of a charge against the person;

(6) aids such person to protect or expeditiously profit from an advantage derived from such crime; or

(7) gives false or intentionally misleading information to a law enforcement officer.

(b) A person who violates this paragraph may be sentenced to imprisonment for not more than ten years or to a payment of a fine of not more than $20,000, or both.

(c) A person who violates paragraph (a) resulting in the death of another is guilty of murder in the first degree under section 609.185, clause (7).

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 45. [609.7142] [SOLICITATION TO COMMIT TERRORISM.]

A person who aids terrorism through financial contributions, or provides material support or resources knowing that the material support or resources will be used to further an act of terrorism or who solicits another to commit an act of terrorism, is guilty of committing solicitation to commit terrorism and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 46. [609.7143] [USING HAZARDOUS MATERIAL FOR ACT OF TERRORISM.]

Subdivision 1. [DEFINITION.] For purposes of this section, "hazardous material" has the meaning given it in section 299A.49 and includes all hazardous materials, radioactive materials, infectious agents, etiologic agents, explosives, flammable agents, and other substances that pose a danger to life and that are subject to the federal regulations in Code of Federal Regulations, title 42, section 72.3, or title 49, part 172, subpart F.

Subd. 2. [CRIME TO TAMPER WITH TERRORISTIC INTENT.] A person is guilty of a felony if the person tampers with any vehicle or equipment being used for the containment, storage, or transportation of hazardous material with the intent to aid or commit an act of terrorism.

Subd. 3. [PENALTY; RESTITUTION.] (a) A person convicted of committing a crime described in subdivision 2 is subject to imprisonment for not more than ten years and to payment of a fine not to exceed $100,000 for each participating person and, if an organization, to payment of a fine not to exceed $1,000,000. (b) A court may provide that all or any part of the fine imposed be disbursed as restitution to any victims of a crime described in subdivision 2 or of another crime committed contemporaneously with or as part of the same conduct in the commission of, or in a scheme to commit, an act of terrorism.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 47. Minnesota Statutes 2000, section 624.712, subdivision 5, is amended to read:

Subd. 5. [CRIME OF VIOLENCE.] "Crime of violence" includes murder in the first, second, and third degrees, manslaughter in the first and second degrees, aiding suicide, aiding attempted suicide, felony violations of assault in the first, second, third, and fourth degrees, assaults motivated by bias under section 609.2231, subdivision 4, terrorism, drive-by shootings, terroristic threats, use of drugs to injure or to facilitate crime, crimes committed for the benefit of a gang, commission of a crime while wearing or possessing a bullet-resistant vest, simple robbery, aggravated robbery, kidnapping, false imprisonment, criminal sexual conduct in the first, second, third, and fourth degrees, theft of a firearm, felony theft involving the intentional taking or driving of a motor vehicle without the consent of the owner or the authorized agent of the owner, felony theft involving the taking of property from a burning, abandoned, or vacant building, or from an area of destruction caused by civil disaster, riot, bombing, or the proximity of battle, felony theft involving the theft of a controlled substance, an explosive, or an incendiary device, arson in the first and second degrees, riot, burglary in the first, second, third, and fourth degrees, harassment and stalking, shooting at a public transit vehicle or facility, reckless use of a gun or dangerous weapon, intentionally pointing a gun at or towards a human being, setting a spring gun, and unlawfully owning, possessing, operating a machine gun or short-barreled shotgun, and an attempt to commit any of these offenses, as each of those offenses is defined in chapter 609. "Crime of violence" also includes felony violations of the following: malicious punishment of a child; neglect or endangerment of a child; and chapter 152.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 48. Minnesota Statutes 2000, section 626A.01, subdivision 3, is amended to read:

Subd. 3. [WIRE COMMUNICATIONS.] "Wire communication" means any aural transfer made in whole or in part through the use of facilities for the transmission of communications by the aid of wire, cable, or other like connection between the point of origin and the point of reception, including the use of such connection in a switching station. ~~"Wire communication" includes any electronic storage of the communication.~~

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 49. Minnesota Statutes 2000, section 626A.01, subdivision 16, is amended to read:

Subd. 16. [ELECTRONIC COMMUNICATIONS SYSTEM.] "Electronic communications system" means a wire, radio, electromagnetic, photooptical, or photoelectronic facility for the transmission of wire or electronic communications, and a computer facility or related electronic equipment for the electronic storage of communications.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 50. Minnesota Statutes 2000, section 626A.05, subdivision 2, is amended to read:

Subd. 2. [OFFENSES FOR WHICH INTERCEPTION OF WIRE OR ORAL COMMUNICATION MAY BE AUTHORIZED.] A warrant authorizing interception of wire, electronic, or oral communications by investigative or law enforcement officers may only be issued when the interception may provide evidence of the commission of, or of an attempt or conspiracy to commit, any of the following offenses:

(1) a felony offense involving murder, manslaughter, assault in the first, second, and third degrees, aggravated robbery, kidnapping, criminal sexual conduct in the first, second, and third degrees, prostitution, bribery, perjury, intentional placement of an explosive or incendiary device, weapons of mass destruction, terrorism, escape from custody, theft, receiving stolen property, computer crime, embezzlement, burglary in the first, second, and third degrees, forgery, aggravated forgery, check forgery, or financial transaction card fraud, as punishable under sections 609.185, 609.19, 609.195, 609.20, 609.221, 609.222, 609.223, 609.2231, 609.245, 609.25, 609.321 to 609.324, 609.342, 609.343, 609.344, 609.42, 609.48, 609.485, subdivision 4, paragraph (a), clause (1), 609.52, 609.53, 609.54, 609.582, 609.625, 609.63, 609.631, 609.668, 609.712, 609.714, 609.821, and 609.825, 609.88, 609.89, 609.891;

(2) an offense relating to gambling or controlled substances, as punishable under section 609.76 or chapter 152; or

(3) an offense relating to restraint of trade defined in section 325D.53, subdivision 1 or 2, as punishable under section 325D.56, subdivision 2.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 51. Minnesota Statutes 2000, section 626A.06, subdivision 11, is amended to read:

Subd. 11. [REQUIREMENTS INAPPLICABLE.] If permitted by United States Code, title 18, section 2518, the requirements of subdivision 1, clause (b)(ii), and subdivision 3, clause (d), relating to the specification of the facilities from which, or the place where, the communication is to be ~~interpreted~~ intercepted do not apply if:

(1) in the case of an application with respect to the interception of an oral communication:

(i) the application contains a full and complete statement as to why the specification is not practical and identifies the person committing the offense and whose communications are to be intercepted; and

(ii) the judge finds that the specification is not practical.

(2) in the case of an application with respect to a wire or electronic communication:

(i) the application identifies the person believed to be committing the offense and whose communications are to be intercepted and the applicant makes a showing of a purpose, on the part of that person, to thwart interception by changing facilities; and

(ii) the judge finds that the purpose has been adequately shown.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 52. Minnesota Statutes 2000, section 626A.06, subdivision 11, is amended to read:

Subd. 11. [REQUIREMENTS INAPPLICABLE.] The requirements of subdivision 1, clause (b)(ii), and subdivision 3, clause (d), relating to the specification of the facilities from which, or the place where, the communication is to be interpreted do not apply if:

(1) in the case of an application with respect to the interception of an oral communication:

(i) the application contains a full and complete statement as to why the specification is not practical and identifies the person committing the offense and whose communications are to be intercepted; and

(ii) the judge finds that the specification is not practical.

(2) in the case of an application with respect to a wire or electronic communication:

(i) the application identifies the person believed to be committing the offense and whose communications are to be intercepted and the applicant makes a showing ~~of a purpose, on the part of that person, to thwart interception by changing facilities~~ that there is probable cause to believe that the person's actions could have the effect of thwarting interception from a specified facility; ~~and~~

(ii) the judge finds that the purpose has been adequately shown; and

(iii) the order authorizing or approving the interception is limited to interception only for such time as it is reasonable to presume that the person identified in the application is or was reasonably proximate to the instrument through which such communication will be or was transmitted.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 53. Minnesota Statutes 2000, section 626A.06, subdivision 12, is amended to read:

Subd. 12. [MOTION TO QUASH ORDER.] An interception of a communication under an order with respect to which the requirements of subdivision 1, clause (b)(ii), and subdivision 3, clause (d), do not apply by reason of subdivision 11 must not begin until ~~the facilities from which, or~~ the place where~~,~~ the communication is to be intercepted is ascertained by the person implementing the interception order. A provider of wire or electronic communications service that has received an order as provided for in subdivision 11, clause (2), may move the court to modify or quash the order on the ground that its assistance with respect to the interception cannot be performed in a timely or reasonable fashion. The court, upon notice to the attorney applying for the warrant, shall decide a motion expeditiously.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 54. Minnesota Statutes 2000, section 626A.27, is amended to read:

626A.27 [~~DISCLOSURE OF CONTENTS~~ VOLUNTARY DISCLOSURE OF CUSTOMER COMMUNICATIONS OR RECORDS.]

Subdivision 1. [PROHIBITIONS.] Except as provided in subdivision 2:

(1) a person or entity providing an electronic communication service to the public must not knowingly divulge to a person or entity the contents of a communication while in electronic storage by that service; ~~and~~

(2) a person or entity providing remote computing service to the public must not knowingly divulge to a person or entity the contents of any communication that is carried or maintained on that service:

(i) on behalf of, and received by means of electronic transmission from, or created by means of computer processing of communications received by means of electronic transmission, from a subscriber or customer of the service; and

(ii) solely for the purpose of providing storage or computer processing services to the subscriber or customer, if the provider is not authorized to access the contents of any communications for purposes of providing any services other than storage or computer processing; and

(3) a provider of remote computing service or electronic communication service to the public shall not knowingly divulge a record or other information pertaining to a subscriber to or customer of such service, not including the contents of communications covered by clause (1) or (2) to any government entity.

Subd. 2. [EXCEPTIONS FOR DISCLOSURE OF COMMUNICATIONS.] A ~~person or entity~~ provider described in subdivision 1 may divulge the contents of a communication:

(1) to an addressee or intended recipient of the communication or an agent of the addressee or intended recipient;

(2) as otherwise authorized in section 626A.02, subdivision 2, paragraph (a); 626A.05; or section 626A.28;

(3) with the lawful consent of the originator or an addressee or intended recipient of the communication, or the subscriber in the case of remote computing service;

(4) to a person employed or authorized or whose facilities are used to forward a communication to its destination;

(5) as may be necessarily incident to the rendition of the service or to the protection of the rights or property of the provider of that service; or

(6) to a law enforcement agency~~,~~:

(A) if the contents:

(i) were inadvertently obtained by the service provider; and

(ii) appear to pertain to the commission of a crime; or

(B) if the provider reasonably believes that an emergency involving immediate danger of death or serious physical injury to any person requires disclosure of the information without delay.

Subd. 3. [EXCEPTIONS FOR DISCLOSURE OF CUSTOMER RECORDS.] A provider described in subdivision 1 may divulge a record or other information pertaining to a subscriber to or customer of such service, not including the contents of the communications covered by subdivision 1, paragraph (1) or (2):

(1) as otherwise authorized in section 626A.28;

(2) with the lawful consent of the customer or subscriber;

(3) as may be necessarily incident to the rendition of the service or the protection of the rights or property of the provider of that service; or

(4) to a governmental entity if the provider reasonably believes that an emergency involving immediate danger of death or serious physical injury to any person justifies disclosure of the information.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 55. Minnesota Statutes 2000, section 626A.28, is amended to read:

626A.28 [~~REQUIREMENTS FOR GOVERNMENTAL ACCESS~~ REQUIRED DISCLOSURE OF CUSTOMER COMMUNICATIONS OR RECORDS.]

Subdivision 1. [CONTENTS OF WIRE OR ELECTRONIC COMMUNICATIONS IN ELECTRONIC STORAGE.] A governmental entity may require the disclosure by a provider of electronic communication service of the contents of ~~an~~ a wire or electronic communication that is in electronic storage in an electronic communications system for 180 days or less only under a warrant. A government entity may require the disclosure by a provider of electronic communications services of the contents of ~~an~~ a wire or electronic communication that has been in electronic storage in an electronic communications system for more than 180 days by the means available under subdivision 2.

Subd. 2. [CONTENTS OF WIRE OR ELECTRONIC COMMUNICATIONS IN A REMOTE COMPUTING SERVICE.] (a) A governmental entity may require a provider of remote computing service to disclose the contents of wire or electronic communication to which this paragraph is made applicable by paragraph (b):

(1) without required notice to the subscriber or customer, if the governmental entity obtains a warrant; or

(2) with prior notice if the governmental entity:

(i) uses an administrative subpoena authorized by statute or a grand jury subpoena; or

(ii) obtains a court order for such disclosure under subdivision 4;

except that delayed notice may be given under section 626A.30.

(b) Paragraph (a) is applicable with respect to any electronic communication that is held or maintained on that service:

(1) on behalf of, and received by means of electronic transmission from, or created by means of computer processing of communications received by means of electronic transmission from, a subscriber or customer of such remote computing service; and

(2) solely for the purpose of providing storage or computer processing services to the subscriber or customer, if the provider is not authorized to access the contents of any communications for purposes of providing any services other than storage or computer processing.

Subd. 3. [RECORDS CONCERNING ELECTRONIC COMMUNICATION SERVICE OR REMOTE COMPUTING SERVICE.] (a)(1) Except as provided in clause (2), a provider of electronic communication service or remote computing service may disclose a record or other information pertaining to a subscriber to or customer of the service, not including the contents of communications covered by subdivision 1 or 2, to any person other than a governmental entity.

(2) A provider of electronic communication service or remote computing service may disclose a record or other information pertaining to a subscriber to or customer of the service, not including the contents of communications covered by subdivision 1 or 2, to a governmental entity only when the governmental entity:

(i) uses an administrative subpoena authorized by statute, or a grand jury subpoena;

(ii) obtains a warrant;

(iii) obtains a court order for such disclosure under subdivision 4; or

(iv) has the consent of the subscriber or customer to the disclosure.

(b) A governmental entity receiving records or information under this subdivision is not required to provide notice to a subscriber or customer.

Subd. 4. [REQUIREMENTS FOR COURT ORDER.] A court order for disclosure under subdivision 2 or 3 must issue only if the governmental entity shows that there is reason to believe the contents of a wire or electronic communication, or the records or other information sought, are relevant to a legitimate law enforcement inquiry. A court issuing an order pursuant to this section, on a motion made promptly by the service provider, may quash or modify such order, if the information or records requested are unusually voluminous in nature or compliance with such order otherwise would cause an undue burden on such provider.

Subd. 5. [NO CAUSE OF ACTION AGAINST A PROVIDER DISCLOSING CERTAIN INFORMATION.] In the absence of malice or fraud, no cause of action lies in any court against any provider of wire or electronic communication service, its officers, employees, agents, or other specified persons for providing, in good faith, information, facilities, or assistance in accordance with the terms of a court order, warrant, subpoena, or certification under sections 626A.26 to 626A.34.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 56. Minnesota Statutes 2000, section 626A.28, subdivision 3, is amended to read:

Subd. 3. [RECORDS CONCERNING ELECTRONIC COMMUNICATION SERVICE OR REMOTE COMPUTING SERVICE.] (a)~~(1) Except as provided in clause (2),~~ A governmental entity may require a provider of electronic communication service or remote computing service ~~may~~ to disclose a record or other information pertaining to a subscriber to or customer of the service, not including the contents of communications ~~covered by subdivision 1 or 2, to any person other than a governmental entity.~~

~~(2) A provider of electronic communication service or remote computing service may disclose a record or other information pertaining to a subscriber to or customer of the service, not including the contents of communications covered by subdivision 1 or 2, to a governmental entity,~~ only when the governmental entity:

(i) uses an administrative subpoena authorized by statute, or a grand jury subpoena;

(ii) obtains a warrant;

(iii) obtains a court order for such disclosure under subdivision 4; ~~or~~

(iv) has the consent of the subscriber or customer to the disclosure; or

(v) seeks information under paragraph (b).

(b) A provider of electronic communication service or remote computer service shall disclose to a government entity the:

(i) name;

(ii) address;

(iii) local and long distance telephone connection records, or records of session times and durations;

(iv) length of service, including start date, and types of services used;

(v) telephone or instrument number or other subscriber number or identity, including any temporarily assigned network address; and

(vi) means and source of payment for such service, including credit card or bank account number, when the government entity uses an administrative subpoena authorized by a federal or state statute or a federal or state grand jury or trial subpoena or any means available under paragraph (a).

(c) A governmental entity receiving records or information under this subdivision is not required to provide notice to a subscriber or customer.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 57. [STUDY; APPROPRIATION.]

$..... is a onetime appropriation to the commissioner of public safety to be used to study the feasibility and cost of requiring tagging of explosives. The commissioner of public safety must present a report detailing the study's findings to the chairs and ranking minority members of the house and senate committees having jurisdiction over criminal justice funding and policy by December 15, 2002.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 58. [SUNSET.]

Sections 48 through 50 and sections 52 through 55 expire on June 30, 2006.

Sec. 59. [APPROPRIATIONS.]

(a) $..... is appropriated from the general fund to the commissioner of public safety for grants to:

(1) local law enforcement for extraordinary personnel costs related to anti-terrorism initiatives; and

(2) the national guard to provide security for the state's infrastructure.

This is a onetime appropriation.

(b) $..... is appropriated from the general fund to the commissioner of public safety for the purchase of biohazard suits, masks, and other equipment for first-response units. This is a onetime appropriation.

(c) $..... is appropriated from the general fund to the commissioner of public safety for the purchase of chemical detection and measurement equipment so that first-response units may assess atmospheric conditions in buildings. This is a onetime appropriation.

(d) $..... is appropriated from the general fund to the commissioner of public safety for the purchase of equipment for use in decontaminating human victims of chemical attacks. This is a onetime appropriation.

(e) $..... is appropriated from the general fund to the commissioner of public safety to fund hazardous material (HAZMAT) response teams in Rochester, Duluth, Moorhead, and St. Cloud. The St. Cloud HAZMAT team shall replace the St. Cloud chemical assessment team.

(f) $..... is appropriated from the general fund to the commissioner of public safety for the purchase of a gas-tight total containment vessel for use in disposing of bombs and other biohazard or biochemical weapons. This is a onetime appropriation.

(g) $..... is appropriated from the general fund to the commissioner of public safety for:

(1) anti-terrorism and terrorism response training of first responder police, fire, and emergency medical services;

(2) terrorism response training of police, fire, and emergency medical services commanders;

(3) training first responder police, fire, and emergency medical services in identification and preservation of a terrorism crime scene;

(4) specialized training for state hazardous materials teams to respond to natural, biological, and chemical incidents; and

(5) training for fire and emergency management services personnel in structural collapse response and rescue.

(h) $..... is appropriated to the commissioner of public safety from the general fund to fund increased security of the capitol complex. The commissioner must use the funds to:

(1) pay additional state troopers and temporary security guards to patrol the capitol complex during the legislative session;

(2) purchase proximity card reader equipment to control capitol complex entry points; and

(3) purchase portable magnetometers.

(i) $..... is appropriated for fiscal year 2003 from the general fund to the commissioner of health to establish and operate the biological agents registry as provided in section 18.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002.

Sec. 60. [CAMP RIPLEY; APPROPRIATION.]

$500,000 is appropriated from the state bond proceeds fund to the commissioner of public safety to predesign the Camp Ripley Joint Military/Law Enforcement Anti-Terrorism Training Facility.

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

Sec. 61. [BOND SALE.]

To provide the money appropriated by section 60 from the state bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to $500,000 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.

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

Delete the title and insert:

"A bill for an act relating to terrorism; data practices; enacting the Minnesota Anti-Terrorism Act of 2002; establishing crimes and setting penalties for crimes involving weapons of mass destruction, explosives, and hoaxes relating to such crimes; interception of communications; establishing hazardous materials driver's endorsement regulations; establishing a biological agents registry; providing for a civil penalty; providing criminal penalties; providing for expedited management and disposal of waste in peacetime emergencies; authorizing closing public meetings to discuss certain security issues; authorizing embargoes limiting food and commodity movement; authorizing quarantine zones if disease is present; requiring certain trucks to have USDOT carrier numbers; requiring proof of residency for drivers' licenses; providing for expense reimbursement of bomb disposal units; upon commission of terrorist offenses providing for attachment of financial assets and seizure and forfeiture of property

associated with those offenses; prohibiting trespass on utility property; prohibiting placing explosive or simulated explosive devices near utilities and transportation centers; prohibiting introducing organisms pathogenic to livestock, captive cervidae, or poultry; enhancing penalties and creating new crimes designed to deter and punish terroristic activities; updating the wiretapping law to help interception of terroristic communications; prescribing penalties; authorizing the issuance of state bonds; appropriating money; amending Minnesota Statutes 2000, sections 12.03, subdivision 4; 12.21, subdivisions 1, 2, 3; 12.22, subdivision 2; 12.31, subdivision 2; 12.32; 12.34, subdivision 1; 12.36; 13.381, by adding a subdivision; 13D.05, subdivision 3; 31.05, subdivision 1, by adding a subdivision; 171.07, subdivisions 1a, 4; 171.27; 221.0355, subdivisions 2, 3; 299A.49, subdivisions 2, 4; 299C.063, subdivision 2; 609.185; 609.505; 609.605, subdivision 4; 609.625, by adding a subdivision; 609.531, subdivision 1; 609.532, subdivision 3; 609.668, subdivision 6; 609.713, subdivision 1, by adding a subdivision; 624.712, subdivision 5; 626A.01, subdivisions 3, 16; 626A.05, subdivision 2; 626A.06, subdivisions 11, 12; 626A.27; 626A.28; Minnesota Statutes 2001 Supplement, sections 28A.085, subdivision 4; 35.0661, subdivision 2; 260B.171, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 18D; 144; 168; 171; 609."

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

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 2641, A bill for an act relating to health; changing provisions in health plan company regulations; changing provisions for Minnesota provider tax and tobacco tax; amending Minnesota Statutes 2000, sections 62C.01; 62C.02, subdivision 6; 62D.02, subdivision 4; 62D.03, subdivision 1; 62D.04, subdivision 1; 295.52, subdivisions 1, 1a, 2, 3; 297F.05, subdivisions 1, 3; 297F.08, subdivision 7; 297F.10; proposing coding for new law in Minnesota Statutes, chapter 548; repealing Minnesota Statutes 2000, section 62A.309; Minnesota Statutes 2001 Supplement, section 295.52, subdivision 7.

Reported the same back with the following amendments:

Pages 11 and 12, delete article 3

Amend the title as follows:

Page 1, line 9, delete everything after the semicolon

Page 1, line 10, delete "Statutes, chapter 548;"

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

The report was adopted.

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

H. F. No. 2647, A bill for an act relating to veterans homes; clarifying items to be considered means of support; amending Minnesota Statutes 2000, section 198.03, subdivision 1.

Reported the same back with the following amendments:

Page 1, line 19, after "federal" insert "taxes"

With the recommendation that when so amended the bill pass.

The report was adopted.

Workman from the Committee on Transportation Policy to which was referred:

H. F. No. 2706, A bill for an act relating to traffic regulations; imposing misdemeanor penalty for intentionally obstructing emergency vehicle during emergency duty; making clarifying changes; amending Minnesota Statutes 2000, section 169.20, subdivision 5a; Minnesota Statutes 2001 Supplement, section 169.20, subdivision 5.

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

The report was adopted.

Leppik from the Committee on Higher Education Finance to which was referred:

H. F. No. 2708, A bill for an act relating to agriculture; clarifying a definition related to the Minnesota extension service; amending Minnesota Statutes 2000, section 38.331, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 38.331, subdivision 2, is amended to read:

Subd. 2. [COUNTY EXTENSION WORK.] "County extension work" means educational programs and services provided by extension ~~agents~~ educators in the areas of agriculture~~, economic and human development, community~~; agricultural finance; economic development; nutrition; youth leadership development including 4-H programs; leadership~~,~~; and environment and natural resources."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2710, A bill for an act relating to trade practices; limiting unsolicited telephone calls to certain individuals; proposing coding for new law in Minnesota Statutes, chapter 325E.

Reported the same back with the following amendments:

Page 2, line 12, delete "or"

Page 2, line 13, delete "listed in section" and insert "that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended; or"

Page 2, delete line 14 and insert:

"(4) by a person soliciting without the intent to complete, and who does not in fact complete, the sales presentation during the call, but who will complete the sales presentation at a later face-to-face meeting between the solicitor who makes the call and the prospective purchaser."

Page 2, line 24, delete everything after "identity"

Page 2, line 25, delete "of the caller"

Page 2, line 25, after "call" insert "and, if requested, the caller's telephone number"

Page 3, delete lines 28 to 34 and insert:

"Subd. 3. [FEDERAL DO-NOT-CALL REGISTRY.] (a) If the Federal Communications Commission or Federal Trade Commission establishes a national do-not-call registry, the commissioner shall transmit the telephone numbers that are part of the list established under this section to the federal authority responsible for collecting the telephone numbers of individuals who wish to be included on the federal registry.

(b) If the federal authority responsible for assembly of the federal do-not-call registry allows the commissioner to have access to the federal list, then after the commissioner transmits information to that federal authority as required by paragraph (a), the commissioner shall stop accepting applications for inclusion in the state list. If that occurs, the commissioner's duties relating to the creation and maintenance of the state list are suspended so long as the federal registry continues to be available from the appropriate federal authority, but the commissioner may obtain copies of the federal registry and may enforce the provisions of sections 325E.311 to 325E.316. The presence on the federal registry of the telephone number of any Minnesota residential subscriber constitutes notice to the commissioner of the subscriber's objection to receiving solicitation calls for the purposes of section 325E.312."

Page 3, line 35, after "FEES" insert "; ACQUISITION AND USE OF LIST"

Page 3, line 36, before "A" insert "(a)"

Page 4, line 4, after the period, insert:

"(b)"

Page 4, line 7, delete "180" and insert "185" and after the period, insert "A caller who complies with this requirement is not liable for any violation of section 325E.312 relating to a solicitation made to a subscriber during the first 30 days after the caller first obtained a copy of the list including that subscriber's telephone number that has not been superseded by a later list obtained by the caller that does not include the subscriber's telephone number."

Page 4, line 19, delete "$2,000" and insert "$1,000"

Page 4, delete lines 21 to 25

Page 4, line 26, delete "3" and insert "2"

Page 4, line 34, delete "4" and insert "3"

Page 5, line 5, delete "5" and insert "4"

Page 5, line 10, delete "6" and insert "5"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Jobs and Economic Development Finance.

The report was adopted.

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

H. F. No. 2719, A bill for an act relating to higher education; providing for registration of agents of student athletes; defining terms; providing penalties and remedies; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 81A.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Jobs and Economic Development Finance.

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 2755, A bill for an act relating to insurance; changing certain form and rate filing requirements; eliminating certain minimum loss ratio requirements; regulating joint self-insurance; modifying the renewal requirements for small employer health insurance; extending the task force on small business health insurance; modifying the geographic premium variations; creating a cap on renewal premium increases; amending Minnesota Statutes 2000, sections 62A.02, subdivisions 3, 4a, 5a, by adding a subdivision; 62A.65, subdivisions 3, 5; 62D.02, subdivision 8; 62D.08, subdivision 1; 62H.01; 62H.04; 62L.02, by adding a subdivision; 62L.03, subdivision 5; 62L.08, subdivision 4, by adding a subdivision; repealing Minnesota Statutes 2000, sections 62A.02, subdivision 2; 62A.021; 62L.08, subdivision 11.

Reported the same back with the following amendments:

Page 2, lines 10 to 19, reinstate the stricken language

Page 3, line 26, after the period, insert "Disapproval of a form that was deemed approved is retroactive to the date of filing with the commissioner."

Page 4, line 9, after the period, insert "Disapproval of rates that were deemed approved is retroactive to the date of filing with the commissioner. If the rate is already legally in use by the health carrier in this state, the withdrawal of approval notice must give the effective date of the commissioner's withdrawal of approval, which must be not less than 30 days after delivery of the notice. If the rate is not legally in use, the disapproval must be effective immediately."

Page 5, line 4, after "is" insert ", or expenses that are,"

Page 5, after line 10, insert:

"Sec. 5. Minnesota Statutes 2000, section 62A.021, subdivision 1, is amended to read:

Subdivision 1. [LOSS RATIO STANDARDS.] (a) Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, health care policies or certificates shall not be delivered or issued for delivery to an individual or to a small employer as defined in section 62L.02, unless the policies or certificates can be expected, as estimated for the entire period for which rates are computed to provide coverage, to return to Minnesota policyholders and certificate holders in the form of aggregate benefits not including anticipated refunds or credits, provided under the policies or certificates, (1) at least 75 percent of the aggregate amount of premiums earned in the case of policies issued in the small employer market, as defined in section 62L.02, subdivision 27, calculated on an aggregate basis; and (2) at least 65 percent of the aggregate amount of premiums earned in the case of each policy form or certificate form issued in the individual market; calculated on the basis of incurred claims experience or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis and earned premiums for the period and according to accepted actuarial principles and practices. Assessments by the reinsurance association created in chapter 62L and all types of taxes, surcharges, or assessments created by

Laws 1992, chapter 549, or created on or after April 23, 1992, are included in the calculation of incurred claims experience or incurred health care expenses. The applicable percentage for policies and certificates issued in the small employer market, as defined in section 62L.02, increases by one percentage point on July 1 of each year, beginning on July 1, 1994, until an 82 percent loss ratio is reached on July 1, 2000. The applicable percentage for policy forms and certificate forms issued in the individual market increases by one percentage point on July 1 of each year, beginning on July 1, 1994, until a 72 percent loss ratio is reached on July 1, 2000. A health carrier that enters a market after July 1, 1993, does not start at the beginning of the phase-in schedule and must instead comply with the loss ratio requirements applicable to other health carriers in that market for each time period. Premiums earned and claims incurred in markets other than the small employer and individual markets are not relevant for purposes of this section.

(b) All filings of rates and rating schedules shall demonstrate that actual expected claims in relation to premiums comply with the requirements of this section when combined with actual experience to date. Filings of rate revisions shall also demonstrate that the anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage can be expected to meet the appropriate loss ratio standards, and aggregate loss ratio from inception of the policy form or certificate form shall equal or exceed the appropriate loss ratio standards.

(c) A health carrier that issues health care policies and certificates to individuals or to small employers, as defined in section 62L.02, in this state shall file annually its rates, rating schedule, and supporting documentation including ratios of incurred losses to earned premiums by policy form or certificate form duration for approval by the commissioner according to the filing requirements and procedures prescribed by the commissioner. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which rates are computed. The demonstration shall exclude active life reserves. If the data submitted does not confirm that the health carrier has satisfied the loss ratio requirements of this section, the commissioner shall notify the health carrier in writing of the deficiency. The health carrier shall have 30 days from the date of the commissioner's notice to file amended rates that comply with this section. If the health carrier fails to file amended rates within the prescribed time, the commissioner shall order that the health carrier's filed rates for the nonconforming policy form or certificate form be reduced to an amount that would have resulted in a loss ratio that complied with this section had it been in effect for the reporting period of the supplement. The health carrier's failure to file amended rates within the specified time or the issuance of the commissioner's order amending the rates does not preclude the health carrier from filing an amendment of its rates at a later time. The commissioner shall annually make the submitted data available to the public at a cost not to exceed the cost of copying. The data must be compiled in a form useful for consumers who wish to compare premium charges and loss ratios.

(d) Each sale of a policy or certificate that does not comply with the loss ratio requirements of this section is an unfair or deceptive act or practice in the business of insurance and is subject to the penalties in sections 72A.17 to 72A.32.

(e)(1) For purposes of this section, health care policies issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.

(2) For purposes of this section, (i) "health care policy" or "health care certificate" is a health plan as defined in section 62A.011; and (ii) "health carrier" has the meaning given in section 62A.011 and includes all health carriers delivering or issuing for delivery health care policies or certificates in this state or offering these policies or certificates to residents of this state.

(f) The loss ~~ratio phase-in as~~ ratios described in paragraph (a) ~~does~~ do not apply to individual policies and small employer policies issued by a health plan company that is assessed less than ~~three~~ ten percent of the total annual amount assessed by the Minnesota comprehensive health association. These policies must meet a ~~68~~ 60 percent loss ratio ~~for individual policies, a 71 percent loss ratio for small employer policies with fewer than ten employees, and a 75 percent loss ratio for all other small employer policies~~. For purposes of the percentage calculation of the association's assessments, a health plan company's assessments include those of its affiliates.

(g) The commissioners of commerce and health shall each annually issue a public report listing, by health plan company, the actual loss ratios experienced in the individual and small employer markets in this state by the health plan companies that the commissioners respectively regulate. The commissioners shall coordinate release of these reports so as to release them as a joint report or as separate reports issued the same day. The report or reports shall be released no later than June 1 for loss ratios experienced for the preceding calendar year. Health plan companies shall provide to the commissioners any information requested by the commissioners for purposes of this paragraph."

Page 7, lines 6 to 8, reinstate the stricken language

Page 10, delete section 8

Page 12, after line 31, insert:

"Sec. 12. Minnesota Statutes 2000, section 62L.03, subdivision 1, is amended to read:

Subdivision 1. [GUARANTEED ISSUE AND REISSUE.] (a) Every health carrier shall, as a condition of authority to transact business in this state in the small employer market, affirmatively market, offer, sell, issue, and renew any of its health benefit plans, on a guaranteed issue basis, to any small employer, including a small employer covered by paragraph (b) or (c), that meets the participation and contribution requirements of subdivision 3, as provided in this chapter.

(b) A small employer that has its workforce exceed 50 employees during a plan or policy year has the option to continue coverage as a small employer or be nonrenewed and seek replacement coverage in the large employer market.

(c) A small employer that has its workforce reduced to fewer than two employees may continue coverage as a small employer for the plan or policy year following the plan or policy year in which the reduction took place.

(d) Notwithstanding paragraph (a), a health carrier may, at the time of coverage renewal, modify the health coverage for a product offered in the small employer market if the modification is consistent with state law, approved by the commissioner, and effective on a uniform basis for all small employers purchasing that product other than through a qualified association in compliance with section 62L.045, subdivision 2.

Paragraph (a) does not apply to a health benefit plan designed for a small employer to comply with a collective bargaining agreement, provided that the health benefit plan otherwise complies with this chapter and is not offered to other small employers, except for other small employers that need it for the same reason. This paragraph applies only with respect to collective bargaining agreements entered into prior to August 21, 1996, and only with respect to plan years beginning before the later of July 1, 1997, or the date upon which the last of the collective bargaining agreements relating to the plan terminates determined without regard to any extension agreed to after August 21, 1996.

~~(c)~~ (e) Every health carrier participating in the small employer market shall make available both of the plans described in section 62L.05 to small employers and shall fully comply with the underwriting and the rate restrictions specified in this chapter for all health benefit plans issued to small employers.

~~(d)~~ (f) A health carrier may cease to transact business in the small employer market as provided under section 62L.09."

Page 13, line 36, after "in" insert "subdivision 1," and delete "(f)" and insert "(b)" and delete "(g)" and insert "(c)"

Page 14, delete lines 13 to 21

Pages 15 and 16, delete section 15

Page 16, line 9, delete "sections" and insert "section" and delete the semicolon and insert a comma

Page 16, line 10, delete everything before "repealed" and insert "is"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "the renewal requirements for"

Page 1, line 6, before the semicolon, insert "provisions"

Page 1, line 11, after the first semicolon, insert "62A.021, subdivision 1;"

Page 1, line 12, delete "62D.08, subdivision 1;"

Page 1, line 13, delete the second "subdivision" and insert "subdivisions 1,"

Page 1, line 15, delete "sections" and insert "section"

Page 1, line 16, delete "; 62A.021; 62L.08, subdivision 11"

With the recommendation that when so amended the bill pass.

The report was adopted.

Tuma from the Committee on Crime Prevention to which was referred:

H. F. No. 2787, A bill for an act relating to public safety; requiring that employees and prospective employees of electronic security system companies undergo criminal history background checks; providing procedures for these background checks; authorizing the discharge of employees based on the results of the background checks and providing that there is no liability for so doing; providing for license disqualification in certain instances; imposing criminal penalties for failure to request background checks as required; proposing coding for new law in Minnesota Statutes, chapter 299C.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [299C.72] [ELECTRONIC SECURITY SYSTEM COMPANIES; CRIMINAL BACKGROUND CHECKS REQUIRED; CRIMINAL PENALTIES.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given.

(b) "Disqualifying crime" means any felony; or a gross misdemeanor violation of section 609.2231; 609.2242; 609.229; 609.2336; 609.377; 609.52; 609.5631; 609.582; 609.605, subdivision 2 or 4; 609.652, subdivision 2; 609.66; 609.746; 609.749; 609.78; 609.891; or 609.894.

(c) "Electronic security system" means an assembly of electronic equipment and devices that provides as its main purpose the protection of life or property, and the detection of threats or violations to the security of the protected premises, including, but not limited to, solely or in combination, the following systems functions: burglary detection, fire detection, access control, or closed circuit television.

(d) "Electronic security system company" means an individual, corporation, partnership, association, organization, or other entity that provides one or more of the following services relating to electronic security systems: sales, installation, repair, monitoring, or alarm investigation.

(e) "Electronic security system company hiring authority" means the company's owner, manager, or other individual having responsibility for personnel decisions.

(f) "Employee" means:

(1) anyone employed by an electronic security system company regardless of the individual's responsibilities;

(2) an individual acting as an independent contractor who performs tasks for the company relating to electronic security systems; and

(3) a manager or other supervisory personnel who do not directly make hiring decisions for the company.

Subd. 2. [ELECTRONIC SYSTEM SECURITY LICENSURE; BACKGROUND CHECK; LICENSE DENIAL OR APPLICATION.] (a) In addition to the requirements of section 326.242 or 326.2421, the board of electricity must conduct a background check on an individual applying for licensure under section 326.242 or 326.2421 to act as an electronic security system company. The board of electricity shall request a criminal history background check from the superintendent of the bureau of criminal apprehension on all license applicants. The superintendent shall conduct the background check in the manner provided by subdivision 3 for individuals offered employment with or employed by electronic security system companies. The superintendent shall notify the board of electricity of the cost of a background check under this section. The board of electricity shall notify the license applicant of the cost of the background check conducted under this subdivision, and the applicant shall submit a check for that amount payable to the superintendent with the application for licensure.

(b) The board of electricity shall deny a license application or revoke a license issued under section 326.242 or 326.2421 in connection with any electronic security system company that is owned, managed, or represented by an individual who has been convicted of a disqualifying crime, unless the individual has been pardoned for the offense.

Subd. 3. [EMPLOYEE BACKGROUND CHECK REQUIRED.] (a) An electronic security system company hiring authority shall request a criminal history background check from the superintendent of the bureau of criminal apprehension on all persons who are offered employment in the company. The superintendent shall conduct the background check by retrieving criminal history data maintained in the criminal justice information system. If the subject of the check has resided in Minnesota for fewer than five years or upon request of the hiring authority, the superintendent shall also either:

(1) conduct a search of the national criminal records repository, including the criminal justice data communications network; or

(2) conduct a search of the criminal justice data communications network records in any state where the subject of the check has resided during the preceding five years. The superintendent is authorized to exchange fingerprints with the Federal Bureau of Investigation for purposes of the background check. The superintendent shall inform the hiring authority of the results of the background check when it is completed.

(b) An electronic security system company hiring authority shall request a criminal history background check complying with paragraph (a) on all current employees at least once every two years.

Subd. 4. [EXCEPTION; CERTAIN RECENT BACKGROUND CHECKS.] An electronic security system company hiring authority may use the results of a criminal history background check conducted at the request of another electronic security system company hiring authority to satisfy the requirements of subdivision 2, if:

(1) the background check complies with subdivision 2;

(2) the results of the background check are on file with the other hiring authority or otherwise accessible;

(3) the other hiring authority conducted the background check within the previous two years;

(4) the individual who is the subject of the background check executes a written consent form giving the hiring authority access to the results of the check; and

(5) there is no reason to believe that the individual has been convicted of a disqualifying crime subsequent to the check.

Subd. 5. [CONDITIONAL HIRING; DISCHARGE.] An electronic security system company hiring authority may hire an individual pending completion of a background check under this section but shall notify the individual that the individual's employment must be terminated pursuant to this section if the background check indicates the individual has been convicted of a disqualifying crime. A hiring authority is not liable under any law, contract, or agreement, including liability for unemployment compensation claims, for failing to hire or for terminating an individual's employment under this subdivision.

Subd. 6. [CURRENT EMPLOYEES; DISCHARGE.] An electronic security system company hiring authority must discharge an employee whose background check under this section reveals that the employee has been convicted of a disqualifying crime. The hiring authority is not liable under any law, contract, or agreement, including liability for unemployment compensation claims, for doing so.

Subd. 7. [COSTS OF BACKGROUND CHECK.] The superintendent shall charge the electronic security system company hiring authority for the costs of applicant and employee background checks conducted under this section. The hiring authority may require the subject of the background check to reimburse the hiring authority for these costs.

Subd. 8. [MISDEMEANOR PENALTY.] An electronic security system company hiring authority who fails to request applicant and employee background checks as required by this section, is guilty of a misdemeanor.

Sec. 2. Minnesota Statutes 2000, section 326.01, subdivision 5, is amended to read:

Subd. 5. [ELECTRICAL CONTRACTOR.] The term "electrical contractor" means a person, partnership, or corporation operating a business that undertakes or offers to undertake to plan for, lay out, or install or to make additions, alterations, or repairs in the installation of electrical wiring, apparatus, or equipment for light, heat, power, and other purposes with or without compensation who is licensed as such by the board of electricity. An electrical contractor's license does not of itself qualify its holder to perform or supervise the electrical work authorized by holding any class of electrician's license. An electrical contractor who lays out, installs, maintains, or repairs alarm and communication systems must, in order to obtain an electrical contractor's license, comply with the background check requirements of section 299C.72.

Sec. 3. Minnesota Statutes 2000, section 326.2421, subdivision 3, is amended to read:

Subd. 3. [ALARM AND COMMUNICATION CONTRACTOR'S LICENSES.] No person may lay out, install, maintain, or repair alarm and communication systems, unless the person is licensed as an alarm and communication contractor under this subdivision, or is a licensed electrical contractor under section 326.242, subdivision 6, or is an employee of the contractor. Upon receipt of a criminal background check report from the superintendent of the bureau of criminal apprehension that satisfies the requirements of section 299C.72, the board of electricity shall issue an alarm and communication contractor's license to any individual, corporation, partnership, sole proprietorship, or other business entity that provides adequate proof that a bond and insurance in the amounts required by section 326.242, subdivision 6, have been obtained by the applicant. The board shall set license fees pursuant to section 16A.1285. Installation of alarm and communication systems are subject to inspection and inspection fees as provided in section 326.244, subdivision 1a.

Sec. 4. [EFFECTIVE DATE; APPLICATION.]

Section 1 is effective July 1, 2002, and applies as follows:

(a) A background check must be conducted on applicants for licensure under Minnesota Statutes, section 326.2421, on or after July 1, 2002, and on all persons offered employment by an electronic security system company on or after that date.

(b) An initial background check must be performed not later than September 1, 2002, on current employees hired by an electronic security system company before July 1, 2002, and on individuals licensed before July 1, 2002, under Minnesota Statutes, section 326.242 or 326.2421.

(c) The criminal penalty in section 1 applies to crimes committed on and after July 1, 2002."

Amend the title as follows:

Page 1, line 4, after "companies" insert ", certain electrical contractors, and alarm and communication contractors"

Page 1, line 11, after the semicolon, insert "amending Minnesota Statutes 2000, sections 326.01, subdivision 5; 326.2421, subdivision 3;"

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

The report was adopted.

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

H. F. No. 2792, A bill for an act relating to the environment; providing for the indemnification of local units of government participating in household hazardous waste programs; amending Minnesota Statutes 2000, section 115A.96, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 2000, section 115A.96, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] The following definitions apply to this section:

(a) "Household" means a single detached dwelling unit or a single unit of a multiple dwelling unit and appurtenant structures.

(b) "Household hazardous waste" means waste generated from household activity that exhibits the characteristics of or that is listed as hazardous waste under agency rules, but does not include waste from commercial activities that is generated, stored, or present in a household.

(c) "Collection site" means a permanent or temporary designated location with scheduled hours for collection where individuals may bring household hazardous wastes.

(d) "Municipality" has the meaning given it in section 466.01, subdivision 1."

Page 1, line 10, delete everything after the semicolon and insert "MUNICIPALITIES.] (a) A municipality"

Page 1, line 11, delete "government unit"

Page 1, line 20, delete "local government unit's" and insert "municipality's"

Page 1, line 22, delete "local"

Page 1, line 23, delete "government unit" and insert "the municipality's"

Page 1, line 25, before "The" insert "(b)" and delete "local"

Page 1, line 26, delete "government unit" and insert "municipality"

Page 2, line 1, delete "local government unit's" and insert "municipality's" and delete "local"

Page 2, line 2, delete "government's" and insert "municipality's"

Page 2, line 4, delete "local government unit" and insert "municipality"

Page 2, after line 4, insert:

"Sec. 3. [EFFECTIVE DATE.]

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

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete "local units of government" and insert "municipalities"

Page 1, line 5, before "by" insert "subdivision 1,"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2814, A bill for an act relating to state purchasing; requiring state agencies to purchase cleaner fuels and vehicles capable of running on cleaner fuels if reasonably available and consistent with the agency's purpose; proposing coding for new law in Minnesota Statutes, chapter 16C.

Reported the same back with the following amendments:

Page 1, line 25, after "available" insert "at similar costs to other fuels"

Page 2, line 6, after "available" insert "at similar costs to other vehicles"

With the recommendation that when so amended the bill pass.

The report was adopted.

Mares from the Committee on Education Policy to which was referred:

H. F. No. 2877, A bill for an act relating to education; providing for shared time aid to follow the student to the nonresident district; amending Minnesota Statutes 2000, sections 126C.01, subdivision 7; 126C.19, subdivision 1; repealing Minnesota Statutes 2000, section 126C.19, subdivision 2.

Reported the same back with the following amendments:

Page 2, line 7, after "another" insert "Minnesota"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on K-12 Education Finance.

The report was adopted.

Workman from the Committee on Transportation Policy to which was referred:

H. F. No. 2882, A bill for an act relating to traffic regulations; regulating the operation of electric personal assistive mobility devices on roadways and sidewalks; amending Minnesota Statutes 2000, sections 168.011, subdivision 4; 169.01, subdivision 3, by adding a subdivision; 171.01, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 169.

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

The report was adopted.

Ozment from the Committee on Environment and Natural Resources Policy to which was referred:

H. F. No. 2894, A bill for an act relating to agriculture; clarifying the definition of pastures for the purpose of animal feedlot regulation; requiring a report; amending Minnesota Statutes 2000, section 116.07, subdivision 7.

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

The report was adopted.

Dempsey from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 2899, A bill for an act relating to metropolitan government; making changes to the livable community provisions; amending Minnesota Statutes 2000, sections 473.253, subdivision 2; 473.254, subdivisions 1, 6; 473.255, subdivisions 1, 4.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Seagren from the Committee on K-12 Education Finance to which was referred:

H. F. No. 2961, A bill for an act relating to education finance; authorizing an intermediate school district to issue tax and aid anticipation certificates as if it were a school district; amending Minnesota Statutes 2000, sections 123B.78, subdivision 3; 126C.50.

Reported the same back with the following amendments:

Page 1, line 11, delete the new language

Page 1, line 12, after "certificates" insert "and intermediate school districts may issue revenue anticipation certificates"

With the recommendation that when so amended the bill pass.

The report was adopted.

Ozment from the Committee on Environment and Natural Resources Policy to which was referred:

H. F. No. 2965, A bill for an act relating to the environment; modifying prohibition on the release of pollutants into state waters; prohibiting permits for the construction of new open air swine lagoons; modifying certain hearing requirements; amending Minnesota Statutes 2000, sections 97C.065; 116.07, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 116.

Reported the same back with the following amendments:

Page 1, line 23, before the period, insert ", nor to discharges to waters of the state from land applied manure or stockpiled manure managed under the requirements of section 116.07, subdivision 7, paragraph (o)" and delete the new language

Page 1, delete lines 24 to 27

Page 2, delete lines 1 and 2

Page 2, line 3, delete "LAGOONS" and insert "BASINS"

Page 2, line 6, delete "lagoons" and insert "basins"

Page 2, line 7, delete "existing facilities" and insert "a facility" and delete "lagoons" and insert "an existing basin"

Page 2, line 9, after "conversion" insert "of an existing basin"

Page 5, line 15, before "the" insert "or the facility is designated as a concentrated animal feeding operation under Code of Federal Regulations, title 40, section 122.23, in effect on January 1, 2002,"

Amend the title as follows:

Page 1, line 5, delete "lagoons" and insert "basins"

Page 1, line 6, after the semicolon, insert "modifying expenditure limits for upgrading feedlots;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 2989, A bill for an act relating to commerce; classifying certain data; regulating continuing education and licensing requirements for certain licensees; regulating the contractor's recovery fund; providing for the adoption and amendment of uniform conveyancing forms; repealing certain obsolete, unnecessary, or redundant rules; amending Minnesota Statutes 2000, sections 82.20, subdivision 13; 82.22, subdivision 6; 82B.19, subdivision 1; 155A.07, by adding a subdivision; 326.975, by adding subdivisions; 507.09; Minnesota Statutes 2001 Supplement, section 82.22, subdivision 13; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Rules, parts 2705.3000; 2782.0100; 2782.0200; 2782.0300; 2782.0400; 2782.0500; 2782.0600; 2782.0700; 2782.0800; 2800.0100, subparts 6, 10; 2808.2200, subparts 6, 7, 8; 2830.0020; 2830.0030; 2830.0040; 2830.0050; 2830.0060; 2830.0070; 2870.0100; 2870.1100; 2870.1200; 2870.1400; 2870.1500; 2870.1700; 2870.1800; 2870.1900; 2870.2000; 2870.2100; 2870.2200; 2870.2300; 2870.3100; 2870.3200; 2870.3300; 2870.3400; 2870.3500; 2870.3600; 2870.3700; 2870.3800; 2870.3900; 2870.4000; 2870.4100; 2870.5100.

Reported the same back with the following amendments:

Page 1, delete section 1

Page 5, after line 33, insert:

"Sec. 5. Minnesota Statutes 2000, section 82B.21, is amended to read:

82B.21 [CLASSIFICATION OF SERVICES.]

A client or employer may retain or employ a licensed real estate appraiser to act as a disinterested third party in giving an unbiased estimate of value or analysis~~. A client or employer may also retain or employ a licensed real estate appraiser~~; to provide a market analysis to facilitate the client's or employer's objectives; or to perform a limited appraisal. ~~In either case,~~ The appraisal and the appraisal report must comply with the provisions of this chapter and the uniform standards of professional appraisal practice.

Sec. 6. Minnesota Statutes 2000, section 155A.03, is amended by adding a subdivision to read:

Subd. 14. [LICENSED SALON.] "Licensed salon" means a salon licensed in Minnesota.

Sec. 7. Minnesota Statutes 2000, section 155A.03, is amended by adding a subdivision to read:

Subd. 15. [LICENSED SCHOOL.] "Licensed school" means a school licensed in Minnesota."

Page 7, delete section 10

Page 7, line 36, delete ", 2, and 7 to 10" and insert "and 9 to 11"

Page 8, line 1, delete "3" and insert "2"

Page 8, line 2, delete "4" and insert "3"

Page 8, line 3, delete "5" and insert "4"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "classifying certain data;" and insert "providing certain cosmetology definitions;"

Page 1, line 6, delete "repealing"

Page 1, delete line 7

Page 1, line 10, after the first semicolon, insert "82B.21; 155A.03, by adding subdivisions;"

Page 1, line 13, delete everything after "13" and insert a period

Page 1, delete lines 14 to 23

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Jobs and Economic Development Finance.

The report was adopted.

Goodno from the Committee on Health and Human Services Finance to which was referred:

H. F. No. 2991, A bill for an act relating to human services; designating certain nursing facilities as metropolitan facilities for purposes of medical assistance reimbursement; amending Minnesota Statutes 2000, section 256B.431, by adding a subdivision.

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

The report was adopted.

Dempsey from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 2999, A bill for an act relating to aggregate material; providing for a municipal aggregate material removal fee in the metropolitan area; proposing coding for new law in Minnesota Statutes, chapter 298.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [298.77] [AGGREGATE MATERIAL REMOVAL FEE.]

Subdivision 1. [DEFINITIONS.] The following definitions apply to this section.

(1) "Aggregate material" means nonmetallic natural mineral aggregate including, without limitation, sand, silica sand, gravel, crushed rock, limestone, and granite. Aggregate material does not include dimension stone and dimension granite.

(2) "Person" means any individual, firm, partnership, corporation, organization, trustee, association, or other entity.

(3) "Operator" means any person engaged in the business of removing aggregate material from the surface or subsurface of the soil, for the purpose of sale, either directly or indirectly, through the use of the aggregate material in a marketable product or service.

(4) "Extraction site" means a pit, quarry, or deposit containing aggregate material and any contiguous property to the pit, quarry, or deposit which is used by the operator for stockpiling the aggregate material.

(5) "Municipality" means a statutory or home rule charter city or town.

Subd. 2. [REMOVAL FEE.] A municipality may impose a fee, not to exceed ten cents per ton of aggregate material removed, on operators. The fee must be imposed on aggregate material produced in the municipality when the aggregate material is transported from the extraction site or sold. When aggregate material is stored in a stockpile within the municipality and a public highway, road, or street is not used for transporting the aggregate material, the fee must be imposed either when the aggregate material is sold, or when it is transported from the stockpile site, or when it is used from the stockpile, whichever occurs first. When, as of the effective date of this act, a situation exists in which aggregate material is removed from an extraction site in one municipality and processed or stockpiled on an adjacent site located in another municipality, each municipality may impose a fee of an equal amount, the sum of which may not exceed the maximum amount of the fee permitted in this section.

Subd. 3. [REPORT AND REMITTANCE OF FEE.] Aggregate material must be weighed by the operator after it has been extracted from the pit, quarry, or deposit. By the 14th day following the last day of each calendar quarter, every operator must make and file with the municipality in which the aggregate material is removed, a correct report under oath, in such form and containing such information as the municipality may require relative to the quantity of aggregate material removed during the preceding calendar quarter. The report must be accompanied by a remittance of the amount of fee due.

Subd. 4. [USE OF FEE REVENUE.] The revenue from aggregate material removal fees must be credited to the general fund of the municipality and may be used by the municipality for any general fund purpose.

Subd. 5. [ACCESS TO RECORDS.] The municipality or its duly authorized agent may examine records, including computer records, maintained by an operator. The term "records" includes, without limitation, all accounts of an operator. The municipality must have access at all reasonable times to inspect and copy all business records related to an operator's collection, transportation, and disposal of aggregate to the extent necessary to ensure that all aggregate material production fees required to be paid have been remitted to the municipality. The records must be maintained by the operator for not less than six years after removal of the aggregate material which is the subject of the records.

Sec. 2. [366.135] [PERMITTING AUTHORITY AFFIRMED.]

Land use permits or approvals issued in accordance with sections 366.10 to 366.18 shall continue to be administered and enforced by the town.

Sec. 3. [394.363] [PERMITTING AUTHORITY AFFIRMED.]

Land use permits or approvals issued in accordance with sections 394.21 to 394.37 shall continue to be administered and enforced by the county.

Sec. 4. [462.366] [PERMITTING AUTHORITY AFFIRMED.]

Land use permits or approvals issued in accordance with sections 462.351 to 462.364 shall continue to be administered and enforced by the municipality.

Sec. 5. [EXPIRATION.]

Section 1 expires July 1, 2004."

Delete the title and insert:

"A bill for an act relating to aggregate material; providing for a municipal aggregate material removal fee; proposing coding for new law in Minnesota Statutes, chapters 298; 366; 394; 462."

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

The report was adopted.

Holsten from the Committee on Environment and Natural Resources Finance to which was referred:

H. F. No. 3003, A bill for an act relating to capital improvements; providing for grants to greater Minnesota public regional parks organizations; authorizing issuance of bonds; appropriating money.

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

The report was adopted.

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

H. F. No. 3007, A bill for an act relating to school districts; providing for school districts to opt out of certain state mandates; proposing coding for new law as Minnesota Statutes, chapter 471B.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on State Government Finance.

The report was adopted.

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

H. F. No. 3013, A bill for an act relating to occupations; modifying definition of practice of psychology; providing for emeritus registration of psychologists and psychological practitioners; providing for mental, physical, or chemical dependency examinations or evaluations for certain individuals regulated by the board of psychology; amending Minnesota Statutes 2000, sections 13.383, subdivision 8; 148.89, subdivision 5; 148.941, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 148.

Reported the same back with the following amendments:

Page 2, line 30, delete "formally" and insert "formerly"

With the recommendation that when so amended the bill pass.

The report was adopted.

Ozment from the Committee on Environment and Natural Resources Policy to which was referred:

H. F. No. 3025, A bill for an act relating to natural resources; modifying land acquisition procedures; modifying certain local planning regulations; adding to and deleting from certain state parks and state recreation areas; authorizing public and private sales of certain state land in Big Stone, Kandiyohi, Itasca, Morrison, and Scott counties; appropriating money; amending Minnesota Statutes 2000, sections 84.0272; 394.36, by adding a subdivision; 462.357, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 84.0272, is amended to read:

84.0272 [PROCEDURE IN ACQUIRING LANDS.]

Subdivision 1. [ACQUISITION PROCEDURE.] When the commissioner of natural resources is authorized to acquire lands or interests in lands the procedure set forth in this section shall apply. The commissioner of natural resources shall first prepare a fact sheet showing the lands to be acquired, the legal authority for their acquisition, and the qualities of the land that make it a desirable acquisition. The commissioner of natural resources shall cause the lands to be appraised. An appraiser shall before entering upon the duties of office take and subscribe an oath to faithfully and impartially discharge the duties as appraiser according to the best of the appraiser's ability and that the appraiser is not interested directly or indirectly in any of the lands to be appraised or the timber or improvements thereon or in the sale thereof and has entered into no agreement or combination to purchase the same or any part thereof, which oath shall be attached to the report of the appraisal. The commissioner of natural resources may pay less than the appraised value, but shall not agree to pay more than ten percent above the appraised value, except that if the commissioner pays less than the appraised value for a parcel of land, the difference between the purchase price and the appraised value may be used to apply to purchases at more than the appraised value. The sum of accumulated differences between appraised amounts and purchases for more than the appraised amount may not exceed the sum of accumulated differences between appraised amounts and purchases for less than the appraised amount. New appraisals may be made at the discretion of the commissioner of natural resources.

Subd. 2. [STREAM EASEMENTS.] (a) Notwithstanding subdivision 1, the commissioner may acquire permanent stream easements for angler access, fish management, and habitat work for a onetime payment based on a value attributed to both the stream and the easement corridor. The payment shall equal:

(1) the per linear foot of stream within the easement corridor times $5; plus

(2) the easement corridor acres times the estimated market value.

(b) The estimated market value is equal to:

(1) the total farm market value plus the timberlands value; divided by

(2) the acres of deeded farmland plus the acres of timber.

(c) The total farm market value, timberlands value, acres of deeded farmland, and acres of timber are determined from data collected by the department of revenue during its annual spring mini abstract survey. The commissioner must use the most recent available data for the city or township within which the easement corridor is located.

Sec. 2. Minnesota Statutes 2000, section 85.015, subdivision 2, is amended to read:

Subd. 2. [CASEY JONES TRAIL, MURRAY, REDWOOD, AND PIPESTONE COUNTIES.] (a) The trail shall originate in Lake Shetek state park~~,~~ in Murray county~~,~~ and include the six-mile loop between Currie in Murray county and Lake Shetek state park. From there, the first half of the trail shall trail southwesterly to Slayton~~, Minnesota~~ in Murray county; thence westerly to the point of intersection with the most easterly terminus of the state-owned abandoned railroad right-of-way, commonly known as the Casey Jones unit; thence westerly along said Casey Jones unit to Pipestone~~, Minnesota,~~ in Pipestone county; thence southwesterly to Split Rock Creek state park in Pipestone county, and there terminate. The second half of the trail shall commence in Lake Shetek state park in Murray county and trail northeasterly to Walnut Grove in Redwood county and there terminate.

(b) The trail shall be developed ~~primarily for riding and hiking~~ as a multiuse, multiseasonal, dual treadway trail. Nothing herein shall abrogate the purpose for which the Casey Jones unit was originally established, and the use thereof shall be concurrent.

Sec. 3. Minnesota Statutes 2000, section 85.015, is amended by adding a subdivision to read:

Subd. 24. [CUYUNA LAKES TRAIL, CROW WING AND AITKIN COUNTIES.] The trail shall provide for separate alignments insofar as practical, one paved and one unpaved, to maximize use and to minimize user conflicts and maintenance costs. The trail alignments shall originate in Crow Wing county at the Paul Bunyan trail in the

city of Baxter and shall extend in an east-northeasterly direction to the city of Riverton, Crow Wing county, where they shall connect to the Sagamore Mine segment of the Cuyuna Country state recreation area. The trail alignments shall then continue in a northeasterly direction, generally along and using former railroad rights-of-way insofar as practical, to connect with the main body of the Cuyuna Country state recreation area, the communities of Ironton and Crosby in Crow Wing county, and the Croft Mine historical park. The trail alignments shall then continue in an east-northeasterly direction, generally along and using former railroad rights-of-way insofar as practical, to the city of Cuyuna in Crow Wing county, and then continue east to the city of Aitkin, Aitkin county, and there terminate.

Sec. 4. Minnesota Statutes 2000, section 282.018, subdivision 1, is amended to read:

Subdivision 1. [LAND ON OR ADJACENT TO PUBLIC WATERS.] (a) All land which is the property of the state as a result of forfeiture to the state for nonpayment of taxes, regardless of whether the land is held in trust for taxing districts, and which borders on or is adjacent to meandered lakes and other public waters and watercourses, and the live timber growing or being thereon, is hereby withdrawn from sale except as hereinafter provided. The authority having jurisdiction over the timber on any such lands may sell the timber as otherwise provided by law for cutting and removal under such conditions as the authority may prescribe in accordance with approved, sustained yield forestry practices. The authority having jurisdiction over the timber shall reserve such timber and impose such conditions as the authority deems necessary for the protection of watersheds, wildlife habitat, shorelines, and scenic features. Within the area in Cook, Lake, and St. Louis counties described in the Act of Congress approved July 10, 1930 (46 Stat. 1020), the timber on tax-forfeited lands shall be subject to like restrictions as are now imposed by that act on federal lands.

(b) Of all tax-forfeited land bordering on or adjacent to meandered lakes and other public waters and watercourses and so withdrawn from sale, a strip two rods in width, the ordinary high-water mark being the waterside boundary thereof, and the land side boundary thereof being a line drawn parallel to the ordinary high-water mark and two rods distant landward therefrom, hereby is reserved for public travel thereon, and whatever the conformation of the shore line or conditions require, the authority having jurisdiction over such lands shall reserve a wider strip for such purposes.

(c) Any tract or parcel of land which has ~~50~~ 150 feet or less of waterfront may be sold by the authority having jurisdiction over the land, in the manner otherwise provided by law for the sale of such lands, if the authority determines that it is in the public interest to do so. If the authority having jurisdiction over the land is not the commissioner of natural resources, the land may not be offered for sale without the prior approval of the commissioner of natural resources.

(d) Where the authority having jurisdiction over lands withdrawn from sale under this section is not the commissioner of natural resources, the authority may submit proposals for disposition of the lands to the commissioner. The commissioner of natural resources shall evaluate the lands and their public benefits and make recommendations on the proposed dispositions to the committees of the legislature with jurisdiction over natural resources. The commissioner shall include any recommendations of the commissioner for disposition of lands withdrawn from sale under this section over which the commissioner has jurisdiction. The commissioner's recommendations may include a public sale, sale to a private party, acquisition by the department of natural resources for public purposes, or a cooperative management agreement with, or transfer to, another unit of government.

Sec. 5. Minnesota Statutes 2000, section 394.36, is amended by adding a subdivision to read:

Subd. 1a. [SUBSTANDARD STRUCTURES.] Notwithstanding subdivision 1, Minnesota Rules, parts 6105.0351 to 6105.0550, may allow for the continuation and improvement of substandard structures, as defined in Minnesota Rules, part 6105.0354, subpart 30, in the Lower Saint Croix National Scenic Riverway.

Sec. 6. Minnesota Statutes 2000, section 462.357, is amended by adding a subdivision to read:

Subd. 1f. [SUBSTANDARD STRUCTURES.] Notwithstanding subdivision 1e, Minnesota Rules, parts 6105.0351 to 6105.0550, may allow for the continuation and improvement of substandard structures, as defined in Minnesota Rules, part 6105.0354, subpart 30, in the Lower Saint Croix National Scenic Riverway.

Sec. 7. [ADDITIONS TO CROW WING STATE PARK.]

[85.012] [Subd. 14.] [CROW WING STATE PARK, CROW WING, CASS, AND MORRISON COUNTIES.] The following areas are added to Crow Wing state park, Crow Wing county:

(1) all of Government Lots 1 and 2 of Section 7; all of Government Lots 1, 2, and 4, the Southwest Quarter of the Southwest Quarter, and the Southwest Quarter of the Southeast Quarter of Section 8; that part of Government Lot 4 lying west of Highway 371 and that part of the West Half of the Southwest Quarter lying west of Highway 371 of Section 9; and all of Government Lots 2 and 3 of Section 18; all in Township 44 North, Range 31 West;

(2) that part of the Southeast Quarter of the Southeast Quarter, the Northeast Quarter of the Southeast Quarter, and Government Lot 1, lying south, west, and north of the following described line: Beginning at the southeast corner of said Section 13; thence North, assumed bearing, 66.00 feet along the east line of said Section 13 to Point "A"; thence North 89 degrees 01 minutes 00 seconds West 367.23 feet; thence northwesterly 1335.72 feet along a non-tangential curve concave to the northeast, radius 4837.27 feet, central angle 15 degrees 49 minutes 16 seconds, the chord of which bears North 41 degrees 45 minutes 20 seconds West; thence North, not tangent to the last described curve, 817.82 feet; thence northeasterly 650.80 feet along a non-tangential curve concave to the southeast, radius 1230.00 feet, central angle 30 degrees 18 minutes 56 seconds the chord of which bears North 36 degrees 50 minutes 32 seconds East to Point "B"; thence East 868.26 feet, more or less, to the east line of said Northeast Quarter of the Southeast Quarter and there terminating of Section 13; and the East Half of the Northeast Quarter and the East Half of the Southeast Quarter of Section 24; all in Township 44 North, Range 32 West; and

(3) Government Lot 3 of Section 27, Township 133 North, Range 29 West.

Sec. 8. [DELETIONS FROM BIG STONE LAKE STATE PARK.]

[85.012] [Subd. 6.] [BIG STONE LAKE STATE PARK, BIG STONE COUNTY.] The following areas are deleted from Big Stone Lake state park, Big Stone county:

All those parts of Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 of the plat SECOND ADDITION TO SUNSET VIEW, according to the plat on file and of record in the office of the recorder of Big Stone county, Minnesota, being in Government Lot 1, Section 13, Township 122 North, Range 47 West; and that part of Government Lot 1, Section 13, Township 122 North, Range 47 West, Big Stone county, Minnesota, being a strip of land 80 feet in width lying northerly of the plat SECOND ADDITION TO SUNSET VIEW, according to the plat on file and of record in the office of the recorder for Big Stone county, Minnesota, the southerly line of said strip is coincident with the northerly lines of Lots 3 through 19, inclusive, of said plat, the westerly boundary of said strip being the northerly extension of the west line of Lot 19 of said plat.

Sec. 9. [DELETIONS FROM CUYUNA COUNTRY STATE RECREATION AREA.]

[85.013] [Subd. 5c.] [CUYUNA COUNTRY STATE RECREATION AREA, CROW WING COUNTY.] The following area is deleted from Cuyuna Country state recreation area, Crow Wing county: Government Lots 1 and 5 of Section 4, Township 46 North, Range 29 West.

Sec. 10. [ADDITIONS TO STATE RECREATION AREAS.]

Subdivision 1. [85.013] [Subd. 2c.] [BIG BOG STATE RECREATION AREA, BELTRAMI COUNTY.] The following areas are added to Big Bog state recreation area, all in Township 156 North, Range 31 West, Beltrami county:

(1) the Southeast Quarter of Section 35; and

(2) the Northwest Quarter of the Southwest Quarter and the Northeast Quarter of the Southeast Quarter of Section 36.

Subd. 2. [85.013] [Subd. 5c.] [CUYUNA COUNTRY STATE RECREATION AREA, CROW WING COUNTY.] The following areas are added to Cuyuna Country state recreation area, Crow Wing county, all in Township 46 North, Range 29 West:

That part of the Northwest Quarter lying East of the westerly right-of-way line of the Soo Line Railroad of Section 1; the North Half of the Southwest Quarter of the Southwest Quarter and the Southeast Quarter of the Southwest Quarter of Section 2; and the North Half of the Northeast Quarter of the Northwest Quarter of Section 11.

Sec. 11. [ADDITIONS TO STATE FORESTS.]

Subdivision 1. [89.021] [Subd. 33.] [RICHARD J. DORER MEMORIAL HARDWOOD STATE FOREST.] The following areas are added to Richard J. Dorer Memorial Hardwood state forest: Sections 28, 29, 32, and 33, Township 103 North, Range 10 West.

Subd. 2. [89.021] [Subd. 39.] [PILLSBURY STATE FOREST.] The following areas are added to Pillsbury state forest:

(1) Sections 1 to 36, inclusive, of Township 134 North, Range 30 West;

(2) Section 36, Township 135 North, Range 30 West; and

(3) the East half, the North Half of the Northwest Quarter, and the Southeast Quarter of the Northwest Quarter of Section 3 and the North Half of the Northeast Quarter of Section 10, all in Township 133 North, Range 30 West.

Sec. 12. [PRIVATE SALE OF SURPLUS STATE LAND; BIG STONE COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale to the township of Prior the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general and may be for consideration less than the appraised value of the land. The conveyance shall include a restriction on the use of the land to allow only utility use and prohibit all other permanent structures.

(c) The land to be sold is located in Big Stone county and is described as: That part of Government Lot 1, Section 13, Township 122 North, Range 47 West, Big Stone county, Minnesota, being a strip of land 80 feet in width lying northerly of the plat SECOND ADDITION TO SUNSET VIEW, according to the plat on file and of record in the office of the recorder for Big Stone county, Minnesota, the southerly line of said strip is coincident with the northerly lines of Lots 3 through 19, inclusive, of said plat, the westerly boundary of said strip being the northerly extension of the west line of Lot 19 of said plat. EXCEPTING therefrom the south 30 feet thereof.

(d) The commissioner has determined that the land is no longer needed for any natural resource purpose and that the state's land management interests would best be served if the land was sold to the township of Prior to allow for upgrading the septic systems and other utilities in the area.

Sec. 13. [PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; DOUGLAS COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Douglas county may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land to be sold is located in Douglas county and is described as:

Lot 4, Block 1, Cedar Hills 1st Addition, Section 8, Township 130, Range 37.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 14. [PUBLIC SALE OF TRUST FUND LAND BORDERING PUBLIC WATER; ITASCA COUNTY.]

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell by public sale the school trust fund land bordering public water that is described in paragraph (c), under the remaining provisions in Minnesota Statutes, chapter 92.

(b) The conveyance shall be in a form approved by the attorney general for consideration no less than the appraised value of the land. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Itasca county and is described as follows: Lot 6, Block 1 of Little Island Lake Leased homesites, located in Government Lot 9, Section 16, Township 58 North, Range 25 West.

(d) The commissioner has determined that the land is no longer needed for any natural resource purpose and that the state's land management interests would best be served if the land was sold.

Sec. 15. [PRIVATE OR PUBLIC SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; KANDIYOHI COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell the surplus land and buildings bordering on public waters that are described in paragraph (c) to the city of New London; or notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by public sale the surplus land and buildings bordering on public waters that are described in paragraph (c).

(b) The sale must be in a form approved by the attorney general for consideration no less than the appraised value of the land and buildings. The sale shall reserve to the state an easement along the Crow river to ensure public access and access for dam management and maintenance at the outlet of the mill pond known as Mud lake.

(c) The land to be sold is located in Kandiyohi county and is described as:

All of Lots 9, 10, 11, 12, and 13 and that part of Lot 14 otherwise described as the Mill Lot lying north and east of the Crow river, all being in Block 8 within the city of New London, Minnesota, excepting therefrom the following three parcels:

(1) commencing at a point on the west line of Lot 8, Block 8 in the village of New London, 16-2/3 feet North of the southwest corner of said Lot 8; running thence easterly on a line parallel to the south line of said Lot 8, 100 feet to the west line of Main Street; thence southerly on west line of Main Street to a point, 50 feet; thence westerly on a line parallel to the south line of said Lot 8 to a point, 70 feet; thence northwesterly to the PLACE OF BEGINNING;

(2) commencing at a point 16 feet West from the northwest corner of Lot 1, Block 8 of the village of New London; thence 120 feet South parallel with the west line of Lots 1, 2, 3, 4, 5, and 6; thence West to the bank of the Crow river; thence along said bank of the Crow river to a point intersecting with a line drawn North and South from a point, 100 feet West of the PLACE OF BEGINNING; thence North to the north line of Block 8; thence East to the PLACE OF BEGINNING; and

(3) commencing at a point on the north line of Block 8, 220 feet West of the northeast corner of said Block 8; thence West 50 feet; thence South 30 feet; thence southeasterly to a point which is 50 feet South of the PLACE OF BEGINNING; thence due North 50 feet to the PLACE OF BEGINNING.

The above described tract contains 0.46 acres to be sold.

(d) The commissioner has determined that the land is no longer needed for any natural resource purpose other than easement access for dam maintenance and that the state's land management interests would best be served if the land was sold by public sale or sold to the city of New London.

Sec. 16. [PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; MEEKER COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Meeker county may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land to be sold is located in Meeker county and is described as:

Pt Southeast Quarter of Southeast Quarter (SE1/4 SE1/4) beginning southeast corner Section 23, thence West 683.17 feet to point of beginning, northwest 252.31 feet northwest 122 feet, northeast 91 feet, southerly to south line Southeast Quarter of Southeast Quarter (SE1/4 SE1/4), thence West 44 feet to point of beginning. Section 23, Township 120, Range 31 (PID 12-0213001).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 17. [PRIVATE SALE OF SURPLUS STATE LAND; MORRISON COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general for consideration no less than the appraised value of the land. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be sold is located in Morrison county and is described as: the South 33 feet of the Northwest Quarter of the Southeast Quarter, the West 33 feet of Government Lot 2, and the South 33 feet of the West 33 feet of the Northeast Quarter of the Southeast Quarter, all in Section 11, Township 132 North, Range 31 West.

(d) The commissioner has determined that the land is no longer needed for any natural resource purpose and that the state's land management interests would best be served if the land was returned to private ownership.

Sec. 18. [PUBLIC SALE OF SCHOOL TRUST LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.]

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell by public sale the school trust land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general for consideration no less than the appraised value of the land. The conveyance must include an easement to ensure public access and state management access to the state-owned land on the north side of Blueberry lake. The attorney general may make necessary changes in the legal description to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis county and is approximately three acres adjacent to Blueberry lake in the northeast corner of the Southwest Quarter of the Northeast Quarter, Section 4, Township 61 North, Range 12 West.

(d) The commissioner has determined that the land is no longer needed for any natural resource purpose and that the state's land management interests would best be served if the land was returned to private ownership. The adjoining private owner has inadvertently built part of a home, a septic system, and yard improvements on the land.

Sec. 19. [PRIVATE SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATERS; ST. LOUIS COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis county may sell by private sale the tax-forfeited lands bordering public waters that are described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal descriptions to correct errors and ensure accuracy.

(c) The lands to be sold are located in St. Louis county and are described as:

(1) Government Lot 2, Section 26, Township 50 North, Range 17 West;

(2) Government Lot 2, Section 34, Township 50 North, Range 17 West;

(3) the West 60 feet of the East 360 feet of the North 800 feet of Government Lot 6, Section 32, Township 55 North, Range 12 West; and

(4) Plat of Long Lake Estates, 1st Addition, Lots 22 and 37, Section 26, Township 56 North, Range 16 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 20. [PUBLIC SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATERS; ST. LOUIS COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis county may sell the tax-forfeited lands bordering public waters that are described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal descriptions to correct errors and ensure accuracy.

(c) The lands to be sold are located in St. Louis county and are described as:

(1) Blocks 4, 5, and 6, Plat of McComber, town of Eagles Nest, Section 13, Township 62 North, Range 14 West, subject to the following restrictions:

(i) if any culverts are installed at the stream, they must be sized and installed to allow for fish migration;

(ii) an adequate buffer of vegetation must be preserved along the stream to maintain in-channel habitat, control erosion, and reduce transport of sediment at the stream channel, reduce nutrient transport to the channel, and provide a corridor for wildlife; and

(iii) any development on the parcels must be done to avoid any concentration of store water runoff from flowing toward the stream or lake;

(2) Government Lots 1 and 2, Section 6, Township 56 North, Range 14 West;

(3) the Northeast Quarter of the Southeast Quarter and the North Half of the Southeast Quarter of the Southeast Quarter, Section 10, Township 57 North, Range 18 West;

(4) Lots 20, 21, 22, and 23, Plat of Twin Lakes, Section 32, Township 60 North, Range 19 West;

(5) the East Half of the Northeast Quarter and the East Half of the Southeast Quarter, Section 12, Township 51 North, Range 17 West;

(6) the East Half of the Northeast Quarter, Section 13, Township 51 North, Range 17 West;

(7) Lot 9, Block 3, Kings Court Subdivision, Section 31, Township 52 North, Range 13 West, except that part beginning at the northwest corner; thence South 13 degrees 7 minutes 17 seconds East along the line common to Lots 8 and 9 200 feet; thence North 7 degrees 52 minutes 43 seconds East 200 feet; thence North 13 degrees 7 minutes 17 seconds West 205.58 feet to the southerly line of Lady Nicole Lane and the northerly line of Lot 9; thence South 63 degrees 3 minutes 24 seconds West along said southerly line 31.16 feet to the point of curvature of a tangential curve concave to the North with a radius of 340 feet and a central angle of 28 degrees 54 minutes 39 seconds; thence westerly along said curve and coinciding with said southerly line 171.56 feet to the point of beginning; and

(8) that part of Lot 7, Johnson McKinnon Addition, town of Canosia, lying East of a line beginning 40 feet West of the northeast corner; thence South 164 11/100 feet; thence South 24 degrees 24 minutes East 277 feet, more or less, to the lakeshore.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 21. [PUBLIC SALE OF STATE WILDLIFE MANAGEMENT AREA LAND BORDERING PUBLIC WATERS; SCOTT COUNTY.]

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell the wildlife management area land bordering public waters described in paragraph (e) by public sale according to Minnesota Statutes, section 97A.135, subdivision 2a.

(b) The conveyance shall be in a form approved by the attorney general for consideration of no less than the appraised value of the land.

(c) The deed must contain a restrictive covenant that prohibits altering, disturbing vegetation in, draining, filling, or placing any material or structure of any kind on or in the existing wetland area located on the land; prohibits any run-off from other lands or buildings into said wetland; and prohibits diverting or appropriating water from said wetland.

(d) The consideration received for the conveyance shall be deposited in the state treasury and credited to the wildlife acquisition account in the game and fish fund. The money is appropriated to the commissioner of natural resources for wildlife land acquisition purposes.

(e) The land that may be sold is in the Prior Lake wildlife management area in Scott county and is described as:

The East 1200 feet of the South 800 feet of the Southwest Quarter of the Southeast Quarter of Section 22, Township 115 North, Range 22 West. Including the abandoned right-of-way of the Chicago, Milwaukee, St. Paul and Pacific Railroad Company (formerly the Hastings and Dakota Railway Company). Containing 22 acres, more or less.

(f) This land no longer fits into the state wildlife management area system because of hunting limitations, its small size, and future development planned for the area. Proceeds from the sale will be used to purchase lands more suitable for wildlife management and public use.

Sec. 22. [PRIVATE SALE OF SURPLUS STATE LAND; SHERBURNE COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale the lands that are described in paragraph (c) to the adjacent landowners upon completion of an internal land exchange whereby the status of the lands described in paragraph (c) will become acquired state forest status.

(b) The conveyances must be in a form approved by the attorney general for consideration not less than the appraised value of the lands.

(c) The lands to be conveyed are located in Sherburne county and are described as:

(1) that part of the Southeast Quarter of the Southwest Quarter of Section 36, Township 34 North, Range 27 West, Sherburne county, Minnesota, described as follows: Beginning at the northeast corner of said Southeast Quarter of the Southwest Quarter; thence on a bearing, based on the 1983 Sherburne County Coordinate System (1986 Adjustment), of South 02 degrees 42 minutes 52 seconds West 746.69 feet along the east line of said Southeast Quarter of the Southwest Quarter to the center line of a township road; thence North 71 degrees 56 minutes 43 seconds West 61.36 feet along said center line; thence North 00 degrees 35 minutes 14 seconds West 727.25 feet to the north line of said Southeast Quarter of the Southwest Quarter; thence South 89 degrees 47 minutes 12 seconds East 101.15 feet along said north line to the point of beginning; containing 1.35 acres;

(2) that part of the Northeast Quarter of the Southwest Quarter of Section 36, Township 34 North, Range 27 West, Sherburne county, Minnesota, described as follows: Commencing at the northeast corner of said Northeast Quarter of the Southwest Quarter; thence on a bearing, based on the 1983 Sherburne County Coordinate System (1986 Adjustment), of South 02 degrees 42 minutes 52 seconds West 905.10 feet along the east line of said Northeast Quarter of the Southwest Quarter to a point on the south line of the North 904.20 feet of the Northwest Quarter of the Southeast Quarter of said Section 36 and the point of beginning; thence North 89 degrees 50 minutes 32 seconds West 123.41 feet on the westerly extension of the North 904.20 feet of said Northwest Quarter of the Southeast Quarter; thence South 00 degrees 20 minutes 40 seconds East 416.58 feet to the south line of said Northeast Quarter of the Southwest Quarter; thence South 89 degrees 47 minutes 12 seconds East 101.15 feet along said south line to the southeast corner of said Northeast Quarter of the Southwest Quarter; thence North 02 degrees 42 minutes 52 seconds East 417.08 feet along the east line of said Northeast Quarter of the Southwest Quarter to the point of beginning; containing 1.06 acres;

(3) that part of the Southeast Quarter of the Southwest Quarter of Section 36, Township 34 North, Range 27 West, Sherburne county, Minnesota, described as follows: Commencing at the northeast corner of said Southeast Quarter of the Southwest Quarter; thence on a bearing, based on the 1983 Sherburne County Coordinate System (1986 Adjustment), of South 02 degrees 42 minutes 52 seconds West 746.69 feet along the east line of said Southeast Quarter of the Southwest Quarter to the center line of a township road and the point of beginning; thence North 71 degrees 56 minutes 43 seconds West 61.36 feet along said center line; thence South 00 degrees 35 minutes 14 seconds East 593.77 feet to the south line of said Southeast Quarter of the Southwest Quarter; thence South 89 degrees 43 minutes 53 seconds East 25.00 feet along said south line to the southeast corner of said Southeast Quarter of the Southwest Quarter; thence North 02 degrees 42 minutes 52 seconds East 575.49 feet along the east line of said Southeast Quarter of the Southwest Quarter to the point of beginning; containing 0.59 acres; and

(4) that part of the Northeast Quarter of the Southwest Quarter of Section 36, Township 34 North, Range 27 West, Sherburne county, Minnesota, described as follows: Beginning at the northeast corner of said Northeast Quarter of the Southwest Quarter; thence on a bearing, based on the 1983 Sherburne County Coordinate System (1986 Adjustment), of South 02 degrees 42 minutes 52 seconds West 905.10 feet along the east line of said Northeast Quarter of the Southwest Quarter to a point on the south line of the North 904.20 feet of the Northwest Quarter of

the Southeast Quarter of said Section 36; thence North 89 degrees 50 minutes 32 seconds West 123.41 feet on the westerly extension of the North 904.20 feet of said Northwest Quarter of the Southeast Quarter; thence North 00 degrees 20 minutes 40 seconds West 904.24 feet to the north line of said Northeast Quarter of the Southwest Quarter; thence South 89 degrees 50 minutes 32 seconds East 171.71 feet along said north line to the point of beginning; containing 3.06 acres.

(d) The lands described in paragraph (c) are part of an internal pending land exchange. After approval of the exchange by the state land exchange board, the trust fund status of the lands described in paragraph (c) will become acquired state forest status. The lands described in paragraph (c) are then withdrawn from the Sand Dunes state forest and will be certified as surplus by the commissioner. The commissioner of natural resources has determined, due to recent survey information, that the lands described in paragraph (c) are not suitable for public land management; that the state's land management interests would best be served by conveyance of the land to the adjacent land owners; and that the conveyance will resolve a long-standing unintentional trespass.

Sec. 23. [PRIVATE SALE OF SURPLUS STATE LAND; WINONA COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general for consideration no less than the appraised value of the land.

(c) The land to be sold is located in Winona county and is described as:

That part of the Southeast Quarter of the Southwest Quarter of Section 26, Township 105 North, Range 9 West, Winona county, Minnesota, described as follows:

Beginning at the northwest corner of said Southeast Quarter of the Southwest Quarter; thence on a bearing, based on the Winona County Coordinate System of 1983 (1986 Adjustment), of South 00 degrees 17 minutes 40 seconds West along the west line of said Southeast Quarter of the Southwest Quarter 388.05 feet; thence North 85 degrees 20 minutes 05 seconds East 87.79 feet; thence North 02 degrees 44 minutes 27 seconds West 353.94 feet; thence North 86 degrees 36 minutes 30 seconds East 423.51 feet to the north line of said Southeast Quarter of the Southwest Quarter; thence North 89 degrees 43 minutes 52 seconds West along the north line of said Southeast Quarter of the Southwest Quarter 491.34 feet to the point of beginning; containing 0.82 acres.

(d) The commissioner has determined that the land is no longer needed for any natural resource purpose and that the state's land management interests would best be served if the land was returned to private ownership.

Sec. 24. [RULE AMENDMENT.]

(a) The commissioner of natural resources shall amend Minnesota Rules, part 6105.1680, subpart 7, item A, so that the land use district in Section 18, Township 112 North, Range 18 West, is described as the North Quarter of the Northeast Quarter, 40 acres; the West Half of the Southwest Quarter of the Northwest Quarter of the Northeast Quarter, 5 acres; the Northeast Quarter of the Northwest Quarter, 40 acres; and the Northwest Quarter of the Northwest Quarter, 33.98 acres.

(b) The commissioner may use the good cause exemption procedure provided under Minnesota Statutes, section 14.388, clause (3), in adopting rules under this section."

Delete the title and insert:

"A bill for an act relating to natural resources; modifying land acquisition procedures; modifying and creating certain state trails; modifying provisions for certain lands withdrawn from sale; modifying certain local planning regulations; adding to and deleting from certain state parks, state forests, and state recreation areas; authorizing

public and private sales of certain state land in Big Stone, Douglas, Itasca, Kandiyohi, Meeker, Morrison, St. Louis, Scott, Sherburne, and Winona counties; requiring a rule amendment; appropriating money; amending Minnesota Statutes 2000, sections 84.0272; 85.015, subdivision 2, by adding a subdivision; 282.018, subdivision 1; 394.36, by adding a subdivision; 462.357, by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Dempsey from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 3030, A bill for an act relating to the metropolitan council; providing for the external use of existing service capacity; modifying the depreciation rate when assuming ownership of existing facilities; repealing obsolete rules; amending Minnesota Statutes 2000, sections 473.129, by adding a subdivision; 473.511, subdivision 4; repealing Minnesota Rules, parts 5900.0100; 5900.0200; 5900.0300; 5900.0400; 5900.0500; 5900.0600; 5900.0700; 5900.0800; 5900.0900; 5900.1000; 5900.1100; 5900.1200; 5900.1300; 5900.1400; 5900.1500; 5900.1600; 5900.1700; 5900.1800; 5900.1900; 5900.2000; 5900.2100; 5900.2200; 5900.2300; 5900.2400; 5900.2500; 5900.2600; 5900.2700; 5900.2800; 5900.2900; 5900.3000; 5900.3100; 5900.3200; 5900.3300; 5900.3400; 5900.3500; 5900.3600; 5900.3700; 5900.3800; 5900.3900; 5900.4000; 5900.4100; 5900.4200; 5900.4300; 5900.4400; 5900.4500; 5900.4600; 5900.4700; 5900.4800; 5900.4900; 5900.5000; 5900.5100; 5900.5200; 5900.5300; 5900.5400; 5900.5500; 5900.5600; 5900.5700; 5900.5800; 5900.5900; 5900.6000; 5900.6100; 5900.6200; 5900.6300; 5900.6400; 5900.6500; 5900.6800; 5900.6900; 5900.7000; 5900.7100; 5900.7200; 5900.7300; 5900.7400; 5900.7500.

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

The report was adopted.

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

H. F. No. 3034, A bill for an act relating to government data; background checks; modifying procedures for school bus driver background checks; authorizing criminal history checks for certain liquor license applicants; clarifying use of data collected on employees of certain license holders; amending Minnesota Statutes 2000, sections 171.321, subdivision 3; 326.336, subdivision 1; 340A.301, subdivision 2; 340A.402.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 13.87, subdivision 1, is amended to read:

Subdivision 1. [CRIMINAL HISTORY DATA.] (a) [DEFINITION.] For purposes of this subdivision, "criminal history data" means all data maintained in criminal history records compiled by the bureau of criminal apprehension and disseminated through the criminal justice information system, including, but not limited to fingerprints, photographs, identification data, arrest data, prosecution data, criminal court data, custody and supervision data.

(b) [CLASSIFICATION.] Criminal history data maintained by agencies, political subdivisions and statewide systems are classified as private, pursuant to section 13.02, subdivision 12, except that data created, collected, or maintained by the bureau of criminal apprehension that identify an individual who was convicted of a crime ~~and~~, the offense of which the individual was convicted, associated court disposition and sentence information, controlling agency, and confinement information are public data for 15 years following the discharge of the sentence imposed for the offense.

The bureau of criminal apprehension shall provide to the public at the central office of the bureau the ability to inspect in person, at no charge, through a computer monitor the criminal conviction data classified as public under this subdivision.

(c) [LIMITATION.] Nothing in paragraph (a) or (b) shall limit public access to data made public by section 13.82.

Sec. 2. Minnesota Statutes 2000, section 171.321, subdivision 3, is amended to read:

Subd. 3. [RECORDS CHECK OF APPLICANT.] (a) Before issuing or renewing a school bus endorsement, the commissioner shall conduct a criminal history and driver's license records check of the applicant. The commissioner may also conduct the check at any time while a person is so licensed. The check must consist of a criminal ~~records~~ history check of the state criminal records repository and a check of the driver's license records system. If the applicant has resided in Minnesota for less than five years, the check must also include a national criminal ~~records~~ history check ~~of information from the state law enforcement agencies in the states where the person resided during the five years before moving to Minnesota, and of the national criminal records repository including the criminal justice data communications network~~. The commissioner shall accept the national criminal history check request and the fingerprints of the applicant and is authorized to exchange fingerprints with the Federal Bureau of Investigation and request the Federal Bureau of Investigation to conduct a criminal history check. The applicant's failure to cooperate with the commissioner in conducting the records check is reasonable cause to deny an application or cancel a school bus endorsement. The commissioner may not release the results of the records check to any person except the applicant or the applicant's designee in writing.

(b) The commissioner may issue to an otherwise qualified applicant a temporary school bus endorsement, effective for no more than 180 days, upon presentation of (1) an affidavit by the applicant that the applicant has not been convicted of a disqualifying offense and (2) a criminal history check from each state of residence for the previous five years. The criminal history check may be conducted and prepared by any public or private source acceptable to the commissioner. The commissioner may reissue the temporary endorsement if the National Criminal Records Repository check is timely submitted but not completed within the 180-day period.

Sec. 3. Minnesota Statutes 2000, section 299C.68, subdivision 5, is amended to read:

Subd. 5. [RESPONSE OF BUREAU.] The superintendent shall respond in writing to a background check request within a reasonable time not to exceed ten working days after receiving the signed form under subdivision 3. ~~If a search is being done of the national criminal records repository and that portion of the background check is not completed, the superintendent shall notify the owner that the background check is not complete and shall provide that portion of the background check to the owner as soon as it is available.~~ If a search is being done of the national criminal records repository, the superintendent shall determine eligibility based upon national records received. The superintendent shall reply to the owner in writing, indicating whether the manager is or is not eligible for employment. The superintendent's response must clearly indicate whether the manager has ever been convicted of a background check crime and, if so, a description of the crime, date and jurisdiction of conviction, and date of discharge of the sentence.

Sec. 4. Minnesota Statutes 2000, section 326.336, subdivision 1, is amended to read:

Subdivision 1. [BACKGROUND CHECK.] A license holder may employ, in connection with the business of private detective or protective agent, as many unlicensed persons as may be necessary; provided that every license holder is at all times accountable for the good conduct of every person employed. When a license holder hires a person to perform services as a private detective or protective agent, the employer shall submit to the bureau of criminal apprehension a full set of fingerprints of each employee and the written consent of the employee to enable the bureau to determine whether that person has a criminal record. The employee is a conditional employee until the employer receives a report from the bureau that, based on a check of the criminal records maintained by the bureau, the prospective employee has not been convicted in Minnesota of a felony or any offense listed in section 326.3381, subdivision 3, other than a misdemeanor or gross misdemeanor assault. During the period of conditional employment, the person may not serve as a private detective or protective agent, but may be trained by the employer.

The bureau shall immediately forward the fingerprints to the Federal Bureau of Investigation and request the Federal Bureau of Investigation to conduct a criminal history check of each conditional ~~employee's criminal record, and the bureau of criminal apprehension shall immediately forward the results to the employer when they are received~~ employee. The bureau shall determine if the ~~bureau report or~~ Federal Bureau of Investigation report indicates that the employee was convicted of a disqualifying offense~~,~~ and shall notify the employer accordingly. The employer shall immediately dismiss ~~the~~ an employee who has been convicted of a disqualifying offense.

Sec. 5. Minnesota Statutes 2000, section 340A.301, subdivision 2, is amended to read:

Subd. 2. [PERSONS ELIGIBLE.] Licenses under this section may be issued only to a person who:

(1) is of good moral character and repute;

(2) is 21 years of age or older;

(3) has not had a license issued under this chapter revoked within five years of the date of license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested; and

(4) has not been convicted within five years of the date of license application of a felony, or of a willful violation of a federal or state law, or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of alcoholic beverages. The alcohol and gambling enforcement division may require that fingerprints be taken and may forward the fingerprints to the Federal Bureau of Investigation for purposes of a criminal history check.

Sec. 6. Minnesota Statutes 2000, section 340A.402, is amended to read:

340A.402 [PERSONS ELIGIBLE.]

No retail license may be issued to:

(1) a person under 21 years of age;

(2) a person who has had an intoxicating liquor or 3.2 percent malt liquor license revoked within five years of the license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested;

(3) a person not of good moral character and repute; or

(4) a person who has a direct or indirect interest in a manufacturer, brewer, or wholesaler.

In addition, no new retail license may be issued to, and the governing body of a municipality may refuse to renew the license of, a person who, within five years of the license application, has been convicted of a felony or a willful violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage. The alcohol and gambling enforcement division or licensing authority may require that fingerprints be taken and forwarded to the Federal Bureau of Investigation for purposes of a criminal history check."

Delete the title and insert:

"A bill for an act relating to government data; background checks; expanding what is considered to be public criminal history data; modifying procedures for certain background checks; authorizing criminal history checks for certain liquor license applicants; clarifying use of data collected on employees of certain license holders; amending Minnesota Statutes 2000, sections 13.87, subdivision 1; 171.321, subdivision 3; 299C.68, subdivision 5; 326.336, subdivision 1; 340A.301, subdivision 2; 340A.402."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 3041, A bill for an act relating to data privacy; providing that nondesignated addresses on license applications are not public data; amending Minnesota Statutes 2000, section 13.41, subdivision 5.

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

The report was adopted.

Finseth from the Committee on Agriculture Policy to which was referred:

H. F. No. 3052, A bill for an act relating to waters; clarifying required permission for work in public waters; modifying criteria for wetland replacement plans; amending Minnesota Statutes 2000, sections 103E.011, subdivision 3; 103G.2241, subdivision 3.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Environment and Natural Resources Policy without further recommendation.

The report was adopted.

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

H. F. No. 3057, A bill for an act relating to education; permitting the Minnesota state high school league to enter into corporate partnerships and similar agreements; amending Minnesota Statutes 2000, section 128C.01, subdivision 5.

Reported the same back with the following amendments:

Page 1, line 16, after the period, insert "Money received through these corporate partnerships or similar agreements must be returned to member schools."

With the recommendation that when so amended the bill pass.

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 3058, A bill for an act relating to liquor; authorizing the city of West St. Paul to issue six additional on-sale intoxicating liquor licenses.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2001 Supplement, section 340A.412, subdivision 4, is amended to read:

Subd. 4. [LICENSES PROHIBITED IN CERTAIN AREAS.] (a) No license to sell intoxicating liquor may be issued within the following areas:

(1) where restricted against commercial use through zoning ordinances and other proceedings or legal processes regularly had for that purpose, except licenses may be issued to restaurants in areas which were restricted against commercial uses after the establishment of the restaurant;

(2) within the capitol or on the capitol grounds, except as provided under Laws 1983, chapter 259, section 9, or section 13, paragraph (b), of this act;

(3) on the state fairgrounds or at any place in a city of the first class within one-half mile of the fairgrounds, except as otherwise provided by charter;

(4) on the campus of the college of agriculture of the University of Minnesota or at any place in a city of the first class within one-half mile of the campus, provided that a city may issue one on-sale wine license in this area that is not included in the area described in clause (3), except as provided by charter;

(5) within 1,000 feet of a state hospital, training school, reformatory, prison, or other institution under the supervision or control, in whole or in part, of the commissioner of human services or the commissioner of corrections;

(6) in a town or municipality in which a majority of votes at the last election at which the question of license was voted upon were not in favor of license under section 340A.416, or within one-half mile of any such town or municipality, except that intoxicating liquor manufactured within this radius may be sold to be consumed outside it;

(7) at any place on the east side of the Mississippi River within one-tenth of a mile of the main building of the University of Minnesota unless (i) the licensed establishment is on property owned or operated by a nonprofit corporation organized prior to January 1, 1940, for and by former students of the University of Minnesota, or (ii) the licensed premises is Northrop Auditorium;

(8) within 1,500 feet of a state university, except that:

(i) the minimum distance in the case of Winona and Southwest State University is 1,200 feet, measured by a direct line from the nearest corner of the administration building to the main entrance of the licensed establishment;

(ii) within 1,500 feet of St. Cloud State University one on-sale wine and two off-sale intoxicating liquor licenses may be issued, measured by a direct line from the nearest corner of the administration building to the main entrance of the licensed establishment;

(iii) at Mankato State University the distance is measured from the front door of the student union of the Highland campus;

(iv) a temporary license under section 340A.404, subdivision 10, may be issued to a location on the grounds of a state university for an event sponsored or approved by the state university; and

(v) this restriction does not apply to the area surrounding the premises leased by Metropolitan State University at 730 Hennepin Avenue South in Minneapolis; and

(9) within 1,500 feet of any public school that is not within a city.

(b) The restrictions of this subdivision do not apply to a manufacturer or wholesaler of intoxicating liquor or to a drugstore or to a person who had a license originally issued lawfully prior to July 1, 1967.

Sec. 2. Minnesota Statutes 2000, section 340A.504, is amended by adding a subdivision to read:

Subd. 2a. [CERTAIN DISPENSING EXEMPT.] Where a hotel possessing an on-sale intoxicating liquor license places containers of intoxicating liquor in cabinets in hotel rooms for the use of guests staying in those hotel rooms, and a charge is made for withdrawals from those cabinets, the dispensing of intoxicating liquor from those cabinets does not constitute a sale for purposes of subdivision 2.

Sec. 3. Laws 1999, chapter 202, section 12, is amended to read:

Sec. 12. [CITY OF PROCTOR; LIQUOR ~~LICENSE~~ LICENSES.]

The city of Proctor may issue ~~one~~ three on-sale intoxicating liquor ~~license~~ licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized under this section.

Sec. 4. [CITY OF ALBERT LEA; LIQUOR LICENSES.]

The city of Albert Lea may issue three on-sale liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized under this section.

Sec. 5. [CITY OF EDEN PRAIRIE; ON-SALE LICENSES.]

The city of Eden Prairie may issue five on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized under this section.

Sec. 6. [CITY OF WEST ST. PAUL.]

The city of West St. Paul may issue six on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized under this section.

Sec. 7. [EFFECTIVE DATE.]

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

Delete the title and insert:

"A bill for an act relating to intoxicating liquor; exempting certain sales from hotel room cabinets from on-sale hours restrictions; providing for measurement of minimum distances from state university campuses for location of licenses; authorizing issuance of additional on-sale licenses in Albert Lea, Eden Prairie, Proctor, and West St. Paul; amending Minnesota Statutes 2000, section 340A.504, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 340A.412, subdivision 4; Laws 1999, chapter 202, section 12."

With the recommendation that when so amended the bill pass.

The report was adopted.

Dempsey from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 3061, A bill for an act relating to the metropolitan council; providing for the transfer or disposal of interceptor facilities; proposing coding for new law in Minnesota Statutes, chapter 473.

Reported the same back with the following amendments:

Page 7, delete lines 1 to 7 and insert:

"This act is effective on December 31, 2002."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 3079, A bill for an act relating to real property; establishing disclosure requirements for sellers of residential real estate; proposing coding for new law in Minnesota Statutes, chapter 513.

Reported the same back with the following amendments:

Page 1, line 20, delete everything before "residence" and insert "as a single-family"

Page 2, line 4, before "contract" insert "deed,"

Page 2, line 30, delete "or" and insert:

"(13) a transfer to a tenant who is in possession of the real property; or"

Page 2, line 31, delete "(13)" and insert "(14)"

Page 3, line 11, delete everything after "disclosure" and insert a period

Page 3, delete lines 12 to 36

Page 4, delete lines 1 to 12

Page 4, line 13, delete "3" and insert "2"

With the recommendation that when so amended the bill pass.

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 3082, A bill for an act relating to employment; providing that wage credits earned by certain school food service employees may be used for unemployment benefit purposes; amending Minnesota Statutes 2000, section 268.085, subdivision 8.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Jobs and Economic Development Finance.

The report was adopted.

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

H. F. No. 3086, A bill for an act relating to child care; modifying child care assistance; amending Minnesota Statutes 2000, sections 119B.02, subdivision 4; 119B.09, subdivision 1; 119B.12, subdivision 2; Minnesota Statutes 2001 Supplement, section 119B.13, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 119B.

Reported the same back with the following amendments:

Page 4, line 5, delete "15.069" and insert "15.059"

Amend the title as follows:

Page 1, line 3, before "amending" insert "creating a child care fraud prevention task force;"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 3092, A bill for an act relating to health; providing employer immunity for reference checks for certain health care providers and facilities; proposing coding for new law in Minnesota Statutes, chapter 604A.

Reported the same back with the following amendments:

Page 2, line 4, after the period, insert "This subdivision does not preclude an action against a prospective employer for disclosing information received under this section."

Page 2, line 13, after the semicolon, insert "and"

Page 2, line 17, delete "; and" and insert a period

Page 2, delete lines 18 and 19

With the recommendation that when so amended the bill pass.

The report was adopted.

Dempsey from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 3112, A bill for an act relating to counties; authorizing counties to require the dedication of land for public parks; amending Minnesota Statutes 2000, section 394.25, subdivision 7.

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

The report was adopted.

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

H. F. No. 3117, A bill for an act relating to the environment; further clarifying the statute of limitations for actions to recover response costs under the Minnesota Environmental Response and Liability Act; amending Minnesota Statutes 2000, section 115B.11, by adding subdivisions.

Reported the same back with the following amendments:

Page 1, line 26, delete "sections" and insert "section" and delete "and 5"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 3127, A bill for an act relating to retirement; authorizing the commissioner of administration to lease pension fund facilities to deferred compensation service providers; amending Minnesota Statutes 2000, section 356.89, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

LOCAL POLICE AND PAID
FIRE RELIEF ASSOCIATION
GOVERNING LAW CLARIFICATION

Section 1. Minnesota Statutes 2000, section 69.77, is amended to read:

69.77 [POLICE AND FIREFIGHTERS' RELIEF ASSOCIATION GUIDELINES ACT.]

Subdivision 1. [~~AUTHORIZED~~ CONDITIONED EMPLOYER SUPPORT FOR A RELIEF ASSOCIATION.] (a) Notwithstanding any law to the contrary, only if the municipality and the relief association comply with the provisions of this section, a municipality may contribute public funds, including any applicable police or fire state

aid, or levy property taxes for the support of a police or firefighters' relief association, enumerated in subdivision 1a, however organized, which provides retirement coverage or pays a service pension to a retired police officer or firefighter or a retirement benefit to a surviving dependent of either an active or retired police officer or firefighter, for the operation and maintenance of the relief association ~~only if the municipality and the relief association comply with the provisions of this section~~.

(b) The commissioner shall not include in the apportionment of police or fire state aid to the county auditor ~~pursuant to~~ under section 69.021, subdivision 6, any municipality in which there exists a local police or salaried firefighters' relief association as enumerated in subdivision 1a which does not comply with the provisions of this section or the provisions of any applicable special law relating to the funding or financing of the association and that municipality ~~shall~~ may not qualify initially to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under sections 69.011 to 69.051 until the reason for the disqualification is remedied, whereupon the municipality, if otherwise qualified, ~~shall be~~ is entitled to again receive state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied.

(c) The state auditor and the commissioner shall determine if a municipality with a local police or salaried firefighters' relief association fails to comply with the provisions of this section or the funding or financing provisions of any applicable special law.

Subd. 1a. [COVERED RETIREMENT PLANS.] The provisions of this section ~~shall~~ apply to the following local retirement ~~funds~~ plans:

(1) ~~any police pension fund or relief association which is established pursuant to chapter 423~~ the Bloomington firefighters relief association;

(2) ~~any salaried firefighters' pension fund or relief association which is established pursuant to chapter 424~~ the Fairmont police relief association;

(3) ~~any pension fund or relief association which is established pursuant to this chapter which has five or more members who receive compensation for services rendered in the employment covered by the pension fund or relief association and which provides for retirement coverage or a service pension based on the compensation paid to members for that service~~ the Minneapolis firefighters relief association;

(4) ~~any pension fund or relief association which is established and operates in whole or in part pursuant to special legislation and which provides for retirement coverage or a service pension based on the compensation paid to members for service as police officers or firefighters or which provides for retirement coverage or a service pension to volunteer firefighters based on the compensation paid to or the service pension provided by a pension fund or relief association located in the same municipality for police officers employed by the municipality but not covered by clause (1), (2) or (3)~~ the Minneapolis police relief association; and

(5) ~~any governmental subdivision retirement fund established pursuant to any law providing for retirement coverage to police officers or salaried firefighters or a retirement benefit to their dependents and not otherwise described in this subdivision~~ the Virginia fire department relief association.

Subd. 2. [INAPPLICABLE PENALTY.] The penalty provided for in subdivision 1 ~~shall~~ does not apply to a relief association enumerated in subdivision 1a if the requirements of subdivisions ~~2a~~ 3 to ~~2h~~ 10 are met.

Subd. ~~2a~~ 3. [MINIMUM MEMBER CONTRIBUTION.] Each active member of the relief association ~~shall~~ must pay into the special fund of the association during a year of covered service, a contribution for retirement coverage, including survivorship benefits, of not less than eight percent of the maximum rate of salary upon which retirement coverage is credited and service pension and retirement benefit amounts are determined. The member contributions ~~shall~~ must be made by payroll deduction from the salary of the member by the municipality, and ~~shall~~ must be transmitted by the municipality to the relief association as soon as practical. The relief association shall deposit the member contribution to the credit of the special fund of the relief association. The member contribution requirement specified in this subdivision ~~shall~~ does not apply to any members who are volunteer firefighters.

Subd. ~~2b~~ 4. [RELIEF ASSOCIATION FINANCIAL REQUIREMENTS; MINIMUM MUNICIPAL OBLIGATION.] (a) The officers of the relief association shall determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this subdivision. The financial requirements of the relief association and the minimum obligation of the municipality ~~shall~~ must be determined on or before the submission date established by the municipality ~~pursuant to~~ under subdivision ~~2c~~ 5.

(b) The financial requirements of the relief association for the following calendar year ~~shall~~ must be based on the most recent actuarial valuation or survey of the special fund of the association if more than one fund is maintained by the association, or of the association, if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions 4 to 4k and 356.216, as required ~~pursuant to~~ under subdivision ~~2h~~ 10. If an actuarial estimate is prepared by the actuary of the relief association as part of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the actuarial estimate ~~shall~~ must be used in calculating the subsequent financial requirements of the relief association.

(c) If the relief association has an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated ~~pursuant to~~ under clauses ~~(a), (b), and (c) shall~~ (1), (2), and (3) constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the amount calculated ~~pursuant to~~ under clauses ~~(a) and (b) shall~~ (1) and (2) constitute the financial requirements of the relief association for the following year. The financial requirement elements are:

~~(a)~~ (1) the normal level cost requirement for the following year, expressed as a dollar amount, which ~~shall~~ must be determined by applying the normal level cost of the relief association as reported in the actuarial valuation or survey and expressed as a percentage of covered payroll to the estimated covered payroll of the active membership of the relief association, including any projected ~~increase~~ change in the active membership, for the following year~~.~~;

~~(b)~~ (2) for the Bloomington fire department relief association, the Fairmont police relief association, and the Virginia fire department relief association, to the dollar amount of normal cost ~~thus~~ determined ~~shall~~ under clause (1) must be added an amount equal to the dollar amount of the administrative expenses of the special fund of the association if more than one fund is maintained by the association, or of the association if only one fund is maintained, for the most recent year, multiplied by the factor of 1.035. ~~For a relief association in a municipality,~~ The administrative expenses are those authorized under section 69.80. No amount of administrative expenses under this clause ~~shall~~ are to be included in the financial requirements of ~~a~~ the Minneapolis firefighters relief association ~~in a city of the first class with a population of more than 300,000.~~ or the Minneapolis police relief association; and

~~(c)~~ (3) to the dollar amount of normal cost and expenses determined under clauses ~~(a) and (b) shall~~ (1) and (2) must be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded actuarial accrued liability by December 31, 2010, as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the applicable rate specified in section 356.215, subdivision 4d. The amortization date specified in this clause ~~shall apply~~ applies to all local police or salaried firefighters' relief associations and ~~shall supersede~~ that date supersedes any amortization date specified in any applicable special law.

(d) The minimum obligation of the municipality ~~shall be~~ is an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated amounts anticipated for the following calendar year from the applicable state aid program established ~~pursuant to~~ under sections 69.011 to 69.051 receivable by the relief association after any allocation made ~~pursuant to~~ under section 69.031, subdivision 5, ~~clause (2), subclause (c)~~ paragraph (b), clause (2), or 423A.01, subdivision 2, clause (6), from the local police and salaried firefighters' relief association amortization aid program established ~~pursuant to~~ under section 423A.02 ~~and~~, subdivision 1, from the supplementary amortization state-aid program established under ~~Laws 1984, chapter 564, section 48, and Laws 1985, chapter 261, section 17~~ section 423A.02, subdivision 1a, and from the additional amortization state aid under section 423A.02, subdivision 1b.

Subd. ~~2c~~ 5. [DETERMINATION SUBMISSION.] The officers of the relief association shall submit the determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the governing body on or before the date established by the municipality, which ~~shall~~ may not be earlier than August 1 and ~~shall~~ may not be later than September 1 of each year. The governing body of the municipality ~~shall~~ must ascertain whether or not the determinations were prepared in accordance with law.

Subd. ~~2d~~ 6. [MUNICIPAL PAYMENT.] (a) The municipality shall provide for and shall pay, each year, at least the amount of the minimum obligation of the municipality to the relief association.

(b) If there is any deficiency in the municipal payment to meet the minimum obligation of the municipality as of the end of any calendar year, the amount of the deficiency ~~shall~~ must be added to the minimum obligation of the municipality for the following year calculated ~~pursuant to~~ under subdivision ~~2b~~ 4 and ~~shall~~ must include interest at the compound rate of six percent per annum ~~compounded~~ from the date that the municipality was required to make payment ~~pursuant to~~ under this subdivision until the date that the municipality actually makes the required payment.

Subd. ~~2e~~ 7. [BUDGET INCLUSION.] (a) The municipality shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated ~~pursuant to~~ under subdivision ~~2b~~ 4.

(b) The municipality may levy taxes for the payment of the minimum obligation of the municipality without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or any fund of the relief association has attained a specified minimum asset level. In addition, any taxes levied ~~pursuant to~~ under this section ~~shall~~ may not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

(c) If the municipality does not include the full amount of the minimum obligation of the municipality in the levy that the municipality certified to the county auditor in any year, the officers of the relief association shall certify the amount of any deficiency to the county auditor. Upon verifying the existence of any deficiency in the levy certified by the municipality, the county auditor shall spread a levy over the taxable property of the municipality in the amount of the deficiency certified to by the officers of the relief association.

Subd. ~~2f~~ 8. [ACCELERATED AMORTIZATION.] Any sums of money paid by the municipality to the relief association in excess of the minimum obligation of the municipality in any year ~~shall~~ must be used to amortize any unfunded actuarial accrued liabilities of the relief association.

Subd. ~~2g~~ 9. [LOCAL POLICE AND PAID FIRE RELIEF ASSOCIATION INVESTMENT AUTHORITY.] (a) The funds of the association must be invested in securities that are authorized investments under section 356A.06, subdivision 6 or 7, whichever applies. ~~Notwithstanding the foregoing,~~ Up to 75 percent of the market value of the assets of the fund may be invested in open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment under section 356A.06, subdivision 7. Securities held by the association before June 2, 1989, that do not meet the requirements of this subdivision may be retained after that date if they were proper investments for the association on that date.

(b) The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify special fund assets for investment by the state board of investment under section 11A.17. The governing board of the association may certify general fund assets of the relief association for investment by the state board of investment in fixed income pools or in a separately managed account at the discretion of the state board of investment as provided in section 11A.14. The governing board of the association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm shall use the formula or formulas developed by the state board under section 11A.04, clause (11).

Subd. ~~2h~~ 10. [ACTUARIAL VALUATION REQUIRED.] The association shall obtain an actuarial valuation showing the condition of the special fund of the relief association ~~pursuant to~~ under sections 356.215 and 356.216 and any applicable standards for actuarial work established by the legislative commission on pensions and retirement. The actuarial valuation must be made as of December 31 of every year. A copy of the actuarial valuation ~~shall~~ must be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive director of the legislative commission on pensions and retirement, and the state auditor, not later than July 1 of the following year.

Subd. ~~2i~~ 11. [MUNICIPAL APPROVAL OF BENEFIT CHANGES REQUIRED.] Any amendment to the bylaws or articles of incorporation of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from any police or firefighters' relief association enumerated in subdivision 1a ~~shall~~ is not ~~be~~ effective until it is ratified by the municipality in which the relief association is located. The officers of the relief association shall not seek municipal ratification ~~prior to~~ before obtaining either an updated actuarial valuation including the proposed amendment or an estimate of the expected actuarial impact of the proposed amendment prepared by the actuary of the relief association and submitting that actuarial valuation or estimate to the clerk of the municipality.

Subd. 12. [APPLICATION OF OTHER LAWS TO CONTRIBUTION RATE.] In the absence of any specific provision to the contrary, no general or special law may be construed as reducing the amount or rate of contribution to a police or firefighters relief association to which subdivision 1a applies, by a municipality or member of the association, which is required as a condition for the use of public funds or the levy of taxes for the support of the association. Each association, the municipality in which it is organized, and the officers of each, are authorized to do all things required by this section as a condition for the use of public funds or the levy of taxes for the support of the association.

Subd. ~~3~~ 13. [CITATION.] This section may be cited as the "Police and Firefighters' Relief Associations Guidelines Act of 1969."

Sec. 2. Minnesota Statutes 2000, section 69.80, is amended to read:

69.80 [AUTHORIZED ADMINISTRATIVE EXPENSES.]

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, ~~shall constitute~~ constitutes authorized administrative expenses of a police, salaried firefighters', or volunteer firefighters' relief association organized under any law of this state:

~~(a)~~ (1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

~~(b)~~ (2) salaries of the president, secretary, and treasurer of the association, or their designees, and any other official of the relief association to whom a salary is payable under bylaws or articles of incorporation in effect on January 1, 1986, and their itemized expenses incurred as a result of fulfilling their responsibilities as administrators of the special fund;

~~(c)~~ (3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

~~(d)~~ (4) audit, actuarial, medical, legal, and investment and performance evaluation expenses;

~~(e)~~ (5) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

~~(f)~~ (6) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association ~~shall~~ must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund ~~shall be deemed to be~~ is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense ~~shall~~ must be apportioned between the two funds on the basis of the benefits derived by each fund.

Sec. 3. Minnesota Statutes 2000, section 353A.08, subdivision 6a, is amended to read:

Subd. 6a. [MILITARY SERVICE CONTRIBUTION AND REFUND.] A person who was an active member of a local police or firefighters relief association upon its consolidation with the public employees retirement association, and who was otherwise eligible for automatic service credit for military service under ~~sections~~ Minnesota Statutes 2000, section 423.57 ~~and 424.23~~, and who has not elected the type of benefit coverage provided by the public employees police and fire fund at the time of consolidation, must make employee contributions under section 353.01, subdivision 16, paragraph (h), to receive allowable service credit from the association for a military service leave after the effective date of the consolidation. A person who later elects, under subdivision 3, to retain benefit coverage under the bylaws of the local relief association is eligible for a refund from the association at the time of retirement. The association shall refund the employee contributions plus interest at the rate of six percent, compounded quarterly, from the date on which contributions were made until the first day of the month in which the refund is paid. The employer shall receive a refund of the employer contributions. The association shall not pay a refund to a person who later elects, under subdivision 3, the type of benefit coverage provided by the public employees police and fire fund or to the person's employer.

Sec. 4. Minnesota Statutes 2000, section 423A.17, is amended to read:

423A.17 [CONTINUATION OF SURVIVING SPOUSE BENEFITS UPON REMARRIAGE.]

(a) Notwithstanding a provision of ~~section 69.48; 423.387, subdivision 1; 423.58, subdivision 1; 423.810, subdivision 1; or 424.24, subdivision 1, or other~~ law, article of incorporation, or bylaw governing a local police or salaried firefighters relief association to the contrary, the governing body of a municipality may mandate the applicable local police or salaried firefighters relief association to provide that a surviving spouse benefit is payable for the life of the surviving spouse and remains payable even in the event of the remarriage of the surviving spouse.

(b) If the surviving spouse benefit change described in paragraph (a) is made, the change applies to a surviving spouse benefit payable on the effective date of the change and to the potential surviving spouses of all active, deferred, or retired members of the relief association who have that status on the effective date of the change.

(c) In addition, if the surviving spouse benefit change described in paragraph (a) is made a person who formerly was receiving surviving spouse benefits from the relief association and who had those benefits discontinued by virtue of the remarriage is entitled, upon application, to a resumption of the surviving spouse benefit, beginning with the last day of the month following receipt of the application by the secretary of the relief association. Nothing in this section authorizes the payment of a benefit amount to an estate.

(d) The change must be made by a municipal resolution adopted by a majority vote of the municipality. The resolution must be filed by the secretary of the relief association with the executive director of the legislative commission on pensions and retirement, the state auditor, and the secretary of state.

Sec. 5. Minnesota Statutes 2000, section 423A.171, is amended to read:

423A.171 [BYLAW AMENDMENTS.]

(a) Notwithstanding a provision of ~~section 69.48; 423.387, subdivision 1; 423.58, subdivision 1; 423.810, subdivision 1; 423B.10; or 424.24, subdivision 1, or other~~ law governing a local police or salaried firefighters' relief association to the contrary, the board of trustees of a local relief association governed by section 69.77 or its successor

board under chapter 353A or 353B, with municipal approval as provided in section 69.77, subdivision ~~2i~~ 11, may amend the bylaws of the relief association to provide that a surviving spouse benefit is payable to a surviving spouse who married a deferred or retired member after the member's retirement, provided the marriage occurred at least five years before the death of the member.

(b) If the surviving spouse benefit change described in paragraph (a) is made, the change applies to a surviving spouse benefit payable on the effective date of the change and to the potential surviving spouses of all deferred or retired members of the relief association who have that status on the effective date of the change.

(c) The bylaw amendment is not effective until a certified copy of the amendment and the municipal approval has been filed by the municipal clerk with the executive director of the legislative commission on pensions and retirement, the state auditor, and the secretary of state.

(d) Notwithstanding the provisions of section 353B.11, a surviving spouse benefit change made under this section for a relief association that has consolidated with the public employees retirement association is effective upon approval by the public employees retirement association and the municipality ~~pursuant to~~ under paragraph (c).

Sec. 6. Minnesota Statutes 2000, section 424A.09, is amended to read:

424A.09 [APPLICATION TO CERTAIN RELIEF ASSOCIATIONS.]

This chapter ~~shall supersede~~ supersedes any special law applicable to any municipal volunteer firefighters' relief association or independent nonprofit firefighting corporation specifically authorizing the relief association or nonprofit firefighting corporation to exceed the service pension limitations contained in Minnesota Statutes 1978, sections 69.06 and 69.691. Any relief association which amended its bylaws to provide for a full pro rata service pension amount at the specified retirement age with 15 years service credit or 75 percent of the pro rata service pension amount at the specified retirement age with ten years of service ~~pursuant to~~ under Minnesota Statutes 1978, section 69.06, may continue to provide the specified service pension amounts at the applicable years of credited service to any member who has credit for at least ten or 15 years, whichever is the applicable minimum service period specified in the bylaws governing the relief association, on or before December 31, 1979 ~~notwithstanding section 424A.02~~.

Sec. 7. [APPLICATION; BLOOMINGTON FIREFIGHTERS RELIEF ASSOCIATION.]

To the extent that Minnesota Statutes 2000, chapter 424, applied to the Bloomington firefighters relief association on the day before the effective date of section 5, Minnesota Statutes 2000, chapter 424, continues to apply to the Bloomington firefighters relief association after that date.

Sec. 8. [REVISOR INSTRUCTIONS.]

(a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall not print Minnesota Statutes, sections 423.41 to 423.62, but shall denote those sections as "[LOCAL, CITY OF FAIRMONT, POLICE PENSIONS.]."

(b) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall, in each section indicated in column A, replace the cross-reference specified in column B with the cross-reference set forth in column C:

| Column A | Column B | Column C |
|---|---|---|
| 69.021, subd. 10 | 69.77, subd. 2a | 69.77, subd. 3 |
| 69.021, subd. 10 | 69.77, subd. 2b | 69.77, subd. 4 |
| 69.021, subd. 10 | 69.77, subd. 2c | 69.77, subd. 5 |

| | | | |
|---|---|---|---|
| 299A.465, | subd. 5 | 424.03 | Minnesota Statutes, 2000, 424.03 |
| 353A.07, | subd. 6 | 69.77, subd. 2a | 69.77, subd. 3 |
| 353A.09, | subd. 4 | 69.77, subd. 2a | 69.77, subd. 3 |
| 356.216 | | 69.77, subd. 2b | 69.77, subd. 4 |
| 356.219, | subd. 2 | 69.77, subd. 2g | 69.77, subd. 9 |
| 423.01, | subd. 2 | 69.77, subd. 2b | 69.77, subd. 4 |
| 423A.18 | | 69.77, subd. 2i | 69.77, subd. 11 |
| 423A.19, | subd. 4 | 69.77, subd. 2i | 69.77, subd. 11 |
| 423B.06, | subd. 1 | 69.77, subd. 2a | 69.77, subd. 3 |
| 423B.06, | subd. 1 | 69.77, subd. 2b | 69.77, subd. 4 |
| 423B.06, | subd. 1 | 69.77, subd. 2c | 69.77, subd. 5 |
| 423B.06, | subd. 1 | 69.77, subd. 2d | 69.77, subd. 6 |
| 423B.06, | subd. 1 | 69.77, subd. 2e | 69.77, subd. 7 |
| 423B.06, | subd. 1 | 69.77, subd. 2f | 69.77, subd. 8 |
| 423B.21, | subd. 1 | 69.77, subd. 2b | 69.77, subd. 4 |

Sec. 9. [REPEALER; OBSOLETE POLICE AND FIRE PENSION LAWS.]

Subdivision 1. [FIRST CLASS CITY FIRE; REPEALER.] Minnesota Statutes 2000, sections 69.25; 69.26; 69.27; 69.28; 69.29; 69.30; 69.32; 69.361; 69.37; 69.38; 69.39; 69.40; 69.41; 69.42; 69.43; 69.44; 69.45; 69.46; 69.47; 69.48; 69.49; 69.50; 69.51; 69.52; 69.53; and 69.62, are repealed.

Subd. 2. [THIRD CLASS CITY POLICE; REPEALER.] Minnesota Statutes 2000, sections 423.37; 423.371; 423.372; 423.373; 423.374; 423.375; 423.377; 423.378; 423.379; 423.38; 423.381; 423.382; 423.383; 423.384; 423.385; 423.386; 423.387; 423.388; 423.389; 423.39; 423.391; and 423.392, are repealed.

Subd. 3. [SECOND CLASS CITY POLICE; REPEALER.] Minnesota Statutes 2000, sections 423.801; 423.802; 423.803; 423.804; 423.805; 423.806; 423.808; 423.809; 423.810; 423.812; 423.813; 423.814; and 423.90, are repealed.

Subd. 4. [SECOND CLASS CITY FIRE; REPEALER.] Minnesota Statutes 2000, sections 424.01; 424.02; 424.03; 424.04; 424.05; 424.06; 424.08; 424.14; 424.15; 424.16; 424.165; 424.17; 424.18; 424.19; 424.20; 424.21; 424.22; 424.23; 424.24; 424.25; 424.27; 424.28; and 424.29, are repealed.

Subd. 5. [ALBERT LEA FIRE; REPEALER.] Laws 1943, chapters 170 and 397; Laws 1947, chapter 274; Laws 1949, chapters 87 and 281; Laws 1951, chapters 233, 420, and 435; Laws 1953, chapters 44 and 406; Laws 1957, chapter 127; Laws 1959, chapter 207; Laws 1963, chapter 643; Laws 1984, chapter 574, section 23; Laws 1985, chapter 261, section 36; and Laws 1993, chapter 72, are repealed.

Subd. 6. [ALBERT LEA POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1976, chapter 247; and Laws 1985, chapter 261, section 36, are repealed.

Subd. 7. [ANOKA POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1973, chapter 587; Laws 1978, chapter 563, section 28; and Laws 1981, chapter 224, sections 263 and 264, are repealed.

Subd. 8. [AUSTIN FIRE; REPEALER.] Laws 1943, chapter 170; Laws 1949, chapter 87; Laws 1951, chapters 45 and 435; Laws 1957, chapter 164; Laws 1963, chapter 36; Laws 1965, chapter 418; Laws 1976, chapter 36; Laws 1978, chapter 579; Laws 1980, chapter 341, sections 9 and 10; Laws 1981, chapter 224, sections 268 and 270; Laws 1992, chapter 455; and Laws 1994, chapter 490, are repealed.

Subd. 9. [AUSTIN POLICE; REPEALER.] Laws 1943, chapter 432; Laws 1976, chapter 36; Laws 1980, chapter 341, sections 9 and 10; and Laws 1981, chapter 224, sections 268 and 270, are repealed.

Subd. 10. [BLOOMINGTON POLICE; REPEALER.] Laws 1965, chapter 498; Laws 1975, chapter 121; Laws 1978, chapter 563, section 17; Laws 1980, chapter 341, section 6; Laws 1981, chapter 224, section 240; and Laws 1993, chapter 202, article 1, are repealed.

Subd. 11. [BRAINERD POLICE; REPEALER.] Laws 1959, chapter 437, is repealed.

Subd. 12. [BROOKLYN CENTER POLICE; REPEALER.] Laws 1967, chapter 736; and Laws 1978, chapter 563, section 18, are repealed.

Subd. 13. [BUHL POLICE; REPEALER.] Laws 1957, chapter 630; Laws 1975, chapter 425; Laws 1976, chapter 247; Laws 1981, chapter 68, section 43; Laws 1982, chapter 578, article II, section 1, subdivision 8; Laws 1984, chapter 574, sections 18 and 20; Laws 1985, chapter 261, section 18; and Laws 1986, chapter 458, section 23, are repealed.

Subd. 14. [CHISHOLM FIRE; REPEALER.] Laws 1935, chapter 208; Laws 1937, chapters 132 and 253; Laws 1939, chapter 124; Laws 1947, chapter 329; Laws 1951, chapter 144; Laws 1953, chapter 391; Laws 1955, chapters 293 and 827; Laws 1961, chapter 631; Laws 1971, chapter 809; Laws 1973, chapter 433; Laws 1976, chapter 78; Laws 1978, chapter 648; Laws 1979, chapter 131, section 3; Laws 1981, chapter 68, sections 36 and 37; and Laws 1991, chapter 269, article 2, section 12, are repealed.

Subd. 15. [CHISHOLM POLICE; REPEALER.] Laws 1945, chapter 74; Laws 1949, chapter 164; Laws 1953, chapter 235; Laws 1959, chapter 211; Laws 1961, chapter 290; Laws 1971, chapter 810; Laws 1973, chapter 433; Laws 1976, chapter 78; Laws 1978, chapters 563, section 27, and 648; Laws 1979, chapter 131, section 3; Laws 1981, chapters 68, sections 31, 32, and 33; and 224, section 261; and Laws 1991, chapter 269, article 2, section 12, are repealed.

Subd. 16. [CLOQUET FIRE; REPEALER.] Laws 1941, chapter 196; Laws 1953, chapter 253; Laws 1955, chapter 42; Laws 1961, chapter 295; Laws 1965, chapter 594; Laws 1967, chapter 783; and Laws 1969, chapter 716, are repealed.

Subd. 17. [COLUMBIA HEIGHTS FIRE; REPEALER.] Laws 1965, chapter 605; Laws 1975, chapter 424; Laws 1977, chapter 374, sections 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, and 60; Laws 1978, chapter 563, sections 29 and 30; and Laws 1981, chapter 224, section 267, are repealed.

Subd. 18. [COLUMBIA HEIGHTS POLICE; REPEALER.] Laws 1977, chapter 374, sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, and 37; and Laws 1993, chapter 126, are repealed.

Subd. 19. [CROOKSTON FIRE; REPEALER.] Laws 1949, chapter 378; Laws 1957, chapter 144; Laws 1963, chapter 636; Laws 1971, chapter 51; Laws 1978, chapter 563, sections 24, 25, and 26; Laws 1981, chapter 224, sections 252 and 253; and Laws 1983, chapter 291, sections 9, 10, 11, 12, 13, 14, 15, 16, and 17, are repealed.

Subd. 20. [CROOKSTON POLICE; REPEALER.] Laws 1976, chapter 85; Laws 1977, chapter 275; Laws 1983, chapter 84, section 1; and Laws 1984, chapter 574, section 26, are repealed.

Subd. 21. [CRYSTAL POLICE; REPEALER.] Laws 1963, chapter 619; Laws 1969, chapter 1087; and Laws 1980, chapter 607, article XV, section 23, are repealed.

Subd. 22. [DULUTH FIRE; REPEALER.] Laws 1917, chapter 196; Laws 1919, chapter 515; Laws 1955, chapter 188; Laws 1961, chapter 186; Laws 1963, chapter 208; Laws 1965, chapter 179; Laws 1967, chapter 732; Laws 1975, chapter 127; Laws 1976, chapter 78, section 4; Laws 1977, chapter 164, section 3; Laws 1992, chapter 448, section 1; and Laws 1994, chapter 474, are repealed.

Subd. 23. [DULUTH POLICE; REPEALER.] Laws 1915, chapter 68; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1943, chapter 267; Laws 1949, chapter 153; Laws 1953, chapter 91; Laws 1955, chapter 187; Laws 1959, chapter 191; Laws 1975, chapter 408; Laws 1976, chapter 99; Laws 1980, chapter 600, section 11; and Laws 1992, chapter 448, are repealed.

Subd. 24. [EVELETH FIRE; REPEALER.] Laws 1935, chapter 208; Laws 1937, chapters 132 and 253; Laws 1939, chapter 124; Laws 1941, chapters 74 and 182; Laws 1947, chapter 329; Laws 1951, chapter 144; Laws 1953, chapter 391; Laws 1955, chapter 293; Laws 1961, chapter 620; Laws 1963, chapter 670; and Laws 1969, chapter 552, are repealed.

Subd. 25. [EVELETH POLICE; REPEALER.] Laws 1965, chapter 636; and Laws 1969, chapter 670, are repealed.

Subd. 26. [FARIBAULT FIRE; REPEALER.] Laws 1947, chapter 43; Laws 1949, chapter 154; Laws 1951, chapter 43; Laws 1957, chapter 36; Laws 1961, chapter 443; Laws 1967, chapter 807; Laws 1969, chapter 614; Laws 1975, chapter 389; Laws 1984, chapter 574, section 22; Laws 1985, chapter 259, sections 5 and 6; Laws 1985, First Special Session chapter 16, article 2, section 6; and Laws 1993, chapter 112, section 2, are repealed.

Subd. 27. [FARIBAULT POLICE; REPEALER.] Laws 1985, chapter 259, sections 5 and 6; Laws 1985, First Special Session chapter 16, article 2, section 6, are repealed.

Subd. 28. [FRIDLEY FIRE; REPEALER.] Laws 1969, chapter 594, is repealed.

Subd. 29. [FRIDLEY POLICE; REPEALER.] Laws 1977, chapter 83, is repealed.

Subd. 30. [HIBBING FIRE; REPEALER.] Laws 1935, chapter 192; Laws 1943, chapter 413; Laws 1945, chapter 182; Laws 1947, chapter 101; Laws 1951, chapter 48; Laws 1955, chapter 294; Laws 1959, chapter 208; Laws 1967, chapter 816; Laws 1969, chapter 686; Laws 1971, chapter 614; Laws 1975, chapter 254, sections 5 and 6; Laws 1977, chapter 169; Laws 1981, chapter 224, section 260; Laws 1982, chapter 443; Laws 1987, chapter 372, article 2, sections 7, 8, and 9; and Laws 1991, chapter 269, article 2, sections 12 and 13, are repealed.

Subd. 31. [HIBBING POLICE; REPEALER.] Laws 1931, chapter 48; Laws 1933, chapter 122; Laws 1939, chapter 304; Laws 1945, chapter 300; Laws 1947, chapter 40; Laws 1949, chapter 191; Laws 1951, chapter 243; Laws 1953, chapter 401; Laws 1957, chapter 793; Laws 1965, chapter 536; Laws 1967, chapter 678; Laws 1969, chapter 672; Laws 1971, chapter 807; Laws 1983, chapter 74; Laws 1987, chapter 372, article 2, section 7; and Laws 1991, chapter 269, article 2, section 12, are repealed.

Subd. 32. [MANKATO FIRE; REPEALER.] Laws 1949, chapter 144; Laws 1953, chapter 37; Laws 1957, chapter 16; Laws 1971, chapter 407; Extra Session Laws 1971, chapter 41; Laws 1981, chapter 224, sections 258 and 259; and Laws 1989, chapter 319, article 11, section 3, are repealed.

Subd. 33. [MANKATO POLICE; REPEALER.] Laws 1971, chapter 407; Extra Session Laws 1971, chapter 41; Laws 1981, chapter 224, sections 258 and 259; Laws 1986, chapter 458, section 34; and Laws 1987, chapter 372, article 2, section 12, are repealed.

Subd. 34. [MOORHEAD FIRE; REPEALER.] Laws 1951, chapter 499; Laws 1955, chapter 75; Laws 1965, chapter 190; Laws 1969, chapter 138; Laws 1975, chapter 120; Laws 1978, chapter 563, sections 12 and 13; Laws 1979, chapter 216, sections 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, and 44; Laws 1981, chapter 224, section 236; and Laws 1982, chapter 578, article 3, section 18, are repealed.

Subd. 35. [MOORHEAD POLICE; REPEALER.] Laws 1945, chapter 277; Laws 1967, chapter 775; Laws 1978, chapter 563, section 19; Laws 1979, chapter 216, sections 27, 28, 29, 30, 31, and 44; Laws 1980, chapter 600, section 16; Laws 1981, chapter 224, section 243; and Laws 1982, chapter 578, article III, section 18, are repealed.

Subd. 36. [NEW ULM POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1974, chapter 251; Laws 1981, chapter 224, sections 265 and 266; and Laws 1985, chapter 261, section 20, are repealed.

Subd. 37. [RED WING FIRE; REPEALER.] Laws 1953, chapter 348; Laws 1955, chapter 49; Laws 1957, chapter 10; Laws 1961, chapter 300; Laws 1965, chapter 604; Laws 1973, chapter 359; Laws 1975, chapter 254, sections 1, 2, 3, and 4; and Laws 1984, chapter 574, section 24, are repealed.

Subd. 38. [RED WING POLICE; REPEALER.] Laws 1965, chapter 174; Laws 1973, chapter 346; Laws 1983, chapter 291, section 8; and Laws 1994, chapter 410, are repealed.

Subd. 39. [RICHFIELD FIRE; REPEALER.] Laws 1955, chapter 348; Extra Session Laws 1961, chapter 28; Laws 1963, chapter 464; Laws 1967, chapter 798; Laws 1978, chapter 563, sections 20 and 21; Laws 1980, chapter 607, article XV, section 23; Laws 1981, chapter 224, section 244; and Laws 1997, chapter 241, article 2, sections 2, 3, 4, 5, 6, 9, 10, 13, 14, and 20, are repealed.

Subd. 40. [RICHFIELD POLICE; REPEALER.] Laws 1957, chapter 455; Laws 1965, chapter 458; Laws 1978, chapter 563, section 16; Laws 1980, chapter 607, article XV, section 23; Laws 1981, chapter 224, section 239; and Laws 1991, chapter 96, are repealed.

Subd. 41. [ROCHESTER FIRE; REPEALER.] Laws 1959, chapter 131; Laws 1969, chapter 694; Laws 1978, chapter 563, section 14; Laws 1980, chapter 600, sections 18 and 22; and Laws 1981, chapter 224, section 237, are repealed.

Subd. 42. [ROCHESTER POLICE; REPEALER.] Laws 1969, chapter 641; Laws 1975, chapter 368, section 54; Laws 1978, chapters 563, section 23; and 793, section 96; Laws 1980, chapter 600, sections 18 and 22; and Laws 1981, chapter 224, section 248, are repealed.

Subd. 43. [ST. CLOUD FIRE; REPEALER.] Laws 1961, chapter 343; Laws 1963, chapter 453; Laws 1967, chapter 702; Laws 1974, chapter 382; Laws 1977, chapter 270; Laws 1978, chapter 690, sections 9 and 10; and Laws 1982, chapter 402, are repealed.

Subd. 44. [ST. CLOUD POLICE; REPEALER.] Laws 1973, chapter 432; Laws 1980, chapter 341, sections 2, 3, 4, and 5; Laws 1984, chapter 574, section 25; and Laws 1999, chapter 222, article 3, section 6, are repealed.

Subd. 45. [ST. LOUIS PARK FIRE; REPEALER.] Laws 1967, chapter 730; Laws 1969, chapter 576; Laws 1978, chapter 563, section 22; Laws 1981, chapter 224, section 247; and Laws 1985, chapter 261, sections 32, 33, 34, and 35, are repealed.

Subd. 46. [ST. LOUIS PARK POLICE; REPEALER.] Laws 1963, chapter 454; Laws 1980, chapter 600, section 17; Laws 1984, chapter 574, section 19; and Laws 1990, chapter 589, article 1, section 7, are repealed.

Subd. 47. [ST. PAUL FIRE; REPEALER.] Laws 1917, chapter 196; Laws 1919, chapter 515; Laws 1955, chapter 375; Laws 1957, chapters 256 and 257; Laws 1961, chapter 376; Laws 1963, chapter 221; Laws 1965, chapter 790; Laws 1967, chapters 644 and 708; Laws 1969, chapters 443, 669, and 671; Laws 1973, chapter 287; Laws 1975, chapter 423; Laws 1977, chapter 164, section 1; Laws 1981, chapter 68, section 35; Laws 1989, chapter 319, article 11, section 12; Laws 1992, chapters 422 and 563, sections 3, 4, and 5; Laws 1993, chapter 110; Laws 1996, chapter 448, article 2, section 1; and Laws 1997, chapter 241, article 2, sections 11 and 15, are repealed.

Subd. 48. [ST. PAUL POLICE; REPEALER.] Special Laws 1889, chapter 425; Special Laws 1891, chapter 11; Laws 1897, chapters 389 and 390; Laws 1919, chapter 68; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1955, chapter 151; Laws 1961, chapters 434 and 435, section 2; Laws 1963, chapter 271; Laws 1965, chapter 465; Laws 1969, chapters 442, 668, and 671; Laws 1971, chapter 549; Laws 1973, chapter 286;

Laws 1980, chapter 600, sections 12, 13, 14, and 15; Laws 1981, chapter 68, section 34; Laws 1983, chapter 47; Laws 1988, chapter 709, article 8, section 5; Laws 1989, chapter 319, article 11, sections 2 and 12; Laws 1992, chapters 393, section 1; 563, section 5; and 586, section 1; Laws 1994, chapter 409; Laws 1996, chapter 448, article 2, section 1; and Laws 1997, chapter 241, article 2, sections 11 and 15, are repealed.

Subd. 49. [SOUTH ST. PAUL FIRE; REPEALER] Laws 1943, chapter 397; Laws 1947, chapter 274; Laws 1949, chapter 281; Laws 1951, chapters 233 and 420; Laws 1953, chapters 44 and 406; Laws 1957, chapter 127; Laws 1961, chapter 747; Laws 1963, chapter 715; Laws 1965, chapter 457; Laws 1969, chapter 849; and Laws 1971, chapter 178, are repealed.

Subd. 50. [SOUTH ST. PAUL POLICE; REPEALER.] Laws 1994, chapter 541, section 3, is repealed.

Subd. 51. [THIEF RIVER FALLS POLICE; REPEALER.] Laws 1981, chapters 68, sections 41 and 42; 224, sections 272 and 273; Laws 1985, chapter 261, section 14; and Laws 1992, chapter 431, section 1, are repealed.

Subd. 52. [VIRGINIA POLICE; REPEALER.] Laws 1935, chapters 92 and 259; Laws 1937, chapter 197; Laws 1949, chapter 235; Laws 1965, chapter 174; Laws 1982, chapter 574, sections 3, 4, 5, 6, and 8; Laws 1985, chapter 261, sections 15 and 16; Laws 1989, chapter 319, article 11, section 4; and Laws 1992, chapter 392, section 1, are repealed.

Subd. 53. [WEST ST. PAUL FIRE; REPEALER.] Laws 1961, chapter 399; Laws 1965, chapter 540; Laws 1982, chapter 610, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20; and Laws 1984, chapter 574, section 33, are repealed.

Subd. 54. [WEST ST. PAUL POLICE; REPEALER] Laws 1965, chapter 174; Laws 1967, chapter 751; Laws 1981, chapter 297, sections 1 and 2; Laws 1987, chapter 372, article 2, section 10; and Laws 1995, chapter 262, article 10, section 4, are repealed.

Subd. 55. [WINONA FIRE; REPEALER.] Extra Session Laws 1961, chapter 80; Laws 1963, chapter 443; and Laws 1967, chapter 848, are repealed.

Subd. 56. [WINONA POLICE; REPEALERS.] Laws 1959, chapter 108; Extra Session Laws 1961, chapter 80; Laws 1977, chapter 429, section 62; Laws 1986, chapter 359, sections 22, 23, 24, and 25; and Laws 1988, chapter 709, article 9, section 5, are repealed.

Subd. 57. [OTHER REPEALER.] Minnesota Statutes 2000, sections 69.78; 297I.10, subdivision 2; and 423A.03, are repealed.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective on July 1, 2002.

ARTICLE 2

PERA MEMBERSHIP ELIGIBILITY
AND SERVICE CREDIT PRORATION

Section 1. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] (a) Public employees whose salary from one governmental subdivision exceeds $425 in any month shall participate as members of the association. If the salary is less than $425 in a subsequent month, the employee retains membership eligibility. Eligible public employees shall participate as

members of the association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies, as a condition of their employment on the first day of employment unless they:

(1) are specifically excluded under subdivision 2b;

(2) do not exercise their option to elect retirement coverage in the association as provided in subdivision 2d, paragraph (a); or

(3) are employees of the governmental subdivisions listed in subdivision 2d, paragraph (b), where the governmental subdivision has not elected to participate as a governmental subdivision covered by the association.

(b) A public employee who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership until the employee terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

Sec. 2. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] The following public employees are not eligible to participate as members of the association with retirement coverage by the public employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

(1) public officers, other than county sheriffs, who are elected to a governing body, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office first commences on or after July 1, 2002, for the service to be rendered in that elective position. Elected governing body officials who were active members of the association's coordinated or basic retirement plans as of June 30, 2002, continue participation throughout incumbency in office until termination of public service occurs as defined in subdivision 11a;

(2) election officers or election judges;

(3) patient and inmate personnel who perform services for a governmental subdivision;

(4) employees who are hired for a temporary position under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision. An employer must not apply the definition of temporary position so as to exclude employees who are hired to fill positions that are permanent or that are for an unspecified period but who are serving a probationary period at the start of the employment. If the period of employment extends beyond six consecutive months <u>and the employee earns more than $425 from one governmental subdivision in any calendar month</u>, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee under section 353.27, subdivision 4.

The membership eligibility of an employee who resigns or is dismissed from a temporary position and within 30 days accepts another temporary position in the same governmental subdivision is determined on the total length of employment rather than on each separate position. Membership eligibility of an employee who holds concurrent temporary and nontemporary positions in one governmental subdivision is determined by the length of employment and salary of each separate position;

(5) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(6) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota state retirement system, the teachers retirement association, the Duluth teachers retirement fund association, the Minneapolis teachers retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees retirement association, or any local police or firefighters consolidation account but who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the public employees retirement association and also belonging to and contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association by a teacher as defined in section 354.05, subdivision 2;

(7) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(8) employees ~~who at the time they are hired by a~~ of a governmental subdivision who have not reached the age of 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or a public or charter high school~~, if the employment is predicated on the student status of the individual~~;

(9) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

(10) students who are serving in an internship or residency program sponsored by an accredited educational institution;

(11) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(12) except for employees of Hennepin county, foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens are ~~eligible~~ to be reported for membership from the date of the extension;

(13) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(14) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(15) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(16) pipefitters and associated trades personnel employed by independent school district No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

(17) electrical workers, plumbers, carpenters, and associated trades personnel employed by independent school district No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the electrical workers local 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers employed by the city of St. Paul or independent school district No. 625, St. Paul, with coverage under a collective bargaining agreement by the bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633 pension plan, the glaziers and glassworkers local L-1324 pension plan, the painters and allied trades local 61 pension plan, or the Twin Cities plasterers local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(19) plumbers employed by the metropolitan airports commission, with coverage under a collective bargaining agreement by the plumbers local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(20) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each ~~business~~ year of employment with the governmental subdivision;

(21) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to three years or less, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(22) independent contractors and the employees of independent contractors; and

(23) reemployed annuitants of the association during the course of that reemployment.

Sec. 3. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 11b, is amended to read:

Subd. 11b. [TERMINATION OF MEMBERSHIP.] (a) "Termination of membership" means the conclusion of membership in the association and occurs:

(1) upon termination of public service under subdivision 11a;

(2) when a member does not return to work within 30 days of the expiration of an authorized temporary layoff under subdivision 12 or an authorized leave of absence under subdivision 31 as evidenced by the appropriate record filed by the governmental subdivision; or

(3) when a person files a written election to discontinue employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1).

(b) The termination of membership must be reported to the association by the governmental subdivision.

(c) If the employee subsequently returns to a position in the same governmental subdivision, the employee shall not again be required to earn a salary in excess of $425 per month to qualify for membership, unless the employee has taken a refund of accumulated employee deduction plus interest under section 353.34, subdivision 1.

Sec. 4. Minnesota Statutes 2001 Supplement, section 353.01, subdivision 16, is amended to read:

Subd. 16. [ALLOWABLE SERVICE; LIMITS AND COMPUTATION.] (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35;

(2) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(3) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(4) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and during or for which a member obtained ~~full or fractional~~ service credit for each month in the leave period by payments to the fund made in place of salary deductions. The payments must be made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or for that portion of the last six months while the member was in public service, to apply to the period in either case that immediately precedes the commencement of the leave of absence. If the employee elects to pay the employee contributions for the period of any authorized personal, parental, or medical leave of absence without pay, or for any portion of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to the required employer and the additional employer contributions, if any, for the employee. The payment must be made within one year from the expiration of the leave of absence or within 20 days after termination of public service under subdivision 11a, whichever is earlier. The employer, ~~if~~ by appropriate action of its governing body~~,~~ which is made a part of its official records~~,~~ and which is adopted before the date of the first payment of the employee contribution, may certify to the association in writing its commitment to pay the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at an annual rate of 8.5 percent compounded annually from the date of the termination of the leave of absence to the date payment is made. An employee shall return to public service and render a minimum of three months of allowable service in order to be eligible to pay employee and employer contributions for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for ~~full calendar months or fractions of a month during~~ the ~~leave~~ purchased period ~~as described in paragraph (d), clauses (1) and (2), based on the salary or the compensated hours used in computing the payment amount~~;

(5) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 20 days after termination of public service, whichever is sooner. The association shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for ~~full calendar months or fractions of a month during~~ the ~~leave~~ purchased period ~~as described in paragraph (d), clauses (1) and (2), based on the salary or the compensated hours used in computing the payment amount~~;

(6) an authorized temporary layoff under subdivision 12~~. For temporary layoffs that begin before January 1, 2002, allowable service credit is~~, limited to three months allowable service per authorized temporary layoff in one calendar year. ~~For temporary layoffs that begin on or after January 1, 2002, allowable service credit for the calendar month in which the member does not receive salary due to the layoff must be determined using the following formula:~~

~~(i) members who earned one month of allowable service credit for each of the nine calendar months of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive one month of allowable service credit, limited to three months of allowable service credit per year, for each month of the temporary layoff; or~~

~~(ii) members who earned less than nine months of allowable service credit in the year of compensated employment with the governmental subdivision authorizing the layoff that immediately preceded the layoff shall receive allowable service credit on a fractional basis for each month of the authorized layoff, limited to three months of allowable service credit, determined by dividing the total number of months of service credit earned for the compensated employment by nine and multiplying the resulting number by the total number of months in the layoff period that are not compensated~~ An employee who has received the maximum service credit allowed for an authorized temporary layoff must return to public service and must receive a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary layoff; or

(7) a period during which a member is on an authorized leave of absence to enter military service in the armed forces of the United States~~, provided that~~ if the member returns to public service upon discharge from military service under section 192.262 and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. Payment must be made within a period that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. Payment cannot be accepted following 20 days after termination of public service under subdivision 11a. The amount of these contributions must be in accord with the contribution rates and salary limitations, if any, in effect during the leave, plus interest at an annual rate of 8.5 percent compounded annually from the date of return to public service to the date payment is made. The ~~matching~~ corresponding employer contribution, and additional employer contribution ~~under section 353.27, subdivisions 3 and 3a~~, if applicable, must be paid by the governmental subdivision employing the member upon the person's return to public service if the member makes the employee contributions. The governmental subdivision involved may appropriate money for those payments. A member may not receive credit for a voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty. Upon payment, the employee must be granted allowable service credit for ~~full calendar months or fractions of a month during~~ the ~~leave~~ purchased period ~~as described in paragraph (d), clauses (1) and (2), based on the salary or compensated hours used in computing the payment amount~~.

(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means the combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

(c) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retirement association or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

(d) ~~For persons who, after January 1, 2002, either first become members or terminated membership under subdivision 11b, and again become members, of the public employees retirement plan, the public employees police and fire plan under this chapter, or the local government correctional employee retirement plan under chapter 353E,~~

~~whichever applies, "allowable service" means credit for compensated hours from which deductions are made, or for which payments are made in lieu of salary deductions as provided under this subdivision, and which are deposited and credited in the fund as provided in section 353.27, determined as follows:~~

~~(1) one month of allowable service credit for each month during which the employee has received salary for 80 or more compensated hours; or~~

~~(2) a fraction of one month of allowable service for each month for which the employee has received salary for less than 80 compensated hours equal to the percentage relationship that the number of compensated hours bear to 80 hours.~~

~~(e) Elected officials and other public employees who are compensated solely on an annual basis shall be granted a full year of credit for each year for which compensation is earned.~~

~~(f) Allowable service that is determined and credited on a fractional basis must be used only in calculating the amount of benefits payable. In determining the length of service required for vesting, a member shall be granted a month of service credit for each month in which the member received compensation from which employee contributions were deducted. For periods of part-time service that are duplicated service credit, section 356.30, subdivision 1, paragraphs (g) and (h), govern.~~

~~(g)~~ No member shall receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

~~(h)~~ (e) "Allowable service" also means a period purchased under section 356.555.

Sec. 5. Minnesota Statutes 2000, section 353.01, is amended by adding a subdivision to read:

Subd. 40. [REDUCED SALARY DURING PERIOD OF WORKERS' COMPENSATION.] (a) A member who is receiving temporary workers' compensation payments related to the member's service to the public employer and who either is receiving a reduced salary from the employer during that period or is receiving no salary from the employer during that period is entitled to receive allowable service and salary credit for the period of time that the member is receiving the workers' compensation payments upon making the payments specified in this subdivision.

(b) The differential salary amount is the difference between the average rate of salary received by the member, if any, during the period of time that the member is collecting temporary workers' compensation payments and the average rate of salary of the member on which contributions to the applicable plan were made during the period of the last six months of covered employment occurring immediately before beginning to collect the temporary workers' compensation payments, applied to the member's normal employment period, measured in hours or otherwise, as applicable.

(c) To receive eligible service credit, the member shall pay an amount equal to the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount; plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount; plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(d) The employer may, by appropriate action of its governing body and documented in its official records, pay the employer equivalent contributions and, as applicable, the equivalent employer additional contributions on behalf of the member.

(e) Payment under this subdivision must include interest on the contribution amount or amounts, whichever applies at an 8.5 percent annual rate prorated for applicable months from the date on which the temporary workers' compensation payments terminate to the date on which the payment or payments are received by the executive director. Payment under this subdivision must be completed within one year after the termination of the temporary workers' compensation payments to the member, or within 20 days after termination of public service under subdivision 11a, whichever is earlier.

Sec. 6. Minnesota Statutes 2001 Supplement, section 353.27, subdivision 4, is amended to read:

Subd. 4. [EMPLOYER REPORTING REQUIREMENTS; CONTRIBUTIONS; MEMBER STATUS.] (a) A representative authorized by the head of each department shall deduct employee contributions from the salary of each employee who qualifies for membership under this chapter and remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions, the employer contributions and the additional employer contributions to be received within 14 calendar days. The head of each department or the person's designee shall for each pay period submit to the association a salary deduction report in the format prescribed by the executive director. Data required to be submitted as part of salary deduction reporting must include, but are not limited to:

(1) the legal names and social security numbers of employees who are members;

(2) the amount of each employee's salary deduction;

(3) the amount of salary from which each deduction was made;

(4) the beginning and ending dates of the payroll period covered and the date of actual payment; and

(5) adjustments or corrections covering past pay periods~~; and~~

~~(6) the number of compensated hours of each employee during the payroll period~~.

(b) Employers must furnish the data required for enrollment for each new employee who qualifies for membership in the format prescribed by the executive director. The required enrollment data on new employees must be submitted to the association prior to or concurrent with the submission of the initial employee salary deduction. The employer shall also report to the association all member employment status changes, such as leaves of absence, terminations, and death, and shall report the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. The employer shall furnish data, forms, and reports as may be required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

(c) Notwithstanding paragraph (a), the association may provide for less frequent reporting and payments for small employers.

Sec. 7. Minnesota Statutes 2001 Supplement, section 353.27, subdivision 11, is amended to read:

Subd. 11. [EMPLOYERS; REQUIRED TO FURNISH REQUESTED INFORMATION.] All governmental subdivisions shall furnish promptly such other information relative to the employment status of all employees or former employees, including but not limited to payroll abstracts pertaining to all past and present employees, as may be requested by the association or its executive director, including schedules of salaries applicable to various categories of employment~~, and the number of actual or estimated compensated hours for employees~~. In the event payroll abstract records have been lost or destroyed, for whatever reason or in whatever manner, so that such schedules of salaries cannot be furnished therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the association an estimate of the earnings of any employee or former employee for any period as may be requested by the association or its executive director. Should the association receive such schedules of estimated

earnings, the executive director is hereby authorized to use the same as a basis for making whatever computations might be necessary for determining obligations of the employee and employer to the retirement fund. If estimates are not furnished by the employer pursuant to the request of the association or its executive director, the association may estimate the obligations of the employee and employer to the retirement fund based upon such records as are in its possession. Where payroll abstracts have been lost or destroyed, the governmental agency need not furnish any information pertaining to employment prior to July 1, 1963. The association shall make no estimate of any obligation of any employee, former employee, or employer covering employment prior to July 1, 1963.

Sec. 8. Minnesota Statutes 2000, section 353.64, subdivision 7a, is amended to read:

Subd. 7a. [PENSION COVERAGE FOR CERTAIN METROPOLITAN TRANSIT POLICE OFFICERS.] A person who is employed as a ~~full-time~~ police officer on or after the first day of the first payroll period after July 1, 1993, by the metropolitan council and who is not eligible for coverage under the agreement with the Secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act because the person's position is excluded from application under United States Code, sections 418(d)(5)(A) and 418(d)(8)(D), and under section 355.07, is a member of the public employees police and fire fund and is considered to be a police officer within the meaning of this section. The metropolitan council shall deduct the employee contribution from the salary of each ~~full-time~~ police officer as required by section 353.65, subdivision 2, shall make the employer contribution for each ~~full-time~~ police officer as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Sec. 9. [REPEALER.]

Minnesota Statutes 2001 Supplement, section 353.01, subdivision 39, is repealed.

Sec. 10. [APPLICATION.]

Section 8 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 11. [EFFECTIVE DATE.]

(a) Except as provided in paragraph (b), sections 1, 3, 4, 6, 7, and 9 are effective retroactively from January 1, 2002.

(b) The amendment to Minnesota Statutes, section 353.01, subdivision 2b, clause (12), in section 2, is effective on the day after the date on which the governing body of Hennepin county and the chief clerical officer of the county complete in a timely manner their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(c) Section 5 is effective on the day following final enactment.

(d) Section 8 is effective July 1, 2002, and applies to salaries earned by part-time metropolitan transit police officers after June 30, 2002.

ARTICLE 3

PERA LOCAL GOVERNMENT CORRECTIONAL
RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 2000, section 353E.02, subdivision 1, is amended to read:

Subdivision 1. [RETIREMENT COVERAGE.] ~~Local government correctional service employees are~~ The members of the local government correctional service retirement plan established by this chapter are:

(1) local government correctional service employees as defined in subdivision 2; and

(2) medical center protection officers as defined in subdivision 2a.

Sec. 2. Minnesota Statutes 2000, section 353E.02, is amended by adding a subdivision to read:

Subd. 2a. [MEDICAL CENTER PROTECTION OFFICER.] (a) A medical center protection officer, for purposes of subdivision 1, is a person whom the employer certifies:

(1) is employed by the Hennepin county medical center as a protection officer;

(2) is directly responsible for the direct security of the medical center;

(3) is expected to respond to any incidents within the medical center as part of the person's regular employment duties and is trained to do so; and

(4) is a "public employee" as defined in section 353.01, but is not a member of the public employees police and fire plan.

(b) The certification required under paragraph (a) must be made in writing on a form prescribed by the executive director of the public employees retirement association.

Sec. 3. Minnesota Statutes 2000, section 353E.03, is amended to read:

353E.03 [CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.]

Subdivision 1. [MEMBER CONTRIBUTIONS.] A member of the local government correctional service ~~employee~~ retirement plan shall make an employee contribution in an amount equal to 6.01 percent of salary.

Subd. 2. [EMPLOYER CONTRIBUTIONS.] The employer shall contribute for a member of the local government correctional service ~~employee~~ retirement plan an amount equal to 9.02 percent of salary.

Sec. 4. Laws 2000, chapter 461, article 10, section 3, as amended by Laws 2001, First Special Session chapter 10, article 3, section 28, is amended to read:

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment. ~~Section 2 is effective on the first day of the first full pay period beginning after January 1, 2003.~~

Sec. 5. [REPEALER.]

Laws 2000, chapter 461, article 10, section 2, is repealed.

Sec. 6. [EFFECTIVE DATE.]

(a) Sections 1, 2, and 3 are effective on July 1, 2002.

(b) Section 4 is effective on the day following final enactment.

(c) Section 5 is effective on August 1, 2002.

ARTICLE 4

PENSION COVERAGE FOR
PRIVATIZED PUBLIC HOSPITALS

Section 1. Minnesota Statutes 2000, section 353F.02, subdivision 4, is amended to read:

Subd. 4. [MEDICAL FACILITY.] "Medical facility" means:

(1) the Glencoe area health center;

(2) the Luverne public hospital; ~~and~~

(3) the Waconia-Ridgeview medical center~~.~~; and

(4) the Kanabec hospital.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective upon the latter of:

(1) the day after the governing body of Kanabec county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month next following certification by the executive director of the public employees retirement association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Kanabec hospital employees under section 1 does not exceed the actuarial gain otherwise to be accrued by the public employees retirement association, as calculated by the consulting actuary retained by the legislative commission on pensions and retirement. The cost of the actuarial calculations must be borne by the Kanabec hospital.

ARTICLE 5

CLOSED CHARTER SCHOOL
UNPAID RETIREMENT CONTRIBUTIONS

Section 1. Minnesota Statutes 2001 Supplement, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in ~~the~~ a public ~~schools~~ school of the state located outside of the corporate limits of ~~the cities~~ a city of the first class, or in any charter school, irrespective of the location of the school, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members or officers of any general governing or managing board or body;

(2) an employee of the teachers retirement association;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. A person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit. If the person's teaching service comprises less than 50 percent of the combined employment salary, the executive director must determine whether all or none of the combined service is covered by the association; or

(4) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the board of trustees of the Minnesota state colleges and universities system in an unclassified position as:

(i) a president, vice-president, or dean;

(ii) a manager or a professional in an academic or an academic support program other than specified in item (i);

(iii) an administrative or a service support faculty position; or

(iv) a teacher or a research assistant.

(b) ~~Teacher~~ "Teacher" does not mean:

(1) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(2) a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;

(3) a person holding a part-time adult supplementary technical college license who renders part-time teaching service or a customized trainer as defined by the Minnesota state colleges and universities system in a technical college if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the applicable technical college stipulates annually in advance that the part-time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year; or

(4) a person exempt from licensure under section 122A.30.

Sec. 2. Minnesota Statutes 2000, section 354A.011, subdivision 27, is amended to read:

Subd. 27. [TEACHER.] (a) "Teacher" means any person who renders service ~~in~~ for a public school district, other than a charter school, located in the corporate limits of one of the cities of the first class which was so classified on January 1, 1979, as any of the following:

~~(a)~~ (1) a full-time employee in a position for which a valid license from the state department of children, families, and learning is required;

~~(b)~~ (2) an employee of the teachers retirement fund association located in the city of the first class unless the employee has exercised the option pursuant to Laws 1955, chapter 10, section 1, to retain membership in the Minneapolis employees retirement fund established pursuant to chapter 422A;

~~(c)~~ (3) a part-time employee in a position for which a valid license from the state department of children, families, and learning is required; or

~~(d)~~ (4) a part-time employee in a position for which a valid license from the state department of children, families, and learning is required who also renders other nonteaching services for the school district, unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service ~~shall~~ may not be covered by the association.

(b) The term ~~shall~~ does not mean any person who renders service in the school district as any of the following:

(1) an independent contractor or the employee of an independent contractor;

(2) an employee who is a full-time teacher covered by the teachers retirement association or by another teachers retirement fund association established pursuant to this chapter or chapter 354;

(3) an employee exempt from licensure pursuant to section 122A.30;

(4) an employee who is a teacher in a technical college located in a city of the first class unless the person elects coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2; ~~or~~

(5) a teacher employed by a charter school, irrespective of the location of the school; or

(6) an employee who is a part-time teacher in a technical college in a city of the first class and who has elected coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2, but (i) the teaching service is incidental to the regular nonteaching occupation of the person; (ii) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300 hours in the fiscal year to which the certification applies.

Sec. 3. [STATE PAYMENT OF CERTAIN UNPAID CHARTER SCHOOL RETIREMENT CONTRIBUTIONS.]

Subdivision 1. [UNPAID CONTRIBUTIONS.] (a) The state of Minnesota shall make any unpaid employee, employer, and employer additional contributions to the applicable retirement association for teaching or other service in a designated charter school which closed before April 1, 2002, without having paid the required contributions to the retirement association.

(b) By June 1, 2002, the chief administrative officer of the retirement association shall certify to the commissioner of children, families, and learning the amount of accrued contributions, plus applicable interest, which were not paid by each designated charter school before its closure. On July 1, 2002, the commissioner of children, families, and learning shall pay the amounts certified from the state total building lease aid otherwise payable under Minnesota Statutes, section 124D.11, subdivision 4a, to the affected retirement associations. The commissioner shall remit directly to the retirement association the amounts certified under this section. The applicable retirement association shall credit employee contribution payments to the applicable member accounts and shall credit to the applicable members allowable and formula service and covered salary for the period when the teaching or other service was actually performed in the charter school. State payments representing unpaid employee contributions must be considered accumulated employee or member deductions for purposes of Minnesota Statutes, section 353.34; 354.49; or 354A.37.

Subd. 2. [COVERED RETIREMENT ASSOCIATIONS.] This section applies to the following public retirement associations providing retirement coverage for employees in charter schools:

(1) the teachers retirement association;

(2) the Minneapolis teachers retirement fund association;

(3) the St. Paul teachers retirement fund association;

(4) the Duluth teachers retirement fund association; and

(5) the public employees retirement association.

Subd. 3. [DESIGNATED CLOSED CHARTER SCHOOLS.] This section applies to the Frederick Douglass charter school and any other charter school that is determined by the commissioner of children, families, and learning to have closed before April 1, 2002.

Sec. 4. [CONTINUING RECOVERY AUTHORITY.]

Nothing in section 3 relieves the sponsor of a closed charter school and the operator of a closed charter school from any financial responsibility that those parties may have to pay unpaid employee, employer, or employer additional contributions to the applicable public retirement plans. The commissioner of revenue shall undertake all reasonable efforts to recover these amounts. Any recovered amounts must be deposited in the general fund and are appropriated to the department of children, families, and learning to offset the payment of unpaid contributions under section 3.

Sec. 5. [EFFECTIVE DATE.]

(a) Sections 1 and 2 are effective on July 1, 2002.

(b) Sections 3 and 4 are effective on the day following final enactment.

ARTICLE 6

TEACHER RETIREMENT PLANS
SERVICE CREDIT PURCHASE
DEADLINE EXTENSION

Section 1. Laws 1999, chapter 222, article 16, section 16, is amended to read:

Sec. 16. [REPEALER.]

Sections 1 to 13 are repealed on May 16, ~~2002~~ 2003.

Sec. 2. Laws 2000, chapter 461, article 12, section 20, is amended to read:

Sec. 20. [EFFECTIVE DATE.]

(a) Sections 4, 5, and 11 to 20 are effective on the day following final enactment.

(b) Sections 1, 2, 3, and 6 to 10 are effective on the day following final enactment and apply retroactively to a faculty member of the Lake Superior College who was granted an extended leave of absence under article 19, section 4, of the united technical college educators master agreement for the 1999-2000 academic year prior to March 20, 2000.

(c) Sections 5, 11, and 14, paragraph (c), expire on May 16, ~~2002~~ 2003.

Sec. 3. Laws 2001, First Special Session chapter 10, article 6, section 21, is amended to read:

Sec. 21. [EXPIRATION DATE.]

(a) The amendments in sections 1, 2, 3, 4, 10, 12, 16, 17, 18, 19, and 20 expire May 16, 2003.

(b) Sections 9 and 15 expire May 16, ~~2002~~ 2003.

Sec. 4. [EFFECTIVE DATE.]

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

ARTICLE 7

RECODIFICATION OF SOCIAL
SECURITY COVERAGE PROVISIONS

Section 1. Minnesota Statutes 2000, section 355.01, subdivision 1, is amended to read:

Subdivision 1. [IN GENERAL.] For the purposes of this chapter, ~~as amended,~~ each of the terms defined in this section ~~have~~ has the ~~meanings~~ meaning ascribed to them herein.

Sec. 2. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2a. [CONSTITUTIONAL OFFICER.] "Constitutional officer" means a person who serves as the governor, lieutenant governor, attorney general, secretary of state, state auditor, or state treasurer, who is duly elected and who was sworn into office.

Sec. 3. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2b. [DULUTH TEACHER.] "Duluth teacher" means a person employed by independent school district No. 709, Duluth, who holds a position covered by the Duluth teachers retirement fund association established under chapter 354A.

Sec. 4. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2c. [EDUCATIONAL EMPLOYEE.] "Educational employee" means an employee of the state of Minnesota or of a public subdivision of the state who performs services in a position covered by the teachers retirement association under chapter 354.

Sec. 5. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2d. [EMPLOYEE.] "Employee" means a person employed by the state of Minnesota or by a political subdivision of the state and includes an officer of the state of Minnesota or of a political subdivision of the state.

Sec. 6. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 2e. [EMPLOYEE TAX.] "Employee tax" means the tax imposed by section 3101 of the Internal Revenue Code of 1986.

Sec. 7. Minnesota Statutes 2000, section 355.01, subdivision 3, is amended to read:

Subd. 3. [EMPLOYMENT.] ~~The term~~ (a) "Employment" means any service performed by an employee in the employ of the state, or any political subdivision thereof, for ~~such~~ that employer, except:

(1) service which in the absence of an agreement entered into under this chapter, as amended, would constitute "employment" as defined in the Social Security act; or

(2) service which under the Social Security Act ~~may~~ is not permitted to be included in an agreement between the state and the federal Secretary of Health~~, Education,~~ and ~~Welfare~~ Human Services entered into under this chapter~~, as amended~~.

(b) Service which under the Social Security Act ~~may~~ is permitted to be included in an agreement only upon certification by the governor in accordance with section 218(d) (3) of that act ~~shall~~ must be included in the term "employment" if and when the governor issues, with respect to ~~such~~ that service, ~~a~~ the appropriate federal certificate to the federal Secretary of Health~~, Education,~~ and ~~Welfare~~ Human Services.

Sec. 8. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3a. [FEDERAL INSURANCE CONTRIBUTIONS ACT.] "Federal Insurance Contributions Act" means subchapters A and B of chapter 21 of the Internal Revenue Code of 1986, as amended through December 31, 2000.

Sec. 9. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3b. [GOVERNMENTAL EMPLOYER.] "Governmental employer" means any political subdivision as defined in section 218 of the Social Security Act. The term includes a city, county, town, hospital district, or other body, politic and corporate, located in Minnesota.

Sec. 10. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3c. [HIGHER EDUCATION EMPLOYEE.] "Higher education employee" means an employee of the state of Minnesota who performs services in a Minnesota state colleges and universities system in a position covered by the individual retirement account plan under section 354B.21 and who remains a member of the teachers retirement association for purposes of social security coverage only.

Sec. 11. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3d. [HOSPITAL EMPLOYEE.] "Hospital employee" means an officer or employee of a public hospital who performs services in a position covered by the public employees retirement association under chapter 353.

Sec. 12. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3e. [JUDGE.] "Judge" means a judge as defined in section 490.121, subdivision 3.

Sec. 13. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3f. [LEGISLATOR.] "Legislator" means a member of the legislature who is duly elected and who was sworn into office.

Sec. 14. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3g. [LOCAL GOVERNMENTAL SUBDIVISION.] "Local governmental subdivision" means:

(1) a political subdivision as defined in section 218(b) of the Social Security Act;

(2) an instrumentality of the state;

(3) an instrumentality of one or more of the political subdivisions of the state, including the league of Minnesota cities;

(4) an instrumentality of the state and one or more of its political subdivisions;

(5) a governmental subdivision as defined in section 353.01, subdivision 6; and

(6) any instrumentality established under a joint powers agreement under section 471.59 wherein the instrumentality is responsible for the employment and the payment of the salaries of the employees of the instrumentality.

Sec. 15. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3h. [MINNEAPOLIS TEACHER.] "Minneapolis teacher" means a person employed by special school district No. 1, Minneapolis, who holds a position covered by the Minneapolis teachers retirement fund association established under chapter 354A.

Sec. 16. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3i. [POLITICAL SUBDIVISION.] "Political subdivision" means any political subdivision as defined in section 218(b) of the Social Security Act, and includes any instrumentality of the state, any instrumentality of one or more of its political subdivisions, including the league of Minnesota municipalities, any instrumentality of the state and one or more of its political subdivisions, and an instrumentality established under a joint powers agreement under section 471.59, wherein the instrumentality is responsible for the employment and payment of the salaries of employees of the instrumentality.

Sec. 17. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3j. [PUBLIC EMPLOYEE.] "Public employee" means an officer or an employee of a local governmental subdivision of the state who performs services in a position covered by the public employees retirement association established under chapter 353.

Sec. 18. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3k. [PUBLIC HOSPITAL.] "Public hospital" means a hospital that is owned or operated by a governmental employer or a combination of governmental employers, or a hospital that is an integral part of a governmental employer or of a combination of governmental employers.

Sec. 19. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 3l. [ST. PAUL TEACHER.] "St. Paul teacher" means a person employed by independent school district No. 625, St. Paul, who holds a position covered by the St. Paul teachers retirement fund association established under chapter 354A.

Sec. 20. Minnesota Statutes 2000, section 355.01, subdivision 6, is amended to read:

Subd. 6. [SECRETARY OF HEALTH AND HUMAN SERVICES.] ~~The term~~ "Secretary of Health~~, Education,~~ and ~~Welfare~~ Human Services" means the secretary of the federal Department of Health and Human Services and includes any individual to whom the Secretary of Health~~, Education,~~ and ~~Welfare~~ Human Services has delegated ~~any~~ functions under the Social Security Act with respect to coverage ~~under such act~~ of employees of states and their political subdivisions.

Sec. 21. Minnesota Statutes 2000, section 355.01, subdivision 8, is amended to read:

Subd. 8. [SOCIAL SECURITY ACT.] ~~The term~~ "Social Security Act" means the Act of Congress approved August 14, 1935, chapter 531, Statutes at Large, volume 49, page 620, officially cited as the "Social Security Act," as ~~such act has been and may from time to time be~~ amended (including the relevant regulations and requirements ~~issued pursuant thereto~~).

Sec. 22. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 11. [SPECIAL AUTHORITY OR DISTRICT.] "Special authority or district" means a municipal housing and redevelopment authority organized under sections 469.001 to 469.047, a soil and water conservation district organized under chapter 103C, a port authority organized under sections 469.048 to 469.068, an economic development authority organized under sections 469.090 to 469.108, or a hospital district organized or reorganized under sections 447.31 to 447.37.

Sec. 23. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 12. [SPECIAL AUTHORITY OR DISTRICT EMPLOYEE.] "Special authority or district employee" means an employee, other than an elected official, of a municipal housing and redevelopment authority organized under sections 469.001 to 469.047, of a soil and water conservation district organized under chapter 103C, of a port authority organized under sections 469.048 to 469.068, of an economic development authority organized under sections 469.090 to 469.108, or of a hospital district organized or reorganized under sections 447.31 to 447.37.

Sec. 24. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 13. [STATE AGENCY.] "State agency" means the commissioner of employee relations.

Sec. 25. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 14. [STATE EMPLOYEE.] "State employee" means an employee of the state of Minnesota or of a political subdivision who performs services in a position covered by the general state employees retirement plan of the Minnesota state retirement system governed by chapter 352, except any position for which the compensation is on a fee basis.

Sec. 26. Minnesota Statutes 2000, section 355.01, is amended by adding a subdivision to read:

Subd. 15. [WAGES.] "Wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash. The term does not include that part of the remuneration which, even if it were for employment within the meaning of the Federal Insurance Contributions Act, would not constitute wages within the meaning of that act.

Sec. 27. Minnesota Statutes 2000, section 355.02, is amended to read:

355.02 [AGREEMENTS.]

Subdivision 1. [GENERAL AUTHORITY.] (a) The state agency, with the approval of the governor, is hereby authorized to enter into an agreement on behalf of the state with the federal Secretary of Health~~, Education,~~ and ~~Welfare~~ Human Services, consistent with the terms and provisions of this chapter~~, as amended~~, for the purpose of extending the benefits of the federal old age ~~and~~, survivors, and disability insurance system to employees of the state or any political subdivision thereof with respect to services specified in ~~such~~ the agreement which constitute "employment," whenever so specifically authorized by the statutory provisions of this state pertaining to any coverage group of such employees to which the agreement may become applicable under the Social Security Act.

~~Pursuant to such~~ (b) Under this specific authorization the agreement may contain ~~such~~ those provisions relating to coverage, benefits, contributions, effective date, modification and termination of the agreement, administration, and other appropriate provisions as the state agency and the federal Secretary of Health~~, Education,~~ and ~~Welfare~~ Human Services shall agree upon, but, except as may be otherwise required by or under the Social Security Act as to the services to be covered, such agreement ~~shall~~ must provide in effect that:

(1) benefits will be provided for employees whose services are covered by the agreement (and their dependents and survivors) on the same basis as though ~~such~~ those services constituted employment within the meaning of title II of the Social Security Act;

(2) the state or other employer will pay to the federal Secretary of the Treasury, at such time or times as may be prescribed under the Social Security Act, contributions with respect to wages, equal to the sum of the taxes which would be imposed by the Federal Insurance Contributions Act if the services covered by the agreement constituted employment within the meaning of that act;

(3) ~~Such~~ the agreement ~~shall be~~ is effective with respect to services in employment covered by the agreement performed after a date specified therein ~~but in no event may it be effective with respect to any such services performed prior to the first day of the calendar year in which such agreement is entered into or in which the modification of the agreement making it applicable to such services, is entered into except that an agreement or modification entered into prior to January 1, 1960, may be effective with respect to services performed after December 31, 1955, or after a later date specified in such agreement or modification~~; and

(4) all services which constitute employment and are performed in the employ of the state or any of its political subdivisions by employees thereof, may be covered by ~~such~~ the agreement whenever so specifically authorized by the statutory provisions of this state pertaining to any coverage group of such employees to which the agreement may become applicable under the Social Security Act.

Subd. 2. [INTERSTATE INSTRUMENTALITY.] (a) Any instrumentality jointly created by this state and any other state or states is ~~hereby~~ authorized, upon the granting of like authority by ~~such~~ the other state or states, to:

(1) ~~to~~ enter into an agreement with the federal Secretary of Health~~, Education,~~ and ~~Welfare~~ Human Services whereby the benefits of the federal old age ~~and~~, survivors, and disability insurance system ~~shall be~~ are extended to employees of ~~such~~ the instrumentality~~,~~;

(2) ~~to~~ require its employees to pay (and for that purpose to deduct from their wages) contributions equal to the amounts which they would be required to pay under section 355.03, subdivision 1, if they were covered by an agreement made ~~pursuant to~~ under subdivision 1~~,~~; and

(3) ~~to~~ make payments to the federal Secretary of the Treasury in accordance with ~~such~~ that agreement, including payments from its own funds, and otherwise to comply with ~~such~~ those agreements. ~~Such~~

(b) The agreements ~~shall~~ must, to the extent practicable, be consistent with the terms and provisions of subdivision 1 and other provisions of this chapter~~, as amended~~.

Subd. 3. [GROUPS COVERED BY SOCIAL SECURITY.] The following groups must be covered by an agreement or a modification to an agreement between the state agency and the federal Secretary of Health and Human Services:

(1) constitutional officers;

(2) Duluth teachers;

(3) educational employees;

(4) higher education employees;

(5) hospital employees;

(6) judges;

(7) legislators;

(8) Minneapolis teachers;

(9) public employees;

(10) St. Paul teachers;

(11) special authority or district employees; and

(12) state employees.

Sec. 28. Minnesota Statutes 2000, section 355.03, is amended to read:

355.03 [EMPLOYEES AND EMPLOYERS, CONTRIBUTIONS.]

Subdivision 1. [EMPLOYEE CONTRIBUTION AMOUNT.] Every employee of the state, or of any of its political subdivisions, whose services are covered by the agreement entered into under section 355.02 ~~shall be required to~~ must pay for the period of ~~such~~ the coverage, ~~into the contribution fund established by section 355.04,~~ contributions~~,~~ with respect to wages, equal to the amount of the employee's tax which would be imposed by the Federal Insurance Contributions Act if ~~such~~ those services constituted employment within the meaning of that act. ~~Such~~ This liability ~~shall arise~~ arises in consideration of the employee's retention in the service of the state, or any of its political subdivisions, or the employee's entry upon ~~such~~ that service, after the enactment of this chapter~~, as amended~~.

Subd. 2. [EMPLOYEE DEDUCTION.] The contribution imposed by this section ~~shall~~ must be collected by the covered employee's employer by deducting the amount of the contribution from wages as and when paid~~, but~~. The failure to make such deduction ~~shall~~ does not relieve the employee from liability for such contribution.

Subd. 2a. [EMPLOYER CONTRIBUTION.] (a) Employer contributions that are required under the agreement must be paid by the applicable employing unit.

(b) Employer contributions on behalf of St. Paul teachers, Duluth teachers, Minneapolis teachers, or education employees may be paid from normal school operating funds. Employer contributions on behalf of state employees must be paid by the applicable department or agency from its appropriation or other revenue, in the same proportion as salaries are paid, and must be charged as an administrative cost of the state governmental unit.

(c) Employing units may pay the employer contribution from taxes collected or from other governmental revenue. An employing unit may include in its tax levy the amount necessary to pay its social security obligations. If the taxes authorized to be levied cause the total levy amount to exceed any limitation on the power of the employing unit to levy taxes, the unit may still levy the necessary amount. The employing unit, in the event of a deficit, may issue debt obligations, payable in not more than two years, in an amount which may cause its indebtedness to exceed any limitation without holding an election and may levy taxes to amortize the indebtedness. The authorized social security expenditures must not be included in computing the cost of government for purposes of any home rule charter or other charter.

(d) If the required employer contribution for social security is increased and, as a result of that increase, there is insufficient money available to a state governmental unit, there is appropriated to the state department or agency from the general fund the amount required to meet the deficiency, based on certifications from the commissioner of employee relations to the commissioner of finance. The transfer of the appropriated amount may only occur after the commissioner of finance notifies the chair and ranking minority member of the house committee on ways and means and the chair and ranking minority member of the senate finance committee of the amount to be transferred.

(e) For members of the general state employees retirement plan of the Minnesota state retirement system who are employed by the state horticultural society, the department of Minnesota for the disabled American veterans organization, the department of Minnesota of the veterans of foreign wars organization, the Minnesota crop improvement association, the Minnesota historical society, the armory building commission, and the Minnesota-Wisconsin-Minneapolis-St. Paul survival plan project, the applicable employing unit must pay the employer contribution from any revenue source that it has.

Subd. 3. [ADJUSTMENTS; REFUNDS.] If more or less than the correct amount of the contribution imposed by this section is paid or deducted with respect to any remuneration, proper adjustments, or refund if adjustment is impracticable, ~~shall~~ must be made, without interest, in such manner and at such times as the state agency ~~shall prescribe~~ prescribes.

Subd. 4. [DELINQUENT PAYMENTS.] Delinquent payments that are due under this chapter, with compound interest at the rate of six percent per annum, may be recovered by legal action in a court of competent jurisdiction against an employing unit that is liable for the amount. The state agency may request that the delinquent payment and interest amount be deducted from any other money that is payable to the applicable employing unit by any department or agency of the state. An action for the recovery of delinquent payments is not subject to any statutory provision that would otherwise limit the time within which an action may be commenced.

Sec. 29. [355.035] [REIMBURSEMENT BY EMPLOYING UNITS.]

An employing unit which employs a member of a covered group must reimburse the state agency for its pro rata share of the cost of the administration of the agency with respect to social security coverage in accordance with the rules of the state agency pertaining to this reimbursement.

Sec. 30. [355.036] [REPORTS.]

An employing unit which employs a member of a covered group must make any reports in the form required and must include the information that the state agency requires. An employing unit also must comply with the reporting requirements that the state agency or the federal Secretary of Health and Human Services may from time to time determine are necessary to ensure the correctness and verification of relevant information.

Sec. 31. [355.037] [PROCEEDS OF SPECIAL BENEFIT TAXES.]

The proceeds of the special benefit taxes that are authorized to be levied for redevelopment purposes under section 469.033, subdivision 6, may be used to defray all or part of the costs incurred by any housing and redevelopment authority under this chapter.

Sec. 32. Minnesota Statutes 2000, section 355.05, is amended to read:

355.05 [RULES.]

The state agency ~~shall make and publish such~~ may promulgate those rules, not inconsistent with the provisions of this chapter~~, as amended~~, as it finds necessary or appropriate to the efficient administration of the functions with which it is charged under this chapter~~, as amended~~.

Sec. 33. Minnesota Statutes 2000, section 355.07, is amended to read:

355.07 [DECLARATION OF POLICY.]

(a) In order to extend to employees of the state ~~and~~, its political subdivisions, and its other governmental employers, and to the dependents and survivors of ~~such~~ the employees of those employing units, the basic protection accorded to others by the old age ~~and~~, survivors, and disability insurance system embodied in the Social Security Act, it is hereby declared to be the policy of the legislature, subject to the limitations of this chapter, that these steps are taken to provide protection to employees of the state and its political subdivisions on as broad a basis as may be authorized by the legislature and is permitted under the Social Security Act.

(b) It is also the policy of the legislature that the protection afforded employees in positions covered by a retirement system on the date an agreement under this chapter is made applicable to service performed in those positions, or receiving periodic benefits under the retirement system at that time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof when combined with the benefits accorded the employee by the Social Security Act.

(c) To this end, the agreement referred to in section 355.02 ~~shall~~ must not be made applicable to any service performed in any position covered by a retirement system unless a referendum is first held by secret ballot in which a majority of "eligible employees," as defined in section 218(d) (3) of the Social Security Act, vote in favor thereof,

or unless a retirement system is divided in two divisions or parts, one of which is composed of positions of members of the system who desire coverage and one of which is composed of positions of members of the system who do not desire coverage under section 218(d) (3) of the Social Security Act, in accordance with subsections (6) and (7) thereof.

(d) Nothing in any provision of this chapter ~~shall authorize~~ authorizes the extension of the insurance system established by this chapter~~, as amended~~, to service in any police officer's or firefighter's position or in any position covered by a retirement system applicable exclusively to positions in one or more law enforcement or fire fighting units, agencies or departments.

Sec. 34. Minnesota Statutes 2000, section 355.08, is amended to read:

355.08 [APPLICATION OF SOCIAL SECURITY ACT.]

The provisions of the Social Security Act~~, and all acts amendatory thereof, shall~~ govern relative to employees of the state ~~and~~, its political subdivisions, and its other governmental employers subject to ~~Minnesota Statutes,~~ this chapter ~~355, as amended~~, anything in ~~said~~ this chapter to the contrary notwithstanding.

Sec. 35. [355.091] [DIVISION OF RETIREMENT PLANS.]

(a) The public retirement plans enumerated in paragraph (b) must be divided into two parts in accordance with section 218(d)(6)(c) of the Social Security Act, with one part composed of plan members who did not elect social security coverage in the applicable referendum and the other part composed of plan members who did elect social security coverage in the applicable referendum.

(b) The applicable public retirement plans are:

(1) the elective state officers retirement plan;

(2) the judges retirement plan;

(3) the legislators retirement plan;

(4) the Minneapolis teachers retirement fund association;

(5) the general employees retirement plan of the public employees retirement association;

(6) the St. Paul teachers retirement fund association; and

(7) the teachers retirement association.

(c) Plan participants and persons electing participation under section 354B.21 remain members of the teachers retirement association for purposes of social security coverage only, and remain covered by the applicable agreement entered into under section 355.01, but are not members of the teachers retirement association for any other purpose while employed in covered employment.

Sec. 36. [REPEALER.]

Minnesota Statutes 2000, sections 355.01, subdivisions 2, 4, 5, 9, and 10; 355.11; 355.12; 355.13; 355.14; 355.15; 355.16; 355.17; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; 355.21; 355.22; 355.23; 355.24; 355.25; 355.26; 355.27; 355.28; 355.281; 355.282; 355.283; 355.284; 355.285; 355.286; 355.287; 355.288; 355.29; 355.291; 355.292; 355.293; 355.294; 355.295; 355.296; 355.297; 355.298; 355.299; 355.30; 355.311; 355.391; 355.392; 355.393; 355.41; 355.42; 355.43; 355.44; 355.45; 355.46; 355.48; 355.49; 355.50;

355.51; 355.52; 355.54; 355.55; 355.56; 355.57; 355.58; 355.59; 355.60; 355.61; 355.621; 355.622; 355.623; 355.624; 355.625; 355.626; 355.627; 355.628; 355.71; 355.72; 355.73; 355.74; 355.75; 355.76; 355.77; 355.78; 355.79; 355.80; 355.81; and 355.90, are repealed.

Sec. 37. [EFFECTIVE DATE.]

Sections 1 to 36 are effective on July 1, 2002.

ARTICLE 8

PUBLIC PENSION PLAN
ACTUARIAL ASSUMPTION REVISIONS

Section 1. Minnesota Statutes 2000, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST AND SALARY ASSUMPTIONS.] (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

| plan | preretirement interest rate assumption | postretirement interest rate assumption |
|---|---|---|
| general state employees retirement plan | 8.5% | 6.0% |
| correctional state employees retirement plan | 8.5 | 6.0 |
| state patrol retirement plan | 8.5 | 6.0 |
| legislators retirement plan | 8.5 | 6.0 |
| elective state officers retirement plan | 8.5 | 6.0 |
| judges retirement plan | 8.5 | 6.0 |
| general public employees retirement plan | 8.5 | 6.0 |
| public employees police and fire retirement plan | 8.5 | 6.0 |
| local government correctional service retirement plan | 8.5 | 6.0 |
| teachers retirement plan | 8.5 | 6.0 |
| Minneapolis employees retirement plan | 6.0 | 5.0 |
| Duluth teachers retirement plan | 8.5 | 8.5 |
| Minneapolis teachers retirement plan | 8.5 | 8.5 |
| St. Paul teachers retirement plan | 8.5 | 8.5 |
| Minneapolis police relief association | 6.0 | 6.0 |
| ~~other local~~ Fairmont police relief ~~associations~~ association | 5.0 | 5.0 |
| Minneapolis fire department relief association | 6.0 | 6.0 |
| ~~other local salaried firefighters~~ | | |

| | | |
|---|---|---|
| Virginia fire department relief ~~associations~~ association | 5.0 | 5.0 |
| local monthly benefit volunteer firefighters relief associations | 5.0 | 5.0 |

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

| plan | future salary increase assumption |
|---|---|
| legislators retirement plan | 5.0% |
| elective state officers retirement plan | 5.0 |
| judges retirement plan | 5.0 |
| Minneapolis police relief association | 4.0 |
| ~~other local~~ Fairmont police relief ~~associations~~ association | 3.5 |
| Minneapolis fire department relief association | 4.0 |
| ~~other local salaried firefighters~~ Virginia fire department relief ~~associations~~ association | 3.5 |

(2) modified single rate future salary increase assumption

| plan | future salary increase assumption |
|---|---|
| Minneapolis employees retirement plan | the prior calendar year amount increased first by 1.0198 percent to prior fiscal year date and then increased by 4.0 percent annually for each future year |

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

| plan | future salary increase assumption |
|---|---|
| general state employees retirement plan | select calculation and assumption A |
| correctional state employees retirement plan | assumption H |
| state patrol retirement plan | assumption H |
| general public employees retirement plan | select calculation and assumption B |

| | |
|---|---|
| public employees police and fire fund retirement plan | assumption C |
| local government correctional service retirement plan | assumption H |
| teachers retirement plan | assumption D |
| Duluth teachers retirement plan | assumption E |
| Minneapolis teachers retirement plan | assumption F |
| St. Paul teachers retirement plan | assumption G |

The select calculation~~:~~ is, during the ten-year select period, ~~0.2~~ a designated percent is multiplied by the result of ten minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated percent is 0.2 percent for the correctional state employees retirement plan, the state patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; 0.3 percent for the general state employees retirement plan, the general public employees retirement plan, the teachers retirement plan, the Duluth teachers retirement fund association, and the St. Paul teachers retirement fund association; and 0.4 percent for the Minneapolis teachers retirement fund association.

The ultimate future salary increase assumption is:

| age | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| 16 | 6.95% | 6.95% | 11.50% | 8.20% | 8.00% | ~~7.50~~%<br>6.50 | ~~7.25~~%<br>6.90 | 7.7500 |
| 17 | 6.90 | 6.90 | 11.50 | 8.15 | 8.00 | ~~7.50~~<br>6.50 | ~~7.25~~<br>6.90 | 7.7500 |
| 18 | 6.85 | 6.85 | 11.50 | 8.10 | 8.00 | ~~7.50~~<br>6.50 | ~~7.25~~<br>6.90 | 7.7500 |
| 19 | 6.80 | 6.80 | 11.50 | 8.05 | 8.00 | ~~7.50~~<br>6.50 | ~~7.25~~<br>6.90 | 7.7500 |
| 20 | 6.75 | ~~6.75~~<br>6.40 | 11.50 | ~~8.00~~<br>6.00 | ~~8.00~~<br>6.90 | ~~7.50~~<br>6.50 | ~~7.25~~<br>6.90 | 7.7500 |
| 21 | ~~6.70~~<br>6.75 | ~~6.70~~<br>6.40 | 11.50 | ~~7.95~~<br>6.00 | ~~8.00~~<br>6.90 | ~~7.50~~<br>6.50 | ~~7.25~~<br>6.90 | 7.1454 |
| 22 | ~~6.65~~<br>6.75 | ~~6.65~~<br>6.40 | 11.00 | ~~7.90~~<br>6.00 | ~~8.00~~<br>6.90 | ~~7.50~~<br>6.50 | ~~7.25~~<br>6.90 | 7.0725 |
| 23 | 6.75 | 6.40 | 10.50 | 6.00 | 6.85 | 6.50 | 6.85 | 7.0544 |
| 24 | ~~6.66~~<br>6.75 | ~~6.55~~<br>6.40 | 10.00 | ~~7.80~~<br>6.00 | ~~7.80~~<br>6.80 | ~~7.30~~<br>6.50 | ~~7.20~~<br>6.80 | 7.0363 |
| 25 | ~~6.50~~<br>6.75 | ~~6.50~~<br>6.40 | 9.50 | ~~7.75~~<br>6.00 | ~~7.70~~<br>6.75 | ~~7.20~~<br>6.50 | ~~7.15~~<br>6.75 | 7.0000 |
| 26 | ~~6.45~~<br>6.75 | ~~6.45~~<br>6.36 | 9.20 | ~~7.70~~<br>6.00 | ~~7.60~~<br>6.70 | ~~7.10~~<br>6.50 | ~~7.10~~<br>6.70 | 7.0000 |
| 27 | ~~6.40~~<br>6.75 | ~~6.40~~<br>6.32 | 8.90 | ~~7.65~~<br>6.00 | ~~7.50~~<br>6.65 | ~~7.00~~<br>6.50 | ~~7.05~~<br>6.65 | 7.0000 |
| 28 | ~~6.35~~<br>6.75 | ~~6.35~~<br>6.28 | 8.60 | ~~7.60~~<br>6.00 | ~~7.40~~<br>6.60 | ~~6.90~~<br>6.50 | ~~7.00~~<br>6.60 | 7.0000 |
| 29 | ~~6.30~~<br>6.75 | ~~6.30~~<br>6.24 | 8.30 | ~~7.55~~<br>6.00 | ~~7.30~~<br>6.55 | ~~6.80~~<br>6.50 | ~~6.95~~<br>6.55 | 7.0000 |
| 30 | ~~6.25~~<br>6.75 | ~~6.30~~<br>6.20 | 8.00 | ~~7.50~~<br>6.00 | ~~7.20~~<br>6.50 | ~~6.70~~<br>6.50 | ~~6.90~~<br>6.50 | 7.0000 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 31 | ~~6.20~~ | ~~6.25~~ | 7.80 | ~~7.45~~ | ~~7.10~~ | ~~6.60~~ | ~~6.85~~ | 7.0000 |
| | 6.75 | 6.16 | | 6.00 | 6.45 | 6.50 | 6.45 | |
| 32 | ~~6.15~~ | ~~6.21~~ | 7.60 | ~~7.40~~ | ~~7.00~~ | ~~6.50~~ | ~~6.80~~ | 7.0000 |
| | 6.75 | 6.12 | | 6.00 | 6.40 | 6.50 | 6.40 | |
| 33 | ~~6.10~~ | ~~6.17~~ | 7.40 | ~~7.30~~ | ~~6.90~~ | ~~6.40~~ | ~~6.75~~ | 7.0000 |
| | 6.75 | 6.08 | | 6.00 | 6.35 | 6.50 | 6.35 | |
| 34 | ~~6.05~~ | ~~6.09~~ | 7.20 | ~~7.10~~ | ~~6.80~~ | ~~6.30~~ | ~~6.70~~ | 7.0000 |
| | 6.75 | 6.04 | | 6.00 | 6.30 | 6.50 | 6.30 | |
| 35 | ~~6.00~~ | ~~6.05~~ | 7.00 | ~~7.00~~ | ~~6.70~~ | ~~6.20~~ | ~~6.65~~ | 7.0000 |
| | 6.75 | 6.00 | | 6.00 | 6.25 | 6.50 | 6.25 | |
| 36 | ~~6.95~~ | ~~6.01~~ | 6.80 | ~~6.85~~ | ~~6.60~~ | ~~6.10~~ | ~~6.60~~ | 6.9019 |
| | 6.75 | 5.96 | | 6.00 | 6.20 | 6.50 | 6.20 | |
| 37 | ~~5.90~~ | ~~5.97~~ | 6.60 | ~~6.70~~ | ~~6.50~~ | ~~6.00~~ | ~~6.55~~ | 6.8074 |
| | 6.75 | 5.92 | | 6.00 | 6.15 | 6.50 | 6.15 | |
| 38 | ~~5.85~~ | ~~5.93~~ | 6.40 | ~~6.55~~ | ~~6.40~~ | ~~5.90~~ | ~~6.50~~ | 6.7125 |
| | 6.75 | 5.88 | | 5.90 | 6.10 | 6.50 | 6.10 | |
| 39 | ~~5.80~~ | ~~5.89~~ | 6.20 | ~~6.40~~ | ~~6.30~~ | ~~5.80~~ | ~~6.40~~ | 6.6054 |
| | 6.75 | 5.84 | | 5.80 | 6.05 | 6.50 | 6.05 | |
| 40 | ~~5.75~~ | ~~5.85~~ | 6.00 | ~~6.25~~ | ~~6.20~~ | ~~5.70~~ | ~~6.30~~ | 6.5000 |
| 41 | 5.70 | 5.81 | 5.90 | 6.10 | 6.10 | 5.60 | 6.20 | 6.3540 |
| | 6.75 | 5.76 | | 5.60 | 5.90 | 6.50 | 5.95 | |
| 42 | ~~5.65~~ | ~~5.77~~ | 5.80 | ~~5.95~~ | ~~6.00~~ | ~~5.50~~ | ~~6.10~~ | 6.2087 |
| | 6.75 | 5.72 | | 5.50 | 5.80 | 6.50 | 5.90 | |
| 43 | ~~5.60~~ | ~~5.73~~ | 5.70 | ~~5.80~~ | ~~5.90~~ | ~~5.45~~ | ~~6.00~~ | 6.0622 |
| | 6.65 | 5.68 | | 5.40 | 5.70 | 6.50 | 5.85 | |
| 44 | ~~5.55~~ | ~~5.69~~ | 5.60 | ~~5.65~~ | ~~5.80~~ | ~~5.40~~ | ~~5.90~~ | 5.9048 |
| | 6.55 | 5.64 | | 5.30 | 5.60 | 6.50 | 5.80 | |
| 45 | ~~5.50~~ | ~~5.65~~ | 5.50 | ~~5.50~~ | ~~5.70~~ | ~~5.35~~ | ~~5.80~~ | 5.7500 |
| | 6.45 | 5.60 | | 5.20 | 5.50 | 6.50 | 5.75 | |
| 46 | ~~5.45~~ | ~~5.62~~ | 5.45 | ~~5.45~~ | ~~5.60~~ | ~~5.30~~ | ~~5.70~~ | 5.6940 |
| | 6.35 | 5.56 | | 5.10 | 5.40 | 6.40 | 5.70 | |
| 47 | ~~5.40~~ | ~~5.59~~ | 5.40 | ~~5.40~~ | ~~5.50~~ | ~~5.25~~ | 5.65 | 5.6375 |
| | 6.25 | 5.52 | | 5.00 | 5.30 | 6.30 | | |
| 48 | ~~5.35~~ | ~~5.56~~ | 5.35 | ~~5.35~~ | ~~5.45~~ | ~~5.20~~ | 5.60 | 5.5822 |
| | 6.15 | 5.48 | | 5.00 | 5.20 | 6.20 | | |
| 49 | ~~5.30~~ | ~~5.53~~ | 5.30 | ~~5.30~~ | ~~5.40~~ | ~~5.15~~ | 5.55 | 5.5404 |
| | 6.05 | 5.44 | | 5.00 | 5.10 | 6.10 | | |
| 50 | ~~5.25~~ | ~~5.50~~ | 5.25 | ~~5.25~~ | ~~5.35~~ | ~~5.10~~ | 5.50 | 5.5000 |
| | 5.95 | 5.40 | | 5.00 | 5.00 | 6.00 | | |
| 51 | ~~5.20~~ | ~~5.45~~ | 5.25 | ~~5.20~~ | ~~5.30~~ | ~~5.05~~ | 5.45 | 5.4384 |
| | 5.85 | 5.36 | | 5.00 | 5.00 | 5.90 | | |
| 52 | ~~5.15~~ | ~~5.40~~ | 5.25 | ~~5.15~~ | ~~5.25~~ | ~~5.00~~ | 5.40 | 5.3776 |
| | 5.75 | 5.32 | | 5.00 | 5.00 | 5.80 | | |
| 53 | ~~5.10~~ | ~~5.35~~ | 5.25 | ~~5.10~~ | ~~5.25~~ | ~~5.00~~ | 5.35 | 5.3167 |
| | 5.65 | 5.28 | | 5.00 | 5.00 | 5.70 | | |
| 54 | ~~5.05~~ | ~~5.30~~ | 5.25 | ~~5.05~~ | ~~5.25~~ | ~~5.00~~ | 5.30 | 5.2826 |
| | 5.55 | 5.24 | | 5.00 | 5.00 | 5.60 | | |
| 55 | ~~5.00~~ | ~~5.25~~ | 5.25 | 5.00 | ~~5.25~~ | ~~5.00~~ | 5.25 | 5.2500 |
| | 5.45 | 5.20 | | | 5.00 | 5.50 | | |
| 56 | ~~5.00~~ | ~~5.20~~ | 5.25 | 5.00 | ~~5.25~~ | ~~5.00~~ | ~~5.25~~ | 5.2500 |
| | 5.35 | 5.16 | | | 5.00 | 5.40 | 5.20 | |
| 57 | ~~5.00~~ | ~~5.15~~ | 5.25 | 5.00 | ~~5.25~~ | ~~5.00~~ | ~~5.25~~ | 5.2500 |
| | 5.25 | 5.12 | | | 5.00 | 5.30 | 5.15 | |
| 58 | ~~5.00~~ | ~~5.10~~ | 5.25 | ~~5.00~~ | ~~5.25~~ | ~~5.00~~ | ~~5.25~~ | 5.2500 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 59 | ~~5.00~~ | ~~5.05~~ | 5.25 | ~~5.00~~ | ~~5.25~~ | ~~5.00~~ | ~~5.25~~ | 5.2500 |
| | 5.25 | 5.04 | | 5.20 | 5.00 | 5.10 | 5.05 | |
| 60 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.30 | 5.00 | | 5.00 | |
| 61 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.40 | 5.00 | | 5.00 | |
| 62 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.50 | 5.00 | | 5.00 | |
| 63 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.60 | 5.00 | | 5.00 | |
| 64 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.70 | 5.00 | | 5.00 | |
| 65 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.70 | 5.00 | | 5.00 | |
| 66 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.70 | 5.00 | | 5.00 | |
| 67 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.70 | 5.00 | | 5.00 | |
| 68 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.70 | 5.00 | | 5.00 | |
| 69 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.70 | 5.00 | | 5.00 | |
| 70 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.70 | 5.00 | | 5.00 | |
| 71 | ~~5.00~~ | 5.00 | | ~~5.00~~ | | | | |
| | 5.25 | | | 5.70 | | | | |

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

| plan | payroll growth assumption |
|---|---|
| general state employees retirement plan | 5.00% |
| correctional state employees retirement plan | 5.00 |
| state patrol retirement plan | 5.00 |
| legislators retirement plan | 5.00 |
| elective state officers retirement plan | 5.00 |
| judges retirement plan | 5.00 |
| general public employees retirement plan | 6.00 |
| public employees police and fire retirement plan | 6.00 |
| local government correctional service retirement plan | 6.00 |
| teachers retirement plan | 5.00 |
| Duluth teachers retirement plan | 5.00 |
| Minneapolis teachers retirement plan | 5.00 |
| St. Paul teachers retirement plan | 5.00 |

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on June 30, 2002.

ARTICLE 9

AUTHORIZATION OF ADDITIONAL
SUPPLEMENTAL RETIREMENT PLANS

Section 1. Minnesota Statutes 2001 Supplement, section 356.24, subdivision 1, is amended to read:

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

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

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

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

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

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

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

(ii) in payment of the applicable portion of the contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year;

(6) for personnel employed by the board of trustees of the Minnesota state colleges and universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of $2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit; ~~or~~

(8) to the laborer's national industrial pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of $2,000 per year per employee;

(9) to the plumbers' and pipefitters' national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of $2,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of $2,000 per year per employee; or

(11) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

Sec. 2. Minnesota Statutes 2000, section 356.25, is amended to read:

356.25 [LOCAL GOVERNMENTAL PENSION FUND PROHIBITIONS; EXCLUSIONS.]

Notwithstanding any other provision of law or charter, no city, county, public agency or instrumentality, or other political subdivision ~~shall, after August 1, 1975,~~ is required or permitted to establish for any of its employees any local pension plan or fund financed in whole or in part from public funds, other than:

(1) a supplemental pension or deferred compensation plan authorized under section 356.24; or

(2) a volunteer firefighter's relief association established ~~pursuant to~~ under chapter 424A and governed by sections 69.771 to 69.776.

Sec. 3. [RATIFICATION AND VALIDATION OF CERTAIN PAST ACTIONS.]

Any supplemental pension plan that is organized and operated under section 401(a) of the federal Internal Revenue Code, as amended, that is wholly and solely funded by an employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay, and that was established before the effective date of this act and any contributions to the plan that may be characterized as public funds within the meaning of Minnesota Statutes, section 356.24, are hereby ratified and validated.

Sec. 4. [EFFECTIVE DATE.]

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

ARTICLE 10

GENERAL RETIREMENT LAW
REORGANIZATION AND RECODIFICATION
PUBLIC RETIREMENT PLAN PURPOSE

Section 1. Minnesota Statutes 2000, section 356.001, is amended to read:

356.001 [PURPOSE OF PUBLIC PLANS.]

Subdivision 1. [EXCLUSIVE BENEFIT OF MEMBERS AND BENEFICIARIES.] (a) The public plans and funds specified in subdivision 4 are established to provide for the retirement of their members and to provide funds for the beneficiaries of members in the event of death of a member.

(b) The public plans and funds are established and ~~shall~~ must be maintained for the exclusive benefit of the members and the beneficiaries of the members. Except as provided in subdivisions 2 and 3, no part of the moneys of the plans and funds ~~shall~~ may revert to the plan or fund or be used for or diverted to purposes other than the exclusive benefit of the members or their beneficiaries.

Subd. 2. [ALLOWABLE EXPENSES.] The necessary, reasonable, and direct expenses of maintaining, protecting, and administering the public plan or fund, as authorized in the laws governing the plan or fund, ~~shall~~ must be considered as expenditures for the exclusive benefit of the members or their beneficiaries.

Subd. 3. [EFFECT OF AMENDMENTS OR TERMINATION.] (a) If a public plan or fund ~~as~~ defined in subdivision 4 is terminated or the plan or fund provisions are amended, no part of the moneys held in the plan or fund ~~shall~~ may be used for or diverted to any purpose other than the exclusive benefit of the members or their beneficiaries, except as provided in this subdivision.

(b) If a plan or fund is terminated, all affected members have a nonforfeitable interest in their benefits that were accrued and funded to date. The value of the accrued benefits to be credited to the account of each affected member ~~shall~~ must be calculated as of the date of termination and the funding ratio of the plan or fund must be applied to the accrued benefit of each affected member.

(c) The board of trustees of the plan or fund shall ~~then~~, as soon as administratively feasible following the termination, pay each eligible member or beneficiary on behalf of a member the amount in the member's account in a lump sum. In the case of a member whose whereabouts is unknown, the board shall notify the member at the last known address by certified mail with return receipt requested advising the member of the member's right to a pending distribution. If the member cannot be located in this manner, the board shall establish a custodial account for the member's benefit in a federally insured bank, savings association, or credit union in which the member's account balance ~~shall~~ must be deposited. If the board receives proof of death of a member that is satisfactory to the board, the account balance ~~shall~~ must be paid to the beneficiary of the member.

Subd. 4. [COVERED PLANS AND FUNDS.] This section applies to all public pension and retirement plans and funds established ~~pursuant to~~ under the laws of the state of Minnesota that receive contributions from moneys derived from taxation.

Subd. 5. [CONSTRUCTION.] Nothing contained in this section ~~shall~~ may be construed to authorize, or otherwise imply, a legislative policy or intent favoring the termination of any plan or fund to which this section applies.

PUBLIC PENSION PLAN ACTUARIAL, FINANCIAL,
AND INVESTMENT REPORTING

Sec. 2. Minnesota Statutes 2000, section 356.20, subdivision 1, is amended to read:

Subdivision 1. [REPORT REQUIRED.] (a) The governing or managing board or administrative officials of the public pension and retirement funds enumerated in subdivision 2 shall annually prepare and file a financial report following the close of each fiscal year.

(b) This requirement ~~shall~~ also ~~apply~~ applies to any plan or fund which may be a successor to any organization so enumerated or to any newly formed retirement plan, fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations.

(c) The report ~~shall~~ must be prepared under the supervision and at the direction of the management of each fund and ~~shall~~ must be signed by the presiding officer of the managing board of the fund and the chief administrative official of the fund.

Sec. 3. Minnesota Statutes 2000, section 356.20, subdivision 2, is amended to read:

Subd. 2. [COVERED PUBLIC PENSION PLANS AND FUNDS.] This section applies to the following public pension plans:

(1) the general state employees retirement ~~fund.~~ plan of the Minnesota state retirement system;

(2) the general employees retirement plan of the public employees retirement ~~fund.~~ association;

(3) the teachers retirement association~~.~~;

(4) the state patrol retirement ~~fund.~~ plan;

(5) the Minneapolis teachers retirement fund association~~.~~;

(6) the St. Paul teachers retirement fund association~~.~~;

(7) the Duluth teachers retirement fund association~~.~~;

(8) the Minneapolis employees retirement fund~~.~~;

(9) the University of Minnesota faculty retirement plan~~.~~;

(10) the University of Minnesota faculty supplemental retirement plan~~.~~;

(11) the judges retirement fund~~.~~;

(12) ~~Any~~ a police or firefighter's relief association ~~enumerated~~ described in section 69.77, subdivision 1a, or 69.771, subdivision 1~~.~~;

(13) the public employees police and fire ~~fund.~~ plan of the public employees retirement association;

(14) the correctional state employees retirement plan of the Minnesota state retirement system ~~correctional officers retirement fund.~~; and

(15) ~~public employees~~ the local government correctional service retirement plan of the public employees retirement association.

Sec. 4. Minnesota Statutes 2000, section 356.20, subdivision 3, is amended to read:

Subd. 3. [FILING REQUIREMENT.] The financial report is a public record. A copy of the report or a synopsis of the report containing the information required by this section ~~shall~~ must be distributed annually to each member of the fund and to the governing body of each governmental subdivision of the state which makes employers contributions thereto or in whose behalf taxes are levied for the employers' contribution. A signed copy of the report ~~shall~~ must be delivered to the executive director of the legislative commission on pensions and retirement and to the legislative reference library not later than six months after the close of each fiscal year or one month following the completion and delivery to the retirement fund of the actuarial valuation report of the fund by the actuary retained by the legislative commission on pensions and retirement, if applicable, whichever is later.

Sec. 5. Minnesota Statutes 2000, section 356.20, subdivision 4, is amended to read:

Subd. 4. [CONTENTS OF FINANCIAL REPORT.] (a) The financial report required by this section must contain financial statements and disclosures that indicate the financial operations and position of the retirement plan and fund. The report must conform with generally accepted governmental accounting principles, applied on a consistent basis. The report must be audited. The report must include, as part of its exhibits or footnotes, an actuarial disclosure item based on the actuarial valuation calculations prepared by the commission-retained actuary or by the actuary retained by the retirement fund or plan, if applicable, according to applicable actuarial requirements enumerated in section 356.215, and specified in the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement. The accrued assets, the accrued liabilities, including accrued reserves, and the unfunded actuarial accrued liability of the fund or plan must be disclosed. The disclosure item must contain a declaration by the actuary retained by the legislative commission on pensions and retirement or the actuary retained by the fund or plan, whichever applies, specifying that the required reserves for any retirement, disability, or survivor benefits provided under a benefit formula are computed in accordance with the entry age actuarial cost method and with the most recent applicable standards for actuarial work adopted by the legislative commission on pensions and retirement.

~~(a)~~ (b) Assets of the fund or plan contained in the disclosure item must include the following statement of the actuarial value of current assets as defined in section 356.215, subdivision 1:

| | Value at cost | Value at market |
|---|---|---|
| Cash, cash equivalents, and short-term securities | . . . . . | . . . . . |
| Accounts receivable | . . . . . | . . . . . |
| Accrued investment income | . . . . . | . . . . . |
| Fixed income investments | . . . . . | . . . . . |
| Equity investments other than real estate | . . . . . | . . . . . |
| Real estate investments | . . . . . | . . . . . |
| Equipment | . . . . . | . . . . . |
| Equity in the Minnesota postretirement investment fund | . . . . . | . . . . . |
| Other | . . . . . | . . . . . |

Total assets

| | |
|---|---|
| Value at cost | . . . . . |
| Value at market | . . . . . |
| Value of current assets | . . . . . |

~~(b)~~ (c) The unfunded actuarial accrued liability of the fund or plan contained in the disclosure item must include the following measures of unfunded actuarial accrued liability, using the value of current assets:

(1) unfunded actuarial accrued liability, determined by subtracting the current assets and the present value of future normal costs from the total current and expected future benefit obligations; and

(2) unfunded pension benefit obligation, determined by subtracting the current assets from the actuarial present value of credited projected benefits.

If the current assets of the fund or plan exceed the actuarial accrued liabilities, the excess must be disclosed and indicated as a surplus.

~~(c)~~ (d) The pension benefit obligations schedule included in the disclosure must contain the following information on the benefit obligations:

(1) the pension benefit obligation, determined as the actuarial present value of credited projected benefits on account of service rendered to date, separately identified as follows:

(i) for annuitants;
retirement annuities;
disability benefits;
surviving spouse and child benefits;

(ii) for former members without vested rights;
(iii) for deferred annuitants' benefits, including any augmentation;
(iv) for active employees;
accumulated employee contributions, including allocated investment income;
employer-financed benefits vested;
employer-financed benefits nonvested;
total pension benefit obligation; and

(2) if there are additional benefits not appropriately covered by the foregoing items of benefit obligations, a separate identification of the obligation.

~~(d)~~ (e) Any additional statements or exhibits or more detailed or subdivided itemization of a disclosure item that will enable the management of the fund to portray a true interpretation of the fund's financial condition must be included in the additional statements or exhibits.

Sec. 6. Minnesota Statutes 2000, section 356.20, subdivision 4a, is amended to read:

Subd. 4a. [FINANCIAL REPORT FOR POLICE OR FIREFIGHTERS RELIEF ASSOCIATION.] For any police or firefighter's relief association referred to in subdivision 2, clause (12), a financial report duly filed ~~pursuant to~~ and meeting the requirements of section 69.051 ~~shall~~ must be deemed to have met the requirements of subdivision 4.

Sec. 7. Minnesota Statutes 2000, section 356.215, as amended by Laws 2001, First Special Session chapter 10, article 11, section 18, is amended to read:

356.215 [ACTUARIAL VALUATIONS AND EXPERIENCE STUDIES.]

Subdivision 1. [DEFINITIONS.] (a) For the purposes of sections 3.85 and 356.20 to 356.23, each of the terms in the following paragraphs have the meaning given.

(b) "Actuarial valuation" means a set of calculations prepared by the actuary retained by the legislative commission on pensions and retirement if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

(c) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who has at least 15 years of service to major public employee pension or retirement funds or who is a fellow in the society of actuaries.

(d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual, if the benefit plan is governed by section 69.773, or over the earnings of the individual, if the benefit plan is governed by any other law, between the entry age and the assumed exit age, with the portion of ~~this~~ the actuarial present value which is allocated to the valuation year to be the normal cost and the portion of ~~this~~ the actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

(e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

(f) "Current assets" means:

(1) ~~for the July 1, 1999, actuarial valuation, the value of all assets at cost, including realized capital gains or losses, plus one-third of any unrealized capital gains or losses;~~

~~(2) for the July 1, 2000, actuarial valuation, the market value of all assets as of June 30, 2000, reduced by:~~

~~(i) 60 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation, and~~

~~(ii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;~~

~~(3)~~ for the July 1, 2001, actuarial valuation, the market value of all assets as of June 30, 2001, reduced by:

(i) 30 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation; and

(iii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation;

~~(4)~~ (2) for the July 1, 2002, actuarial valuation, the market value of all assets as of June 30, 2002, reduced by:

(i) ten percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 40 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(iii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2001, and June 30, 2002, and the computed increase in the market value of assets between June 30, 2001, and June 30, 2002, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2001, actuarial valuation; or

~~(5)~~ (3) for any actuarial valuation after July 1, 2002, the market value of all assets as of the preceding June 30, reduced by:

(i) 20 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred four years earlier;

(ii) 40 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred three years earlier;

(iii) 60 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between the immediately prior June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

(g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of current assets and the present value of future normal costs.

(h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.

Subd. 2. [REQUIREMENTS.] (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. To achieve this goal:

(1) the legislative commission on pensions and retirement shall have prepared by the actuary retained by the commission annual actuarial valuations of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7); and

(2) the commissioner of finance may have prepared by the actuary retained by the commission, two years after each set of quadrennial experience studies, quadrennial projection valuations of at least one of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), for which the commissioner determines that the analysis may be beneficial.

(b) The governing or managing board or administrative officials of each public pension and retirement fund or plan enumerated in section 356.20, subdivision 2, clauses (9), (10), and (12), shall have prepared by an approved actuary annual actuarial valuations of their respective funds as provided in this section. This requirement also applies to any fund or plan that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing or managing board or administrative officials of any newly formed retirement fund, plan, or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire fund ~~coming within the provisions of~~ to which section 356.216 applies.

Subd. 2a. [PROJECTION VALUATION REQUIREMENTS.] (a) A quadrennial projection valuation ~~required~~ authorized under subdivision 2 is intended to serve as an additional analytical tool with which policy makers may assess the future funding status of public plans through forecasting and testing various potential outcomes over time if certain plan assumptions or valuation methods were to be modified.

(b) In consultation with the retirement fund directors, the state economist, the state demographer, the commissioner of finance, and the commissioner of employee relations, the actuary retained by the legislative commission on pensions and retirement shall perform the quadrennial projection valuations on behalf of the commissioner of finance, testing future implications for plan funding by modifying assumptions and methods currently in place. The commission-retained actuary shall provide advice to the commissioner as to the periods over which such projections should be made, the nature and scope of the scenarios to be analyzed, and the measures of funding status to be employed, and shall report the results of these analyses in the same manner as for quadrennial experience studies.

Subd. 3. [REPORTS.] (a) The actuarial valuations required annually must be made as of the beginning of each fiscal year.

(b) Two copies of the valuation must be delivered to the executive director of the legislative commission on pensions and retirement, to the commissioner of finance and to the legislative reference library, not later than the first day of the sixth month occurring after the end of the previous fiscal year.

(c) Two copies of a quadrennial experience study must be filed with the executive director of the legislative commission on pensions and retirement, with the commissioner of finance, and with the legislative reference library, not later than the first day of the 11th month occurring after the end of the last fiscal year of the four-year period which the experience study covers.

(d) For actuarial valuations and experience studies prepared at the direction of the legislative commission on pensions and retirement, two copies of the document must be delivered to the governing or managing board or administrative officials of the applicable public pension and retirement fund or plan.

Subd. 4. [ACTUARIAL VALUATION; CONTENTS.] (a) The actuarial valuation must be made in conformity with the requirements of the definition contained in subdivision 1 and the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement.

(b) The actuarial valuation must measure all aspects of the benefit plan of the fund in accordance with changes in benefit plans, if any, and salaries reasonably anticipated to be in force during the ensuing fiscal year. The actuarial valuation must be prepared in accordance with the entry age actuarial cost method. The actuarial valuation required under this section must include the information required in subdivisions ~~4a~~ 5 to ~~4k~~ 15.

Subd. ~~4a~~ 5. [NORMAL COST.] For a fund providing benefits in whole or in part under a defined benefit plan, the actuarial valuation must indicate the level normal cost of the benefits provided ~~by~~ under the laws governing the fund as of the date of the valuation, calculated in accordance with the entry age actuarial cost method. The normal cost must be expressed as a level percentage of the present value of future payrolls of the active participants of the fund as of the date of the valuation.

Subd. ~~4b~~ 6. [ACCRUED LIABILITY.] For a fund providing benefits under a defined benefit plan, the actuarial valuation must contain an exhibit indicating the actuarial accrued liabilities of the fund. This figure is the present value of future benefits~~,~~ reduced by the present value of future normal costs, calculated in accordance with the entry age actuarial cost method.

Subd. ~~4c~~ 7. [DEFINED CONTRIBUTION PLAN ACCUMULATIONS.] For each fund providing benefits under ~~the~~ a money purchase or defined contribution plan, the actuarial valuation ~~shall~~ must contain an exhibit indicating the member contributions accumulated at interest, as apportioned to members accounts, to the date of the valuation. These accumulations ~~shall~~ must be separately tabulated in a manner which properly reflects any differences in money purchase or defined contribution annuity rates which may apply.

Subd. ~~4d~~ 8. [INTEREST AND SALARY ASSUMPTIONS.] (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

| plan | preretirement interest rate assumption | postretirement interest rate assumption |
|---|---|---|
| general state employees retirement plan | 8.5% | 6.0% |
| correctional state employees retirement plan | 8.5 | 6.0 |
| state patrol retirement plan | 8.5 | 6.0 |
| legislators retirement plan | 8.5 | 6.0 |
| elective state officers retirement plan | 8.5 | 6.0 |
| judges retirement plan | 8.5 | 6.0 |
| general public employees retirement plan | 8.5 | 6.0 |
| public employees police and fire retirement plan | 8.5 | 6.0 |
| local government correctional service retirement plan | 8.5 | 6.0 |
| teachers retirement plan | 8.5 | 6.0 |
| Minneapolis employees retirement plan | 6.0 | 5.0 |
| Duluth teachers retirement plan | 8.5 | 8.5 |
| Minneapolis teachers retirement plan | 8.5 | 8.5 |
| St. Paul teachers retirement plan | 8.5 | 8.5 |
| Minneapolis police relief association | 6.0 | 6.0 |
| ~~other local~~ Fairmont police relief ~~associations~~ association | 5.0 | 5.0 |
| Minneapolis fire department relief association | 6.0 | 6.0 |
| ~~other local salaried firefighters~~ Virginia fire department relief ~~associations~~ association | 5.0 | 5.0 |
| local monthly benefit volunteer firefighters relief associations | 5.0 | 5.0 |

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

| plan | future salary increase assumption |
|---|---|
| legislators retirement plan | 5.0% |
| elective state officers retirement plan | 5.0 |

| | |
|---|---|
| judges retirement plan | 5.0 |
| Minneapolis police relief association | 4.0 |
| ~~other local~~ Fairmont police relief ~~associations~~ association | 3.5 |
| Minneapolis fire department relief association | 4.0 |
| ~~other local salaried firefighters~~ Virginia fire department relief ~~associations~~ association | 3.5 |

(2) modified single rate future salary increase assumption

| plan | future salary increase assumption |
|---|---|
| Minneapolis employees retirement plan | the prior calendar year amount increased first by 1.0198 percent to prior fiscal year date and then increased by 4.0 percent annually for each future year |

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

| plan | future salary increase assumption |
|---|---|
| general state employees retirement plan | select calculation and assumption A |
| correctional state employees retirement plan | assumption H |
| state patrol retirement plan | assumption H |
| general public employees retirement plan | select calculation and assumption B |
| public employees police and fire fund retirement plan | assumption C |
| local government correctional service retirement plan | assumption H |
| teachers retirement plan | assumption D |
| Duluth teachers retirement plan | assumption E |
| Minneapolis teachers retirement plan | assumption F |
| St. Paul teachers retirement plan | assumption G |

The select calculation is:
during the ten-year select period, ~~0.2~~ a designated percent is multiplied by the result of ten minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated percent is 0.2 percent for the correctional state employees retirement plan, the state patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; 0.3 percent for the general state employees retirement plan, the general public employees retirement plan, the teachers retirement plan, the Duluth teachers retirement fund association, and the St. Paul teachers retirement fund association; and 0.4 percent for the Minneapolis teachers retirement fund association.

The ultimate future salary increase assumption is:

| age | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| 16 | 6.95% | 6.95% | 11.50% | 8.20% | 8.00% | ~~7.50~~% | ~~7.25~~% | 7.7500 |
| 17 | 6.90 | 6.90 | 11.50 | 8.15 | 8.00 | 6.50 ~~7.50~~ | 6.90 ~~7.25~~ | 7.7500 |
| 18 | 6.85 | 6.85 | 11.50 | 8.10 | 8.00 | 6.50 ~~7.50~~ | 6.90 ~~7.25~~ | 7.7500 |
| 19 | 6.80 | 6.80 | 11.50 | 8.05 | 8.00 | 6.50 ~~7.50~~ | 6.90 ~~7.25~~ | 7.7500 |
| 20 | 6.75 | ~~6.75~~ | 11.50 | ~~8.00~~ | ~~8.00~~ | 6.50 ~~7.50~~ | 6.90 ~~7.25~~ | 7.7500 |
| 21 | ~~6.70~~ | 6.40 ~~6.70~~ | 11.50 | 6.00 ~~7.95~~ | 6.90 ~~8.00~~ | 6.50 ~~7.50~~ | 6.90 ~~7.25~~ | 7.1454 |
| 22 | 6.75 ~~6.65~~ | 6.40 ~~6.65~~ | 11.00 | 6.00 ~~7.90~~ | 6.90 ~~8.00~~ | 6.50 ~~7.50~~ | 6.90 ~~7.25~~ | 7.0725 |
| 23 | 6.75 | 6.40 | 10.50 | 6.00 | 6.85 | 6.50 | 6.85 | 7.0544 |
| 24 | ~~6.66~~ | ~~6.55~~ | 10.00 | ~~7.80~~ | ~~7.80~~ | ~~7.30~~ | ~~7.20~~ | 7.0363 |
| 25 | 6.75 ~~6.50~~ | 6.40 ~~6.50~~ | 9.50 | 6.00 ~~7.75~~ | 6.80 ~~7.70~~ | 6.50 ~~7.20~~ | 6.80 ~~7.15~~ | 7.0000 |
| 26 | 6.75 ~~6.45~~ | 6.40 ~~6.45~~ | 9.20 | 6.00 ~~7.70~~ | 6.75 ~~7.60~~ | 6.50 ~~7.10~~ | 6.75 ~~7.10~~ | 7.0000 |
| 27 | 6.75 ~~6.40~~ | 6.36 ~~6.40~~ | 8.90 | 6.00 ~~7.65~~ | 6.70 ~~7.50~~ | 6.50 ~~7.00~~ | 6.70 ~~7.05~~ | 7.0000 |
| 28 | 6.75 ~~6.35~~ | 6.32 ~~6.35~~ | 8.60 | 6.00 ~~7.60~~ | 6.65 ~~7.40~~ | 6.50 ~~6.90~~ | 6.65 ~~7.00~~ | 7.0000 |
| 29 | 6.75 ~~6.30~~ | 6.28 ~~6.30~~ | 8.30 | 6.00 ~~7.55~~ | 6.60 ~~7.30~~ | 6.50 ~~6.80~~ | 6.60 ~~6.95~~ | 7.0000 |
| 30 | 6.75 ~~6.25~~ | 6.24 ~~6.30~~ | 8.00 | 6.00 ~~7.50~~ | 6.55 ~~7.20~~ | 6.50 ~~6.70~~ | 6.55 ~~6.90~~ | 7.0000 |
| 31 | 6.75 ~~6.20~~ | 6.20 ~~6.25~~ | 7.80 | 6.00 ~~7.45~~ | 6.50 ~~7.10~~ | 6.50 ~~6.60~~ | 6.50 ~~6.85~~ | 7.0000 |
| 32 | 6.75 ~~6.15~~ | 6.16 ~~6.21~~ | 7.60 | 6.00 ~~7.40~~ | 6.45 ~~7.00~~ | 6.50 ~~6.50~~ | 6.45 ~~6.80~~ | 7.0000 |
| 33 | 6.75 ~~6.10~~ | 6.12 ~~6.17~~ | 7.40 | 6.00 ~~7.30~~ | 6.40 ~~6.90~~ | 6.50 ~~6.40~~ | 6.40 ~~6.75~~ | 7.0000 |
| 34 | 6.75 ~~6.05~~ | 6.08 ~~6.09~~ | 7.20 | 6.00 ~~7.10~~ | 6.35 ~~6.80~~ | 6.50 ~~6.30~~ | 6.35 ~~6.70~~ | 7.0000 |
| 35 | 6.75 ~~6.00~~ | 6.04 ~~6.05~~ | 7.00 | 6.00 ~~7.00~~ | 6.30 ~~6.70~~ | 6.50 ~~6.20~~ | 6.30 ~~6.65~~ | 7.0000 |
| 36 | 6.75 ~~6.95~~ | 6.00 ~~6.01~~ | 6.80 | 6.00 ~~6.85~~ | 6.25 ~~6.60~~ | 6.50 ~~6.10~~ | 6.25 ~~6.60~~ | 6.9019 |
| 37 | 6.75 ~~5.90~~ | 5.96 ~~5.97~~ | 6.60 | 6.00 ~~6.70~~ | 6.20 ~~6.50~~ | 6.50 ~~6.00~~ | 6.20 ~~6.55~~ | 6.8074 |
| 38 | 6.75 ~~5.85~~ | 5.92 ~~5.93~~ | 6.40 | 6.00 ~~6.55~~ | 6.15 ~~6.40~~ | 6.50 ~~5.90~~ | 6.15 ~~6.50~~ | 6.7125 |
| 39 | 6.75 ~~5.80~~ | 5.88 ~~5.89~~ | 6.20 | 5.90 ~~6.40~~ | 6.10 ~~6.30~~ | 6.50 ~~5.80~~ | 6.10 ~~6.40~~ | 6.6054 |
| 40 | 6.75 ~~5.75~~ | 5.84 ~~5.85~~ | 6.00 | 5.80 ~~6.25~~ | 6.05 ~~6.20~~ | 6.50 ~~5.70~~ | 6.05 ~~6.30~~ | 6.5000 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 41 | 5.70 | 5.81 | 5.90 | 6.10 | 6.10 | 5.60 | 6.20 | 6.3540 |
| 42 | 6.75 ~~5.65~~ | 5.76 ~~5.77~~ | 5.80 | 5.60 ~~5.95~~ | 5.90 ~~6.00~~ | 6.50 ~~5.50~~ | 5.95 ~~6.10~~ | 6.2087 |
| 43 | 6.75 ~~5.60~~ | 5.72 ~~5.73~~ | 5.70 | 5.50 ~~5.80~~ | 5.80 ~~5.90~~ | 6.50 ~~5.45~~ | 5.90 ~~6.00~~ | 6.0622 |
| 44 | 6.65 ~~5.55~~ | 5.68 ~~5.69~~ | 5.60 | 5.40 ~~5.65~~ | 5.70 ~~5.80~~ | 6.50 ~~5.40~~ | 5.85 ~~5.90~~ | 5.9048 |
| 45 | 6.55 ~~5.50~~ | 5.64 ~~5.65~~ | 5.50 | 5.30 ~~5.50~~ | 5.60 ~~5.70~~ | 6.50 ~~5.35~~ | 5.80 ~~5.80~~ | 5.7500 |
| 46 | 6.45 ~~5.45~~ | 5.60 ~~5.62~~ | 5.45 | 5.20 ~~5.45~~ | 5.50 ~~5.60~~ | 6.50 ~~5.30~~ | 5.75 ~~5.70~~ | 5.6940 |
| 47 | 6.35 ~~5.40~~ | 5.56 ~~5.59~~ | 5.40 | 5.10 ~~5.40~~ | 5.40 ~~5.50~~ | 6.40 ~~5.25~~ | 5.70 5.65 | 5.6375 |
| 48 | 6.25 ~~5.35~~ | 5.52 ~~5.56~~ | 5.35 | 5.00 ~~5.35~~ | 5.30 ~~5.45~~ | 6.30 ~~5.20~~ | 5.60 | 5.5822 |
| 49 | 6.15 ~~5.30~~ | 5.48 ~~5.53~~ | 5.30 | 5.00 ~~5.30~~ | 5.20 ~~5.40~~ | 6.20 ~~5.15~~ | 5.55 | 5.5404 |
| 50 | 6.05 ~~5.25~~ | 5.44 ~~5.50~~ | 5.25 | 5.00 ~~5.25~~ | 5.10 ~~5.35~~ | 6.10 ~~5.10~~ | 5.50 | 5.5000 |
| 51 | 5.95 ~~5.20~~ | 5.40 ~~5.45~~ | 5.25 | 5.00 ~~5.20~~ | 5.00 ~~5.30~~ | 6.00 ~~5.05~~ | 5.45 | 5.4384 |
| 52 | 5.85 ~~5.15~~ | 5.36 ~~5.40~~ | 5.25 | 5.00 ~~5.15~~ | 5.00 ~~5.25~~ | 5.90 ~~5.00~~ | 5.40 | 5.3776 |
| 53 | 5.75 ~~5.10~~ | 5.32 ~~5.35~~ | 5.25 | 5.00 ~~5.10~~ | 5.00 ~~5.25~~ | 5.80 ~~5.00~~ | 5.35 | 5.3167 |
| 54 | 5.65 ~~5.05~~ | 5.28 ~~5.30~~ | 5.25 | 5.00 ~~5.05~~ | 5.00 ~~5.25~~ | 5.70 ~~5.00~~ | 5.30 | 5.2826 |
| 55 | 5.55 ~~5.00~~ | 5.24 ~~5.25~~ | 5.25 | 5.00 5.00 | 5.00 ~~5.25~~ | 5.60 ~~5.00~~ | 5.25 | 5.2500 |
| 56 | 5.45 ~~5.00~~ | 5.20 ~~5.20~~ | 5.25 | 5.00 | 5.00 ~~5.25~~ | 5.50 ~~5.00~~ | ~~5.25~~ | 5.2500 |
| 57 | 5.35 ~~5.00~~ | 5.16 ~~5.15~~ | 5.25 | 5.00 | 5.00 ~~5.25~~ | 5.40 ~~5.00~~ | 5.20 ~~5.25~~ | 5.2500 |
| 58 | 5.25 ~~5.00~~ | 5.12 ~~5.10~~ | 5.25 | ~~5.00~~ | 5.00 ~~5.25~~ | 5.30 ~~5.00~~ | 5.15 ~~5.25~~ | 5.2500 |
| 59 | ~~5.00~~ | ~~5.05~~ | 5.25 | ~~5.00~~ | ~~5.25~~ | ~~5.00~~ | ~~5.25~~ | 5.2500 |
| 60 | 5.25 ~~5.00~~ | 5.04 5.00 | 5.25 | 5.20 ~~5.00~~ | 5.00 ~~5.25~~ | 5.10 5.00 | 5.05 ~~5.25~~ | 5.2500 |
| 61 | 5.25 ~~5.00~~ | 5.00 | 5.25 | 5.30 ~~5.00~~ | 5.00 ~~5.25~~ | 5.00 | 5.00 ~~5.25~~ | 5.2500 |
| 62 | 5.25 ~~5.00~~ | 5.00 | 5.25 | 5.40 ~~5.00~~ | 5.00 ~~5.25~~ | 5.00 | 5.00 ~~5.25~~ | 5.2500 |
| 63 | 5.25 ~~5.00~~ | 5.00 | 5.25 | 5.50 ~~5.00~~ | 5.00 ~~5.25~~ | 5.00 | 5.00 ~~5.25~~ | 5.2500 |
| 64 | 5.25 ~~5.00~~ | 5.00 | 5.25 | 5.60 ~~5.00~~ | 5.00 ~~5.25~~ | 5.00 | 5.00 ~~5.25~~ | 5.2500 |
| 65 | 5.25 ~~5.00~~ | 5.00 | 5.25 | 5.70 ~~5.00~~ | 5.00 ~~5.25~~ | 5.00 | 5.00 ~~5.25~~ | 5.2500 |
| 66 | 5.25 ~~5.00~~ | 5.00 | 5.25 | 5.70 ~~5.00~~ | 5.00 ~~5.25~~ | 5.00 | 5.00 ~~5.25~~ | 5.2500 |
| 67 | 5.25 ~~5.00~~ | 5.00 | 5.25 | 5.70 ~~5.00~~ | 5.00 ~~5.25~~ | 5.00 | 5.00 ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.70 | 5.00 | | 5.00 | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 68 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.70 | 5.00 | | 5.00 | |
| 69 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.70 | 5.00 | | 5.00 | |
| 70 | ~~5.00~~ | 5.00 | 5.25 | ~~5.00~~ | ~~5.25~~ | 5.00 | ~~5.25~~ | 5.2500 |
| | 5.25 | | | 5.70 | 5.00 | | 5.00 | |
| 71 | ~~5.00~~ | 5.00 | | ~~5.00~~ | | | | |
| | 5.25 | | | 5.70 | | | | |

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

| plan | payroll growth assumption |
|---|---|
| general state employees retirement plan | 5.00% |
| correctional state employees retirement plan | 5.00 |
| state patrol retirement plan | 5.00 |
| legislators retirement plan | 5.00 |
| elective state officers retirement plan | 5.00 |
| judges retirement plan | 5.00 |
| general public employees retirement plan | 6.00 |
| public employees police and fire retirement plan | 6.00 |
| local government correctional service retirement plan | 6.00 |
| teachers retirement plan | 5.00 |
| Duluth teachers retirement plan | 5.00 |
| Minneapolis teachers retirement plan | 5.00 |
| St. Paul teachers retirement plan | 5.00 |

Subd. ~~4e~~ 9. [OTHER ASSUMPTIONS.] The actuarial valuation must use assumptions concerning mortality, disability, retirement, withdrawal, retirement age, and any other relevant demographic or economic factor. These assumptions must be set at levels consistent with those determined in the most recent quadrennial experience study completed under subdivision 5, if required, or representative of the best estimate of future experience, if a quadrennial experience study is not required. The actuarial valuation must contain an exhibit indicating any actuarial assumptions used in preparing the valuation report.

Subd. ~~4f~~ 10. [PUBLIC SECTOR ACCOUNTING DISCLOSURE INFORMATION.] The actuarial valuation must contain those actuarial calculations that are necessary to allow the retirement plan administration or participating employing units to prepare the pension-related portions of annual financial reporting that meet generally accepted accounting principles for the public sector.

Subd. ~~4g~~ 11. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must

be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund and the public employees retirement association general plan, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund and the public employees retirement association general plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision ~~4d~~ 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision ~~4d~~ 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision ~~4d~~ 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the general employees retirement plan of the public employees retirement association ~~general plan~~, the established date for full funding is June 30, 2031.

(f) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

Subd. ~~4h~~ 12. [ACTUARIAL GAINS AND LOSSES.] The actuarial valuation must contain an exhibit consisting of an analysis by the actuary explaining the net increase or decrease in the unfunded actuarial accrued liability since the last valuation. The explanation must subdivide the net increase or decrease in the unfunded actuarial accrued liability into at least the following parts:

~~(a)~~ (1) increases or decreases in the unfunded actuarial accrued liability because of changes in benefits;

~~(b)~~ (2) increases and decreases in the unfunded actuarial accrued liability because of changes in actuarial assumptions;

~~(c)~~ (3) increases or decreases in the unfunded actuarial accrued liability attributable to actuarial gains or losses resulting from any experience deviations from the assumptions on which the valuation is based, as follows:

(i) actual investment earnings;

(ii) actual postretirement mortality rates;

(iii) actual salary increase rates; and

(iv) the remainder of the increase or decrease not attributable to any separate source;

~~(d)~~ (4) increases or decreases in unfunded actuarial accrued liability because of other reasons, including the effect of any amortization contribution paid or additional amortization contribution previously calculated but unpaid; and

~~(e)~~ (5) increases or decreases in unfunded actuarial accrued liability because of changes in eligibility requirements or groups included in the membership of the fund.

Subd. ~~4i~~ 13. [MEMBERSHIP TABULATION.] (a) The actuarial valuation must contain a tabulation of active membership and annuitants in the fund. If the membership of a fund is under more than one general benefit program, a separate tabulation must be made for each general benefit program.

(b) The tabulations must be prepared by the administration of the pension fund and must contain the following information:

| | |
|---|---|
| (1) Active members | Number |
| As of last valuation date | |
| New entrants | |
| Total | |
| Separations from active service | |
| Refund of contributions | |
| Separation with deferred annuity | |

Separation with neither refund
nor deferred annuity
Disability
Death
Retirement with service annuity
Total separations
As of current valuation date

(2) Annuitants Number

As of last valuation date
New entrants
Total
Terminations
Deaths
Other

Total terminations
As of current valuation date

(c) The tabulation required under paragraph (b), clause (2), must be made separately for each of the following classes of benefit recipients:

(1) service retirement annuitants;

(2) disability benefit recipients;

(3) survivor benefit recipients; and

(4) deferred annuitants.

Subd. ~~4j~~ 14. [ADMINISTRATIVE EXPENSES.] (a) The actuarial valuation must indicate the administrative expenses of the fund, expressed both in dollars and as a percentage of covered payroll.

(b) Administrative expenses are the costs incurred by the retirement plans in the course of operating the plan, excluding investment expenses. Investment expenses include all expenses incurred for the retention of professional external investment managers and professional investment consultants, custodian bank fees, investment transaction costs, and the costs incurred by the retirement plans to manage investment portfolios or assets internally. Investment expenses must be deducted from the investment return used in the actuarial valuation, and must not be included in administrative expenses when calculating the allowance for expenses.

Subd. ~~4k~~ 15. [BENEFIT PLAN SUMMARY.] The actuarial valuation must contain a summary of the principal provisions of the benefit plan upon which the valuation is based.

Subd. ~~5~~ 16. [QUADRENNIAL EXPERIENCE STUDY; CONTENTS.] A quadrennial experience study, if required, must contain an ~~actuarial~~ analysis by the approved actuary of the experience of the fund and a comparison of the experience with the actuarial assumptions on which the most recent actuarial valuation of the retirement fund was based.

Subd. ~~6~~ 17. [ACTUARIAL SERVICES BY APPROVED ACTUARIES.] (a) The actuarial valuation or quadrennial experience study must be made and any actuarial consulting services for a retirement fund or plan must be provided by an approved actuary. The actuarial valuation or quadrennial experience study must include a signed written declaration that it has been prepared according to sections 356.20 to 356.23 and according to the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement.

(b) Actuarial valuations~~,~~ or experience studies prepared by an approved actuary retained by a retirement fund or plan must be submitted to the legislative commission on pensions and retirement within ten days of the submission of the document to the retirement fund or plan.

Subd. ~~7~~ 18. [ESTABLISHMENT OF ACTUARIAL ASSUMPTIONS.] (a) The actuarial assumptions used for the preparation of actuarial valuations under this section that are other than those set forth in this section may be changed only with the approval of the legislative commission on pensions and retirement.

(b) A change in the applicable actuarial assumptions may be proposed by the governing board of the applicable pension fund or relief association, by the actuary retained by the legislative commission on pensions and retirement, by the actuarial advisor to a pension fund governed by chapter 352, 353, 354, or 354A, or by the actuary retained by a local police or firefighters relief association governed by sections 69.77 or 69.771 to 69.776, if one is retained.

Sec. 8. Minnesota Statutes 2000, section 356.216, is amended to read:

356.216 [CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE AND FIRE FUNDS.]

(a) The provisions of section 356.215 ~~governing~~ that govern the contents of actuarial valuations ~~shall~~ must apply to any local police or fire pension fund or relief association required to make an actuarial report under this section, except as follows:

(1) in calculating normal cost and other requirements, if required to be expressed as a level percentage of covered payroll, the salaries used in computing covered payroll ~~shall~~ must be the maximum rate of salary ~~from~~ on which retirement and survivorship credits and amounts of benefits are determined and from which any member contributions are calculated and deducted;

(2) in lieu of the amortization date specified in section 356.215, subdivision ~~4g~~ 11, the appropriate amortization target date specified in section 69.77, subdivision 2b, or 69.773, subdivision 4, clause (c), ~~shall~~ must be used in calculating any required amortization contribution;

(3) in addition to the tabulation of active members and annuitants provided for in section 356.215, subdivision ~~4i~~ 13, the member contributions for active members for the calendar year and the prospective annual retirement annuities under the benefit plan for active members ~~shall~~ must be reported;

(4) actuarial valuations required ~~pursuant to~~ under section 69.773, subdivision 2, ~~shall~~ must be made at least every four years and actuarial valuations required ~~pursuant to~~ under section 69.77 shall be made annually; ~~and~~

(5) the actuarial balance sheet showing accrued assets valued at market value if the actuarial valuation is required to be prepared at least every four years or valued as current assets under section 356.215, subdivision 1, clause (6), or paragraph (b), whichever applies, if the actuarial valuation is required to be prepared annually, actuarial accrued liabilities, and the unfunded actuarial accrued liability ~~shall~~ must include the following required reserves:

~~(a)~~ (i) For active members
1. Retirement benefits
2. Disability benefits
3. Refund liability due to death or withdrawal
4. Survivors' benefits
~~(b)~~ (ii) For deferred annuitants' benefits
~~(c)~~ (iii) For former members without vested rights
~~(d)~~ (iv) For annuitants
1. Retirement annuities
2. Disability annuities
3. Surviving spouses' annuities
4. Surviving children's annuities

In addition to those required reserves, separate items ~~shall~~ must be shown for additional benefits, if any, which may not be appropriately included in the reserves listed above~~.~~; and

(6) actuarial valuations ~~shall be~~ are due by the first day of the seventh month after the end of the fiscal year which the actuarial valuation covers.

(b) For ~~a~~ the Minneapolis firefighters relief association or the Minneapolis police relief association ~~in a city of the first class with a population of more than 300,000~~, the following provisions additionally apply:

(1) in calculating the actuarial balance sheet, unfunded actuarial accrued liability, and amortization contribution of the relief association, "current assets" means the value of all assets at cost, including realized capital gains and losses, plus or minus, whichever applies, the average value of total unrealized capital gains or losses for the most recent three-year period ending with the end of the plan year immediately preceding the actuarial valuation report transmission date; and

(2) in calculating the applicable portions of the actuarial valuation, an annual preretirement interest assumption of six percent, an annual postretirement interest assumption of six percent, and an annual salary increase assumption of four percent must be used.

Sec. 9. Minnesota Statutes 2000, section 356.217, is amended to read:

356.217 [MODIFICATIONS IN ACTUARIAL SERVICES.]

(a) The cost of any requested benefit projections prepared by the commission-retained actuary relating to the Minnesota postretirement investment fund ~~for~~ at the request of the state board of investment is payable by the state board of investment.

(b) Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to have an individual commentary section. The commentary section, if omitted from the individual plan actuarial ~~valuation~~ valuations, must be included in an appropriate generalized format as part of the report to the legislature under section 3.85, subdivision 11.

(c) Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to contain separate actuarial valuation results for basic and coordinated programs unless each program has a membership of at least ten percent of the total membership of the fund. Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to contain cash flow forecasts.

(d) Actuarial valuations of the public employees police and fire fund local consolidation accounts for July 1, 1991, and thereafter, are not required to contain separate tabulations or summaries of active member, service retirement, disability retirement, and survivor data for each local consolidation account.

(e) The commission-retained actuary is:

(1) required to publish experience findings for those retirement plans for which experience findings are required only on a quadrennial basis for the four-year period ending June 30, 1992, and every four years thereafter;

(2) not required to prepare a separate experience analysis or publish separate experience findings for basic and coordinated programs if separate actuarial valuation results for the programs are not required; and

(3) not required to calculate investment rate of return experience results on any basis other than current asset value as defined in section 356.215, subdivision 1, ~~clause (6)~~ paragraph (f).

Sec. 10. Minnesota Statutes 2000, section 356.219, is amended to read:

356.219 [DISCLOSURE OF PUBLIC PENSION PLAN INVESTMENT PORTFOLIO AND PERFORMANCE INFORMATION.]

Subdivision 1. [REPORT REQUIRED.] (a) Except as indicated in subdivision 4, the state board of investment, on behalf of the public pension funds and programs for which it is the investment authority, and any Minnesota public pension plan that is not fully invested through the state board of investment, including a local police or firefighters' relief association governed by sections 69.77 or 69.771 to 69.775, shall report the information specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or forms for the purposes of the reporting requirements contained in this section.

(b) A local police or firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of this section if all assets of the applicable pension plan beyond sufficient cash equivalent investments to cover six months expected expenses are invested under section 11A.17. The board of any fully invested public pension plan remains responsible for submitting investment policy statements and subsequent revisions as required by subdivision 3, paragraph (a).

(c) For purposes of this section, the state board of investment is considered to be the investment authority for any Minnesota public pension fund required to be invested by the state board of investment under section 11A.23, or for any Minnesota public pension fund authorized to invest in the supplemental investment fund under section 11A.17 and which is fully invested by the state board of investment.

Subd. 2. [ASSET CLASS DEFINITION.] (a) For purposes of this section, "asset class" means any of the following asset groupings as authorized in applicable law, bylaws, or articles of incorporation:

(1) cash and any cash equivalent investments with maturities of one year or less when issued;

(2) debt securities with maturities greater than one year when issued, including but not limited to mortgage participation certificates and pools, asset backed securities, guaranteed investment contracts, and authorized government and corporate obligations of corporations organized under laws of the United States or any state, or the Dominion of Canada or its provinces;

(3) stocks or convertible issues of any corporation organized under laws of the United States or any state, or the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange;

(4) international stocks or convertible issues;

(5) international debt securities; and

(6) real estate and venture capital.

(b) If the pension plan is investing under section 69.77, subdivision 2g, section 69.775, or any other applicable law, in open-end investment companies registered under the federal Investment Company Act of 1940, or in the Minnesota supplemental investment fund under section 11A.17, this investment must be included under an asset class indicated in paragraph (a), clauses (1) through (6), as appropriate. If the investment vehicle includes underlying securities from more than one asset class as indicated by paragraph (a), clauses (1) through (6), the investment may be treated as a separate asset class.

Subd. 3. [CONTENT OF REPORTS.] (a) The report required by subdivision 1 must include a written statement of the investment policy in effect on June 30, 1997, if that statement has not been previously submitted. Following that date, subsequent reports must include investment policy changes and the effective date of each policy change rather than a complete statement of investment policy, unless the state auditor requests submission of a complete current statement. The report must also include the information required by the following paragraphs, as applicable.

(b) If a public pension plan has a total market value of $10,000,000 or more as of the beginning of the calendar year, the report required by subdivision 1 must include the market value of the total portfolio and the market value of each investment account, investment portfolio, or asset class included in the pension fund as of the beginning of the calendar year and for each month, and the amount and date of each injection and withdrawal to the total portfolio and to each investment account, investment portfolio, or asset class. If a public pension plan once files a report under this paragraph, it must continue reporting under this paragraph for any subsequent year in which the public pension plan is not fully invested as specified in subdivision 1, paragraph (b), even if asset values drop below $10,000,000 in market value in ~~a~~ that subsequent year.

(c) For public pension plans to which paragraph (b) applies, the report required by subdivision 1 must also include a calculation of the total time-weighted rate of return available from index-matching investments assuming the asset class performance targets and target asset mix indicated in the written statement of investment policy. The provided information must include a description of indices used in the analyses and an explanation of why those indices are appropriate. This paragraph does not apply to any fully invested plan, as defined by subdivision 1, paragraph (b). Reporting by the state board of investment under this paragraph is limited to information on the Minnesota public pension plans required to be invested by the state board of investment under section 11A.23.

(d) If a public pension plan has a total market value of less than $10,000,000 as of the beginning of the calendar year and was never required to file under paragraph (b), the report required by subdivision 1 must include the amount and date of each total portfolio injection and withdrawal. In addition, the report must include the market value of the total portfolio as of the beginning of the calendar year and for each quarter.

(e) Any public pension plan reporting under paragraph (b) or (d) may include computed time-weighted rates of return with the report, in addition to all other required information, as applicable. If these returns are supplied, the individual who computed the returns must certify that the returns are net of all costs and fees, including investment management fees, and that the procedures used to compute the returns are consistent with bank administration institute studies of investment performance measurement and association of investment management and research presentation standards.

(f) For public pension plans reporting under paragraph (d), the public pension plan must retain supporting information specifying the date and amount of each injection and withdrawal to each investment account and investment portfolio. The public pension plan must also retain the market value of each investment account and investment portfolio at the beginning of the calendar year and for each quarter. Information that is required to be collected and retained for any given year or years under this paragraph must be submitted to the office of the state auditor if the office of the state auditor requests in writing that the information be submitted by a public pension plan or plans, or be submitted by the state board of investment for any plan or plans for which the state board of investment is the investment authority under this section. If the state auditor requests information under this subdivision, and the public plan fails to comply, the pension plan ~~will be~~ is subject to penalties under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

Subd. 4. [ALTERNATIVE REPORTING; CERTAIN PLANS.] In lieu of requirements in subdivision 3, the applicable administration for the individual retirement account plans under chapters 354B and 354D and for the University of Minnesota faculty retirement plan shall submit computed time-weighted rates of return to the office of the state auditor. These time-weighted rates of return must cover the most recent complete calendar year, and must be computed separately for each investment option available to plan members. To the extent feasible, the returns must be computed net of all investment costs, fees, and charges, so that the computed return reflects the net time-weighted return available to the investor. If this is not practical, the existence of any remaining investment cost, fee, or charge which could further lower the net return must be disclosed. The procedures used to compute the returns must be consistent with bank administration institute studies of investment performance measurement and association of investment management and research presentation standards, or, if applicable, securities exchange commission requirements. The individual who computes the returns must certify that the supplied returns comply with this subdivision. The applicable plan administrator must also submit, with the return information, the total amounts invested by the plan members, in aggregate, in each investment option as of the last day of the calendar year.

Subd. 5. [PENALTY FOR NONCOMPLIANCE.] Failure to comply with the reporting requirements of this section ~~shall~~ must result in a withholding of all state aid or state appropriation to which the pension plan may otherwise be directly or indirectly entitled until the pension plan has complied with the reporting requirements. The state auditor shall instruct the commissioners of revenue and finance to withhold any state aid or state appropriation from any pension plan that fails to comply with the reporting requirements contained in this section, until the pension plan has complied with the reporting requirements. The state auditor may waive the withholding of state aid or state appropriations if the state auditor determines in writing that compliance would create an excessive hardship for the pension plan.

Subd. 6. [INVESTMENT DISCLOSURE REPORT.] (a) The state auditor shall prepare an annual report to the legislature on the investment performance of the various public pension plans subject to this section. The content of the report is specified in paragraphs (b) to (e).

(b) For each public pension plan reporting under subdivision 3, paragraph (b), the state auditor shall compute and report total portfolio and asset class time-weighted rates of return, net of all investment-related costs and fees.

(c) For each public pension plan reporting under subdivision 3, paragraph (d), the state auditor shall compute and report total portfolio time-weighted rates of return, net of all costs and fees. If the state auditor has requested data for a plan under subdivision 3, paragraph (f), the state auditor may also compute and report asset class time-weighted rates of return, net of all costs and fees.

(d) The report by the state auditor must include the information submitted by the pension plans under subdivision 3, paragraph (c), or a synopsis of that information.

(e) The report by the state auditor may also include a presentation of multiyear performance, information collected under subdivision 4, and any other information or analysis deemed appropriate by the state auditor.

Subd. 7. [EXPENSE OF REPORT.] All administrative expenses incurred relating to the investment report by the state auditor described in subdivision 6 must be borne by the office of the state auditor and may not be charged back to the entities described in subdivisions 1 or 4.

Subd. 8. [TIMING OF REPORTS.] (a) For salaried firefighter relief associations, police relief associations, and volunteer firefighter relief associations, the information required under this section must be submitted by the due date for reports required under section 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of the covered pension plan shall certify that compliance on a form prescribed by the state auditor. The state auditor shall transmit annually to the state board of investment a list or lists of covered pension plans which submitted certifications~~,~~ in order to facilitate reporting by the state board of investment under paragraph (c) of this subdivision.

(b) For the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, the Duluth teachers retirement fund association, the Minneapolis employees retirement fund, the University of Minnesota faculty supplemental retirement plan, and the applicable administrators for the University of Minnesota faculty retirement plan and the individual retirement account plans under chapters 354B and 354D, the information required under this section must be submitted to the state auditor by June 1 of each year.

(c) The state board of investment, on behalf of pension funds specified in subdivision 1, paragraph (c), must report information required under this section by September 1 of each year.

Sec. 11. Minnesota Statutes 2000, section 356.22, is amended to read:

356.22 [INTERPRETATION.]

Subdivision 1. [PROVISION OF ADDITIONAL VALUATIONS.] No provision in sections 356.20 to 356.23 ~~shall~~ may be construed ~~to~~ in any way to limit any of the enumerated pension and retirement funds from furnishing additional actuarial valuations or experience studies, or additional data and actuarial calculations, as may be requested by the legislature or any standing committee or by the legislative commission on pensions and retirement.

Subd. 2. [ACCELERATED AMORTIZATION.] No provision in sections 356.20 to 356.23 ~~shall~~ may be construed to preclude any public pension and retirement fund enumerated in section 356.20, subdivision 2, from requesting, or the legislature from providing for, the amortization of any unfunded actuarial accrued liability in a shorter period of time than by the established date for full funding as determined ~~pursuant to~~ under section 356.215, subdivision ~~4g~~ 11.

Subd. 3. [ADDITIONAL REQUIRED VALUATIONS.] The legislature or any committee or commission ~~thereof now in existence or hereafter created~~ which has assigned to it the subject of public pensions or public retirement plans may require actuarial valuations and experience studies in conformity with the provisions of sections 356.20 to 356.23 from any public pension and retirement plan or fund, whether enumerated in sections 356.20 to 356.23 or otherwise.

Sec. 12. Minnesota Statutes 2000, section 356.23, is amended to read:

356.23 [SUPPLEMENTAL VALUATIONS; ALTERNATIVE REPORTS AND VALUATIONS.]

Subdivision 1. [SUPPLEMENTAL ACTUARIAL VALUATIONS.] Any supplemental actuarial valuations prepared on behalf of any governing or managing board of any pension and retirement fund enumerated in section 356.20, subdivision 2, by an approved actuary, ~~shall~~ must be prepared in accordance with the applicable provisions of sections 356.20 to 356.23 and with the standards adopted by the legislative commission on pensions and retirement. Any pension and retirement fund which prepares an alternative actuarial valuation under subdivision 2 ~~shall~~ also must have a supplemental actuarial valuation prepared.

Subd. 2. [ALTERNATIVE REPORTS AND VALUATIONS.] In addition to the financial reports and actuarial valuations required by sections 356.20 to 356.23, the governing or managing board of any fund concerned may submit alternative reports and actuarial valuations for distribution to the legislature, any of its committees, or the legislative commission on pensions and retirement on a different basis or on different assumptions than are specified in sections 356.20 to 356.23. The assumptions and basis of any alternative reports and valuations ~~shall~~ must be clearly stated in the document.

LIMITATIONS ON SUPPLEMENTAL AND
LOCAL RETIREMENT PLANS

Sec. 13. Minnesota Statutes 2001 Supplement, section 356.24, subdivision 1, is amended to read:

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

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

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

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

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

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

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

(ii) in payment of the applicable portion of the contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year;

(6) for personnel employed by the board of trustees of the Minnesota state colleges and universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of $2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit; ~~or~~

(8) to the laborer's national industrial pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of $2,000 per year per employee;

(9) to the plumbers' and pipefitters' national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of $2,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of $2,000 per year per employee; or

(11) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

Sec. 14. Minnesota Statutes 2000, section 356.24, subdivision 1b, is amended to read:

Subd. 1b. [VENDOR RESTRICTIONS.] A personnel policy for unrepresented employees ~~or~~, a collective bargaining agreement for represented employees, or a school board for school district employees may establish limits on the number of vendors of plans covered by the exceptions set forth in subdivision 1 that it will utilize and conditions under which ~~the~~ those vendors may contact employees both during working hours and after working hours.

Sec. 15. Minnesota Statutes 2000, section 356.24, subdivision 1c, is amended to read:

Subd. 1c. [STATE BOARD OF INVESTMENT REVIEW.] (a) Any insurance company, mutual fund company, or similar company providing investments eligible under section 403(b) of the Internal Revenue Code and eligible to receive employer contributions under this section may request the state board of investment, in conjunction with the department of commerce, to review the financial standing of the company, the competitiveness of its investment options and returns, and the level of all charges and fees impacting those returns.

(b) The state board of investment may establish a fee for each review. The state board of investment must maintain and have available a list of all reviewed companies.

(c) In reviewing companies under this section, the state board of investment must not be considered to be acting as a fiduciary or to be engaged in a fiduciary activity under chapter 356A or common law.

Sec. 16. Minnesota Statutes 2000, section 356.24, subdivision 2, is amended to read:

Subd. 2. [LIMIT ON CERTAIN CONTRIBUTIONS OR BENEFIT CHANGES.] No change in benefits or employer contributions in a supplemental pension plan to which this section applies that occurs after May 6, 1971, is effective without prior legislative authorization.

Sec. 17. Minnesota Statutes 2000, section 356.245, is amended to read:

356.245 [LOCAL ELECTED OFFICIALS.]

An elected official who is covered by section 353.01, subdivision 2a, is eligible to participate in the state of Minnesota deferred compensation plan under section 356.24. ~~A~~ The applicable local governmental unit may make the matching employer contributions authorized by that section on the part of a participating elected official.

Sec. 18. Minnesota Statutes 2000, section 356.25, is amended to read:

356.25 [LOCAL GOVERNMENTAL PENSION FUND PROHIBITIONS; EXCLUSIONS.]

Notwithstanding any other provision of law or charter to the contrary, no city, county, public agency or instrumentality, or other political subdivision ~~shall, after August 1, 1975,~~ is required or permitted to establish for any of its employees ~~any~~ a local pension plan or fund financed in whole or in part from public funds, other than a volunteer firefighter's relief association that is established ~~pursuant to~~ under chapter 424A and is governed by sections 69.771 to 69.776.

PUBLIC RETIREMENT PLAN PORTABILITY MECHANISMS

Sec. 19. Minnesota Statutes 2000, section 356.30, is amended to read:

356.30 [COMBINED SERVICE ANNUITY.]

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (a) Notwithstanding any provisions of the laws governing the retirement plans enumerated in subdivision 3, a person who has met the qualifications of paragraph (b) may elect to receive a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, based on the allowable service in each plan, subject to the provisions of paragraph (c).

(b) A person may receive, upon retirement, a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(1) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated plans; and

(2) the person has not begun to receive an annuity from any enumerated plan or the person has made application for benefits from each applicable plan and the effective dates of the retirement annuity with each plan under which the person chooses to receive an annuity are within a one-year period.

(c) The retirement annuity from each plan must be based upon the allowable service, accrual rates, and average salary in the applicable plan except as further specified or modified in the following clauses:

(1) the laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered retirement plan with which the person earned a minimum of one-half year of allowable service credit during that employment;

(2) the "average salary" on which the annuity from each covered plan in which the employee has credit in a formula plan ~~shall~~ must be based on the employee's highest five successive years of covered salary during the entire service in covered plans;

(3) the accrual rates to be used by each plan must be those percentages prescribed by each plan's formula as continued for the respective years of allowable service from one plan to the next, recognizing all previous allowable service with the other covered plans;

(4) the allowable service in all the plans must be combined in determining eligibility for and the application of each plan's provisions in respect to reduction in the annuity amount for retirement prior to normal retirement age; and

(5) the annuity amount payable for any allowable service under a nonformula plan of a covered plan must not be affected, but such service and covered salary must be used in the above calculation.

(d) This section does not apply to any person whose final termination from the last public service under a covered plan ~~is prior to~~ was before May 1, 1975.

(e) For the purpose of computing annuities under this section, the accrual rates used by any covered plan, except the public employees police and fire plan, the judges' retirement fund, and the state patrol retirement plan, must not exceed the percent specified in section ~~356.19~~ 356.315, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the judges' retirement fund must not exceed the ~~percent~~ percentage rate specified in section ~~356.19~~ 356.315, subdivision 8, per year of service for any year of service or fraction thereof. The accrual rate used by the public employees police and fire plan and the state patrol retirement plan must not exceed the ~~percent~~ percentage rate specified in section ~~356.19~~ 356.315, subdivision 6, per year of service for any year of service or fraction thereof. The accrual rate or rates used by the legislators retirement plan and the elective state officers retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).

(f) Any period of time for which a person has credit in more than one of the covered plans must be used only once for the purpose of determining total allowable service.

(g) If the period of duplicated service credit is more than one-half year, or the person has credit for more than one-half year, with each of the plans, each plan must apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all plans for the period.

(h) If the period of duplicated service credit is less than one-half year, or when added to other service credit with that plan is less than one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that plan's refund provisions.

Subd. 2. [REPAYMENT OF REFUNDS.] A person who has service credit in one of the ~~funds~~ retirement plans enumerated in subdivision 3 and who is employed or was formerly employed in a position covered by one of these ~~funds~~ covered plans but also has received a refund from any other of these ~~funds~~ covered plans, may repay the refund to the respective ~~fund~~ plan under terms and conditions that are consistent with the laws governing the other ~~fund~~ plan, except that the person need not be a currently contributing member of the ~~fund~~ plan to which the refund is repaid at the time the repayment is made. Unless otherwise provided by statute, the repayment of a refund under this subdivision may only be made within six months following termination of employment from a position covered by one of the ~~funds~~ covered plans enumerated in subdivision 3 or before the date of retirement from the ~~fund~~ plan to which the refund is repaid, whichever is earlier.

Subd. 2a. [PURCHASES OF PRIOR SERVICE.] If a purchase of prior service is made under the provisions of Laws 1988, chapter 709, article 3, or any similar special or general law provision which allows a purchase of service credit in any of the ~~funds~~ retirement plans enumerated in subdivision 3, the amount of required reserves calculated as prescribed in Laws 1988, chapter 709, article 3, must be paid to each ~~fund~~ plan based on the amount of benefit increase payable from that ~~fund~~ plan as a result of the purchase of prior service.

Subd. 3. [COVERED ~~FUNDS~~ PLANS.] This section applies to the following retirement ~~funds~~ plans:

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

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

(3) the unclassified employees retirement ~~plan~~ program, established ~~pursuant to~~ under chapter 352D;

(4) the state patrol retirement ~~fund~~ plan, established ~~pursuant to~~ under chapter 352B;

(5) the legislators retirement plan, established ~~pursuant to~~ under chapter 3A;

(6) the elective state officers' retirement plan, established ~~pursuant to~~ under chapter 352C;

(7) the general employees retirement plan of the public employees retirement association, established ~~pursuant to~~ under chapter 353;

(8) the public employees police and fire ~~fund~~ retirement plan of the public employees retirement association, established ~~pursuant to~~ under chapter 353;

(9) ~~public employees~~ the local government correctional service retirement plan of the public employees retirement association, established ~~pursuant to~~ under chapter 353E;

(10) the teachers retirement association, established ~~pursuant to~~ under chapter 354;

(11) the Minneapolis employees retirement fund, established ~~pursuant to~~ under chapter 422A;

(12) the Minneapolis teachers retirement fund association, established ~~pursuant to~~ under chapter 354A;

(13) the St. Paul teachers retirement fund association, established ~~pursuant to~~ under chapter 354A;

(14) the Duluth teachers retirement fund association, established ~~pursuant to~~ under chapter 354A; and

(15) the judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 20. Minnesota Statutes 2000, section 356.302, is amended to read:

356.302 [DISABILITY BENEFIT WITH COMBINED SERVICE.]

Subdivision 1. [DEFINITIONS.] (a) The terms used in this section are defined in this subdivision.

(b) "Average salary" means the highest average of covered salary for the appropriate period of credited service that is required for the calculation of a disability benefit by the covered retirement plan and that is drawn from any period of credited service and successive years of covered salary in a covered retirement plan.

(c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision 7.

(d) "Duty-related" means a disabling illness or injury that occurred while the person was actively engaged in employment duties or that arose out of the person's active employment duties.

(e) "General employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (1) to (8) and (13).

(f) "Occupationally disabled" means the condition of having a medically determinable physical or mental impairment that makes a person unable to satisfactorily perform the minimum requirements of the person's employment position or a substantially similar employment position.

(g) "Public safety employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (9) to ~~(11)~~ (12).

(h) "Totally and permanently disabled" means the condition of having a medically determinable physical or mental impairment that makes a person unable to engage in any substantial gainful activity and that is expected to continue or has continued for a period of at least one year or that is expected to result directly in the person's death.

Subd. 2. [ENTITLEMENT.] Notwithstanding any provision of law to the contrary governing any covered retirement plan, a member of a covered retirement plan may receive a combined service disability benefit from each covered retirement plan in which the person has credit for at least one-half year of allowable service if that person meets the applicable qualifying conditions. Subdivision 3 applies to a member of a general employee retirement plan. Subdivision 4 applies to a member of a public safety employee retirement plan. Subdivision 5 applies to a member of a covered retirement plan with both general employee and public safety employee retirement plan service.

Subd. 3. [GENERAL EMPLOYEE PLAN ELIGIBILITY REQUIREMENTS.] A disabled member of a covered retirement plan who has credit for allowable service in a combination of general employee retirement plans is entitled to a combined service disability benefit if the member:

(1) is less than 65 years of age on the date of the application for the disability benefit;

(2) has become totally and permanently disabled;

(3) has credit for allowable service in any combination of general employee retirement plans totaling at least three years;

(4) has credit for at least one-half year of allowable service with the current general employee retirement plan before the commencement of the disability;

(5) has at least three continuous years of allowable service credit by the general employee retirement plan or has at least a total of three years of allowable service credit by a combination of general employee retirement plans in a 72-month period during which no interruption of allowable service credit from a termination of employment exceeded 29 days; and

(6) ~~is~~ was not receiving a retirement annuity or disability benefit from any covered general employee retirement plan at the time of the commencement of the disability.

Subd. 4. [PUBLIC SAFETY PLAN ELIGIBILITY REQUIREMENTS.] A disabled member of a covered retirement plan who has credit for allowable service in a combination of public safety employee retirement plans is entitled to a combined service disability benefit if the member:

(1) has become occupationally disabled;

(2) has credit for allowable service in any combination of public safety employee retirement plans totaling at least one year if the disability is duty-related or totaling at least three years if the disability is not duty-related;

(3) has credit for at least one-half year of allowable service with the current public safety employee retirement plan before the commencement of the disability; and

(4) ~~is~~ was not receiving a retirement annuity or disability benefit from any covered public safety employee retirement plan at the time of the commencement of the disability.

Subd. 5. [GENERAL AND PUBLIC SAFETY PLAN ELIGIBILITY REQUIREMENTS.] A disabled member of a covered retirement plan who has credit for allowable service in a combination of both a public safety employee retirement ~~plans~~ plan and general employee retirement ~~plans~~ plan must meet the qualifying requirements in subdivisions 3 and 4 to receive a combined service disability benefit from the applicable general employee and public safety employee retirement plans, except that the person need only be a member of a covered retirement plan at the time of the commencement of the disability and that the minimum allowable service requirements of subdivisions 3, clauses (3) and (5), and 4, clauses (3) and (4), may be met in any combination of covered retirement plans.

Subd. 6. [COMBINED SERVICE DISABILITY BENEFIT COMPUTATION.] (a) The combined service disability benefit from each covered retirement plan must be based on the allowable service in each retirement plan, except as specified in paragraphs (b) to (f).

(b) The disability benefit must be governed by the law in effect for each covered retirement plan on the date of the commencement of the member's most recent qualifying disability as a member of a covered retirement plan.

(c) All plans must base the disability benefit on the same average salary figure to the extent practicable.

(d) If the method of the covered retirement plan used to compute a disability benefit varies based on the length of allowable service credit, the benefit accrual formula percentages used by the plan must recognize the allowable service credit in the plan as a continuation of any previous allowable service credit with other covered retirement plans.

(e) If the covered retirement plan is a defined benefit or formula plan and the method used to compute a disability benefit does not vary based on the length of allowable service credit, the portion of the specified benefit amount from the plan must bear the same proportion to the total specified benefit amount as the allowable service credit in that plan bears to the total allowable service credit in all covered retirement plans. If the covered retirement plan is a defined contribution or nonformula plan, the disability benefit amount for allowable service under the plan is not affected, but the service and the covered salary under the plan must be used as applicable in calculations by other covered retirement plans.

(f) A period for which a person has allowable service credit in more than one covered retirement plan must be used only once in determining the total allowable service credit for calculating the combined service disability benefit, with any period of duplicated service credit handled ~~under~~ as provided in section 356.30, subdivision 1, ~~clause (3), items (i) and (j)~~ paragraphs (g) and (h).

(g) If a person is entitled to a minimum benefit payable from one of the public pension plans ~~named~~ enumerated in section 356.30, subdivision 3, the person may receive additional credit for only those years of service in another covered pension plan that, when added to the years of service in the pension plan that is paying the minimum benefit, exceed the years of service on which the minimum benefit is based.

(h) A partially employed recipient of a disability benefit must have any current reemployment income plus the total disability ~~payment~~ payments from all plans ~~listed~~ enumerated in subdivision 7 added together, and then compared to their final salary rate as a public employee. If current income plus the total disability payments exceed the final salary of the person at the time of retirement, then disability benefit payments from all the plans ~~will~~ must be reduced on a prorated basis relative to the years of service in each fund so that earnings plus benefit payments do not exceed ~~their~~ the final salary rate.

Subd. 7. [COVERED RETIREMENT PLANS.] This section applies to the following retirement plans:

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

(2) the unclassified state employees retirement ~~plan~~ program of the Minnesota state retirement system, established by chapter 352D;

(3) the general employees retirement plan of the public employees retirement association, established by chapter 353;

(4) the teachers retirement association, established by chapter 354;

(5) the Duluth teachers retirement fund association, established by chapter 354A;

(6) the Minneapolis teachers retirement fund association, established by chapter 354A;

(7) the St. Paul teachers retirement fund association, established by chapter 354A;

(8) the Minneapolis employees retirement fund, established by chapter 422A;

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

(10) the state patrol retirement ~~fund~~ plan, established by chapter 352B;

(11) the public employees police and fire ~~fund~~ plan of the public employees retirement association, established by chapter 353;

(12) ~~public employees~~ the local government correctional service retirement plan of the public employees retirement association, established by chapter 353E; and

(13) the judges' retirement ~~fund~~ plan, established by sections 490.121 to 490.132.

Sec. 21. Minnesota Statutes 2000, section 356.303, is amended to read:

356.303 [SURVIVOR BENEFIT WITH COMBINED SERVICE.]

Subdivision 1. [DEFINITIONS.] (a) The terms used in this section are defined in this subdivision.

(b) "Average salary" means the highest average of covered salary for the appropriate period of credited service that is required for the calculation of a survivor annuity or a survivor benefit, whichever applies, by the covered retirement plan and that is drawn from any period of credited service and covered salary in a covered retirement plan.

(c) "Covered retirement plan" or "plan" means a retirement plan ~~listed~~ enumerated in subdivision 4.

(d) "Deceased member" means a person who on the date of death was an active member of a covered retirement plan and who has reached the minimum age, if any, that is required by the covered retirement plan as part of qualifying for a survivor annuity or survivor benefit.

(e) "Surviving child" means a child of a deceased member (1) who is unmarried~~,~~; (2) who has not reached age 18, or, if a full-time student, who has not reached a higher age as specified ~~in~~ by the applicable covered retirement plan~~,~~; and (3) if specified by that plan, who was actually dependent on the deceased member for a specified

proportion of support before the deceased member's death. "Surviving child" includes a natural child, an adopted child, or a child of a deceased member who is conceived during the member's lifetime and who is born after the member's death.

(f) "Surviving spouse" means the legally married husband or wife, whichever applies, of the deceased member who was residing with the deceased member on the date of death and who, if specified by the applicable covered retirement plan, had been married to the deceased member for a specified period of time before the death of the deceased member.

(g) "Survivor annuity" means the entitlement to a future amount payable to a survivor as the remainder interest of an optional annuity form implied by law as having been chosen by a deceased member before the date of death and effective on the date of death or provided automatically.

(h) "Survivor benefit" means an entitlement to a future amount payable to a survivor that is not included in the definition of a survivor annuity.

Subd. 2. [ENTITLEMENT; ELIGIBILITY.] Notwithstanding any provision of law to the contrary governing a covered retirement plan, a person who is the survivor of a deceased member of a covered retirement plan may receive a combined service survivor benefit from each covered retirement plan in which the deceased member had credit for at least one-half year of allowable service if the deceased member:

(1) had credit for sufficient allowable service in any combination of covered retirement plans to meet any minimum allowable service credit requirement of the covered retirement fund for qualification for a survivor benefit or annuity;

(2) had credit for at least one-half year of allowable service with the most recent covered retirement plan before the date of death and was an active member of that covered retirement plan on the date of death; and

(3) was not receiving a retirement annuity from any covered retirement plan on the date of death.

Subd. 3. [COMBINED SERVICE SURVIVOR BENEFIT COMPUTATION.] (a) The combined service survivor annuity or survivor benefit from each covered retirement plan must be based on the allowable service in each covered retirement plan, except as provided by paragraphs (b) to (f).

(b) The survivor annuity or survivor benefit must be governed by the law in effect for each covered retirement plan on the date of the death of the deceased member.

(c) All plans must base the survivor annuity or survivor benefit on the same average salary figure if the annuity or benefit is salary related.

(d) If the method of the covered retirement plan used to compute a survivor benefit or annuity varies based on the length of allowable service credit, the benefit accrual formula percentages used by the plan must recognize the allowable service credit in the plan as a continuation of any previous allowable service credit with other covered retirement plans.

(e) If the covered retirement plan is a defined benefit or formula plan and the method used to compute a survivor benefit or annuity does not vary based on the length of allowable service credit, the portion of the specified benefit or annuity amount from the covered retirement plan must bear the same proportion to the total specified benefit or annuity amount as the allowable service credit in that plan bears to the total allowable service credit in all covered retirement plans. If the covered retirement plan is a defined contribution or nonformula plan, the survivor benefit amount for allowable service under the plan is not affected, but the service and covered salary under the plan must be used in calculations by other covered retirement plans.

(f) A period for which a ~~person has~~ deceased member had allowable service credit in more than one covered retirement plan must be used only once in determining the total allowable service credit for calculating the combined service survivor annuity or survivor benefit. A period of duplicated service credit must be handled as provided in section 356.30, subdivision 1, ~~clause (3), items (i) and (j)~~ paragraphs (g) and (h).

(g) If a person is entitled to a minimum benefit payable from a public pension plan named in section 356.30, subdivision 3, the person may receive additional credit for only those years of service in another covered pension plan that, when added to the years of service in the pension plan that is paying the minimum benefit, exceed the years of service on which the minimum benefit is based.

Subd. 4. [COVERED RETIREMENT PLANS.] This section applies to the following retirement plans:

(1) the legislators retirement plan, established by chapter 3A;

(2) the general state employees retirement ~~fund~~ plan of the Minnesota state retirement system, established by chapter 352;

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

(4) the state patrol retirement ~~fund~~ plan, established by chapter 352B;

(5) the elective state officers retirement plan, established by chapter 352C;

(6) the unclassified state employees retirement ~~plan~~ program, established by chapter 352D;

(7) the general employees retirement plan of the public employees retirement association, established by chapter 353;

(8) the public employees police and fire ~~fund~~ plan of the public employees retirement association, established by chapter 353;

(9) ~~public employees~~ the local government correctional service retirement plan of the public employees retirement association, established by chapter 353E;

(10) the teachers retirement association, established by chapter 354;

(11) the Duluth teachers retirement fund association, established by chapter 354A;

(12) the Minneapolis teachers retirement fund association, established by chapter 354A;

(13) the St. Paul teachers retirement fund association, established by chapter 354A;

(14) the Minneapolis employees retirement fund, established by chapter 422A; and

(15) the judges' retirement fund, established by sections 490.121 to 490.132.

RETIREMENT ANNUITIES

Sec. 22. [356.315] [RETIREMENT BENEFIT FORMULA PERCENTAGES.]

Subdivision 1. [COORDINATED PLAN MEMBERS.] The applicable benefit accrual rate is 1.2 percent.

Subd. 2. [COORDINATED PLAN MEMBERS.] The applicable benefit accrual rate is 1.7 percent.

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

Subd. 3. [BASIC PLAN MEMBERS.] The applicable benefit accrual rate is 2.2 percent.

Subd. 4. [BASIC PLAN MEMBERS.] The applicable benefit accrual rate is 2.7 percent.

Subd. 5. [CORRECTIONAL PLAN MEMBERS.] The applicable benefit accrual rate is 2.4 percent.

Subd. 5a. [LOCAL GOVERNMENT CORRECTIONAL SERVICE PLAN.] The applicable benefit accrual rate is 1.9 percent.

Subd. 6. [STATE TROOPERS PLAN AND POLICE AND FIRE PLAN MEMBERS.] The applicable benefit accrual rate is 3.0 percent.

Subd. 7. [JUDGES PLAN.] The applicable benefit accrual rate is 2.7 percent.

Subd. 8. [JUDGES PLAN.] The applicable benefit accrual rate is 3.2 percent.

Subd. 9. [FUTURE BENEFIT ACCRUAL RATE INCREASES.] After January 2, 1998, benefit accrual rate increases under this section must apply only to allowable service or formula service rendered after the effective date of the benefit accrual rate increase.

Sec. 23. Minnesota Statutes 2000, section 356.32, is amended to read:

356.32 [PROPORTIONATE ANNUITY AT AGE 65.]

Subdivision 1. [PROPORTIONATE RETIREMENT ANNUITY.] (a) Notwithstanding any provision to the contrary of the laws governing any of the retirement funds ~~referred to~~ enumerated in subdivision 2, any person who is an active member of any applicable fund, who has credit for at least one year but less than ten years of allowable service in one or more of the ~~applicable funds~~ covered plans, and who terminates active service ~~pursuant to~~ under a mandatory retirement law or policy or at age 65 or older, or at the normal retirement age if this age is not age 65, for any reason ~~shall be~~ is entitled upon making written application on the form prescribed by ~~executive director or executive secretary~~ the chief administrative officer of the ~~fund~~ plan to a proportionate retirement annuity from each ~~applicable fund~~ covered plan in which the person has allowable service credit.

(b) The proportionate annuity ~~shall~~ must be calculated under the applicable laws governing annuities based upon allowable service credit at the time of retirement and the person's average salary for the highest five successive years of allowable service or the average salary for the entire period of allowable service if less than five years.

(c) Nothing in this section ~~shall prevent~~ prevents the imposition of the appropriate early retirement reduction of an annuity which commences ~~prior to~~ before the normal retirement age.

Subd. 2. [COVERED ~~FUNDS~~ RETIREMENT PLANS.] The provisions of this section ~~shall~~ apply to the following retirement ~~funds~~ plans:

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

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

(3) the state patrol retirement ~~fund~~ plan, established ~~pursuant to~~ under chapter 352B;

(4) the general employees retirement plan of the public employees retirement ~~fund~~ association, established ~~pursuant to~~ under chapter 353;

(5) the public employees police and fire ~~fund~~ plan of the public employees retirement association, established ~~pursuant to~~ under chapter 353;

(6) the teachers retirement association, established ~~pursuant to~~ under chapter 354;

(7) the Minneapolis employees retirement fund, established ~~pursuant to~~ under chapter 422A;

(8) the Duluth teachers retirement fund association, established ~~pursuant to~~ under chapter 354A;

(9) the Minneapolis teachers retirement fund association, established ~~pursuant to~~ under chapter 354A; and

(10) the St. Paul teachers retirement fund association, established ~~pursuant to~~ under chapter 354A.

Sec. 24. Minnesota Statutes 2000, section 356.40, is amended to read:

356.40 [DATE FOR PAYMENT OF ANNUITIES AND BENEFITS.]

(a) Notwithstanding any law to the contrary, all annuities and benefits payable on and after December 1, 1977 by a covered retirement fund, as defined in section 356.30, subdivision 3, ~~shall~~ must be paid in advance for each month during the first week of that month. The bylaws of ~~municipal~~ local retirement funds ~~shall~~ must be amended accordingly.

(b) In no event, however, ~~shall~~ may this section ~~authorize more than one payment in any one month where the law governing the applicable retirement fund as of June 30, 1977 already provides for the full payment or accrual of annuities and benefits in advance for each month or as of the first day of the month, nor shall it~~ authorize the payment of both a retirement annuity and a surviving spouse's benefit in one month where the law governing the applicable retirement fund provides for the payment of the retired member's retirement annuity to the surviving spouse for the month in which the retired member dies.

Sec. 25. [356.403] [NORMAL RETIREMENT AGE; SAVINGS CLAUSE.]

The intent of the legislature in sections 352.01, subdivision 25; 353.01, subdivision 37; 354.05, subdivision 38; and 354A.011, subdivision 15a, is to create a normal retirement age for persons first covered by those sections after May 16, 1989, that is the same as the retirement age in the federal Social Security law, including future amendments to that law. If a court determines that the legislature may not incorporate by reference the future changes in federal Social Security law, the legislature reserves the right to amend the appropriate sections to make the normal retirement age conform to the retirement age in the federal Social Security law. No person first covered by any of those sections after May 16, 1989, has a right to a normal retirement age that is less than the retirement age in the federal Social Security law.

Sec. 26. [356.405] [COMBINED PAYMENT OF RETIREMENT ANNUITIES.]

(a) The public employees retirement association and the Minnesota state retirement system are permitted to combine payments to retirees. The total payment must be equal to the amount that is payable if payments were kept separate. The retiree must agree, in writing, to have the payment combined.

(b) Each plan must calculate the benefit amounts under the laws governing the plan and the required reserves and future mortality losses or gains must be paid or accrued to the plan from which the service was earned. Each plan must account for its portion of the payment separately, and there may be no additional actuarial liabilities realized by either plan.

(c) The plan making the payment would be responsible for issuing one payment and making address changes, tax withholding changes, and other administrative functions needed to process the payment.

SURVIVOR BENEFITS

Sec. 27. [356.406] [LOSS OF ENTITLEMENT TO BENEFITS FOR SURVIVOR CAUSING DEATH OF PENSION PLAN MEMBER.]

Subdivision 1. [DEFINITIONS.] (a) Each of the words or terms defined in this subdivision has the meaning indicated.

(b) "Public pension plan" means any retirement plan or fund enumerated in section 356.20, subdivision 2, or 356.30, subdivision 3, any relief association governed by section 69.77 or sections 69.771 to 69.775, any retirement plan governed by chapter 354B or 354C, the Hennepin county supplemental retirement plan governed by sections 383B.46 to 383B.52, or any housing and redevelopment authority retirement plan.

(c) "Public pension plan member" means a person who is a participant covered by a public pension plan; a former participant of a public pension plan who has sufficient service to be entitled to receive a future retirement annuity or service pension; a recipient of a retirement annuity, service pension, or disability benefit from a public pension plan; or a former participant of a public pension plan who has member or employee contributions to the person's credit in the public pension plan.

(d) "Survivor" means the surviving spouse, a former spouse, a surviving child, a joint annuitant, a designated recipient of a second or remainder portion of an optional annuity form, a beneficiary, or the estate of a deceased public pension plan member, as those terms are commonly understood or defined in the benefit plan document of the public pension plan.

(e) "Survivor benefit" means a surviving spouse benefit, surviving child benefit, second or remainder portion of an optional annuity form, death benefit, funeral benefit, or refund of member or employee contributions payable on account of the death of a public pension plan member as provided for in the benefit plan document of the public pension plan.

Subd. 2. [SUSPENSION OF SURVIVOR BENEFITS UPON FELONY CHARGE.] During the pendency of a charge of a survivor of a felony that caused the death of a public pension plan member, of criminal liability for a death by wrongful act felony, or of conspiracy to commit a death by wrongful act felony, the entitlement of that survivor to receive a survivor benefit is suspended.

Subd. 3. [FORFEITURE OF SURVIVOR BENEFITS UPON FELONY CONVICTION.] On final conviction of a survivor of a felony that caused the death of a public pension plan member, of criminal liability for a death by wrongful act felony, or of conspiracy to commit a death by wrongful act felony, the entitlement of that survivor to receive a survivor benefit is forfeited, including entitlement for any previously suspended survivor benefits under subdivision 2.

Subd. 4. [SUSPENSION OR FORFEITURE ACTIONS SEPARATE.] The charge of one survivor under subdivision 2 or the conviction of one survivor under subdivision 3 does not affect the entitlement of another survivor to a survivor benefit.

Subd. 5. [RECOVERY OF CERTAIN BENEFITS.] If monthly benefits or a refund of the balance of a participant or former participant's account have already been paid to an individual who is later charged or convicted as described under this section, the executive director or chief administrative officer of the public pension plan shall attempt to recover the amounts paid. Payment may be made to the next beneficiary or survivor only in an amount equal to the amount recovered and in the amount of any future payments that would legally accrue to another survivor under the applicable laws of the retirement plan.

Subd. 6. [DISPOSITION OF FORFEITED SURVIVOR BENEFITS.] If the benefit plan document governing the public pension plan does not provide for the disposition of forfeited benefits, survivor benefits forfeited under this section must be deposited in the general fund of the state.

Sec. 28. [356.407] [RESTORATION OF SURVIVOR BENEFITS.]

Subdivision 1. [RESTORATION UPON TERMINATION OF REMARRIAGE.] Notwithstanding any provision to the contrary of the laws governing any of the retirement plans enumerated in subdivision 2, any person who was receiving a surviving spouse's benefit from any of those plans and whose benefit terminated solely because of remarriage is, if the remarriage terminates for any reason, again entitled upon reapplication to a surviving spouse's benefit; provided, however, that the person is not entitled to retroactive payments for the period of remarriage. The benefit resumes at the level which the person would have been receiving if there had been no remarriage. This section applies prospectively to any person who first becomes entitled to receive a surviving spouse's benefit on or after May 18, 1975, and also applies retroactively to any person who first became entitled to receive a surviving spouse's benefit before May 18, 1975; provided, however, that no person is entitled to retroactive payments for any period of time before May 18, 1975.

Subd. 2. [COVERED FUNDS.] The provisions of this section apply to the following retirement funds:

(1) the general employees retirement plan of the public employees retirement association established under chapter 353;

(2) the public employees police and fire plan of the public employees retirement association established under chapter 353;

(3) the state patrol retirement plan established under chapter 352B;

(4) the legislators retirement plan established under chapter 3A;

(5) the elective state officers retirement plan established under chapter 352C;

(6) the teachers retirement association established under chapter 354; and

(7) the Minneapolis employees retirement fund established under chapter 422A.

POSTRETIREMENT INCREASES

Sec. 29. Minnesota Statutes 2000, section 356.41, is amended to read:

356.41 [BENEFIT ADJUSTMENTS FOR CERTAIN DISABILITY AND SURVIVOR BENEFITS.]

Disability benefits payable to a disabilitant, if not otherwise included in the participation in the Minnesota postretirement investment fund, and survivor benefits payable to a survivor from any public pension ~~fund~~ plan which participates in the Minnesota postretirement investment fund ~~shall~~ must be adjusted in the same manner, at the same times and in the same amounts as are benefits payable from the Minnesota postretirement investment fund to eligible benefit recipients of that public pension ~~fund~~ plan. If a disability benefit is not included in the participation in the Minnesota postretirement investment fund, the disability benefit is recomputed as a retirement annuity and the recipient would have been eligible for an adjustment ~~pursuant to~~ under this section if the disability benefit was not recomputed, the recipient ~~will continue to be~~ remains eligible for the adjustment ~~pursuant to~~ under this section after the recomputation. For the survivor of a deceased annuitant who receives a survivor benefit calculated ~~pursuant to~~ under a prior law rather than the second portion of a joint and survivor annuity, any period of receipt of a retirement annuity by the annuitant ~~shall~~ must be utilized in determining the period of receipt for eligibility to receive an adjustment ~~pursuant to~~ under this section. No recipient ~~shall~~, however, ~~be~~ is entitled to more than one adjustment ~~pursuant to~~ under this section or section 11A.18 applicable to one benefit at one time by reason of this section.

Sec. 30. [356.42] [POSTRETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.]

Subdivision 1. [ENTITLEMENT.] A person who is receiving a retirement annuity, a disability benefit, or a surviving spouse's annuity or benefit from a retirement fund specified in subdivision 3, clauses (1) to (8), is entitled to receive a postretirement adjustment from the applicable retirement fund in the amount specified in subdivision 2, if the annuity or benefit was computed under:

(1) the laws in effect before June 1, 1973, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (4);

(2) the laws in effect before July 1, 1973, if the person is receiving an annuity or benefit from a retirement fund specified in subdivision 3, clause (1), (2), (3), or (5);

(3) the metropolitan transit commission transit operating division employees retirement fund plan document in effect on or before December 31, 1977, if the person is receiving a retirement annuity, a disability benefit, or a surviving spouse's annuity or benefit from the retirement fund specified in subdivision 3, clause (5);

(4) the laws in effect before May 1, 1974, and before any adjustment under Laws 1987, chapter 372, article 3, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (6);

(5) the laws in effect before January 1, 1970, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (7); or

(6) the laws in effect before June 30, 1971, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (8).

Subd. 2. [AMOUNT OF POSTRETIREMENT ADJUSTMENT; PAYMENT.] (a) For any person receiving an annuity or benefit on November 30, 1989, and entitled to receive a postretirement adjustment under subdivision 1, the postretirement adjustment is a lump-sum payment calculated under paragraph (b) or (c).

(b) For coordinated plan annuity or benefit recipients, the postretirement adjustment in 1989 is $25 for each full year of allowable service credited to the person by the respective retirement fund. In 1990 and each following year, the postretirement adjustment is the amount payable in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(c) For basic plan annuity or benefit recipients, the postretirement adjustment in 1989 is the greater of:

(1) $25 for each full year of allowable service credited to the person by the respective retirement fund; or

(2) the difference between:

(i) the product of $400 times the number of full years of allowable service credited to the person by the respective retirement fund; and

(ii) the sum of the benefits payable to the person from any Minnesota public employee pension plan, and cash benefits payable to the person from the Social Security Administration.

In 1990 and each following year, each eligible basic plan annuity or benefit recipient shall receive the amount received in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(d) The postretirement adjustment provided for in this section must be paid on December 1 to those persons receiving an annuity or benefit on the preceding November 30. This section does not authorize the payment of a postretirement adjustment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. The postretirement adjustment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that the postretirement adjustment not be paid or returns the amount of adjustment to the retirement fund. Written notice of the waiver of the postretirement adjustment is irrevocable for the year during which it was made.

Subd. 3. [COVERED RETIREMENT PLANS.] The postretirement adjustment provided in this section applies to the following retirement funds:

(1) the general employees retirement plans of the public employees retirement association;

(2) the public employees police and fire plan of the public employees retirement association;

(3) the teachers retirement association;

(4) the state patrol retirement plan;

(5) the state employees retirement plan of the Minnesota state retirement system;

(6) the Minneapolis teachers retirement fund association established under chapter 354A;

(7) the St. Paul teachers retirement fund association established under chapter 354A; and

(8) the Duluth teachers retirement fund association established under chapter 354A.

Sec. 31. [356.43] [SUPPLEMENTAL BENEFIT; LUMP-SUM PAYMENTS; MINNEAPOLIS EMPLOYEES RETIREMENT FUND.]

Subdivision 1. [ENTITLEMENT.] Any person who is receiving either an annuity that was computed under the laws in effect before March 5, 1974, or a "$2 bill and annuity" annuity from the Minneapolis employees retirement fund is entitled to receive a supplemental benefit lump-sum payment from the retirement fund in the amount specified in subdivision 2.

Subd. 2. [AMOUNT OF PAYMENT.] (a) For any person receiving an annuity or benefit on November 30, 1991, and entitled to receive a supplemental benefit lump-sum payment under subdivision 1, the payment is $28 for each full year of allowable service credited to the person by the retirement fund.

In 1992 and each following year, each eligible benefit recipient is entitled to receive the amount received in the preceding year increased by the same percentage applied on the most recent January 1 to regular annuities paid from the Minneapolis employees retirement fund.

(b) The payment provided for in this section is payable on December 1, 1991, to those persons receiving an annuity or benefit on November 30, 1991. In subsequent years, the payment must be made on December 1 to those persons receiving an annuity or benefit on the preceding November 30. This section does not authorize payment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. The payment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that it not be paid.

Subd. 3. [STATE APPROPRIATION.] Payments under this section are the responsibility of the Minneapolis employees retirement fund. A separate state aid is provided toward the level dollar amortized cost of the payments. For state fiscal years 1992 to 2001 inclusive, there is appropriated annually $550,000 from the general fund to the commissioner of finance to be added, in quarterly installments, to the annual state contribution amount determined

under section 422A.101, subdivision 3. After fiscal year 2001, any difference between the cumulative benefit amounts actually paid under this section after fiscal year 1991 and the amounts paid to the retirement fund by the state under this subdivision, plus investment earnings on the aid, shall be included by the retirement fund board and the actuary retained by the legislative commission on pensions and retirement in determining the financial requirements of the fund and contributions under section 422A.101.

Sec. 32. [356.431] [CONVERSION OF LUMP-SUM POSTRETIREMENT AND SUPPLEMENTAL PAYMENT TO AN INCREASED MONTHLY ANNUITY.]

Subdivision 1. [LUMP-SUM POSTRETIREMENT PAYMENT CONVERSION.] For benefits paid after December 31, 2001, to eligible persons under sections 356.42 and 356.43, the amount of the most recent lump-sum benefit payable to an eligible recipient under sections 356.86 and 356.865 must be divided by 12. The result must be added to the monthly annuity or benefit otherwise payable to an eligible recipient, must become a permanent part of the benefit recipient's pension, and must be included in any pension benefit subject to future increases.

Subd. 2. [TRANSFER OF REQUIRED RESERVES TO MINNESOTA POSTRETIREMENT INVESTMENT FUND.] Public employee retirement funds participating in the state board of investment postretirement investment fund shall transfer the required reserves for the postretirement conversion under subdivision 1 to the postretirement investment fund by January 31, 2002.

REFUNDS

Sec. 33. [356.44] [PARTIAL PAYMENT OF PENSION PLAN REFUND.]

(a) Notwithstanding any provision of law to the contrary, a member of a pension plan listed in section 356.30, subdivision 3, with at least two years of forfeited service taken from a single pension plan, may repay a portion of all refunds. A partial refund repayment must comply with this section.

(b) The minimum portion of a refund repayment is one-third of the total service credit period of all refunds taken from a single plan.

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the annual rate of 8.5 percent, compounded annually, from the refund date to the date repayment is received.

(d) The restored service credit must be allocated based on the relationship the restored service bears to the total service credit period for all refunds taken from a single pension plan.

(e) This section does not authorize a public pension plan member to repay a refund if the law governing the plan does not authorize the repayment of a refund of member contributions.

Sec. 34. [356.441] [REPAYMENT OF REFUNDS.]

Repayment of a refund and interest on that refund permitted under laws governing any public pension plan in Minnesota may be made with funds distributed from a plan qualified under the federal Internal Revenue Code of 1986, section 401(a), as amended through December 31, 1988, or an annuity qualified under the federal Internal Revenue Code of 1986, section 403(a). Repayment may also be made with funds distributed from an individual retirement account used solely to receive a nontaxable rollover from that type of a plan or annuity. The repaid refund must be separately accounted for as member contributions not previously taxed. Before accepting any transfers to which this section applies, the executive director must require the member to provide written documentation to demonstrate that the amounts to be transferred are eligible for a tax-free rollover and qualify for that treatment under the federal Internal Revenue Code of 1986.

OPTIONAL ANNUITY FORMS

Sec. 35. [356.46] [APPLICATION FOR RETIREMENT ANNUITY; PROCEDURE FOR ELECTING ANNUITY FORM.]

Subdivision 1. [DEFINITIONS.] As used in this section, each of the following terms shall have the meaning given.

(a) "Annuity form" means the payment procedure and duration of a retirement annuity or disability benefit available to a member of a public pension fund, based on the period over which a retirement annuity or disability benefit is payable, determined by the number of persons to whom the retirement annuity or disability benefit is payable, and the amount of the retirement annuity or disability benefit which is payable to each person.

(b) "Joint and survivor optional annuity" means an optional annuity form which provides a retirement annuity or disability benefit to a retired member and the spouse of the member on a joint basis during the lifetime of the retired member and all or a portion of the original retirement annuity or disability benefit amount to the surviving spouse in the event of the death of the retired member.

(c) "Optional annuity form" means an annuity form which is elected by a member and is not provided automatically as the standard annuity form of the public pension plan.

(d) "Public pension plan" means a public pension plan as defined under section 356.615, paragraph (b).

(e) "Retirement annuity" means a series of monthly payments to which a former or retired member of a public pension fund is entitled due to attaining a specified age and acquiring credit for a specified period of service, which includes a retirement annuity, retirement allowance, or service pension.

(f) "Disability benefit" means a series of monthly payments to which a former or disabled member of a public pension fund is entitled due to a physical or mental inability to engage in specified employment.

Subd. 2. [PROVISION OF INFORMATION ON ANNUITY FORMS.] Every public pension plan which provides for an annuity form other than a single life retirement annuity as an option which can be elected by an active, disabled, or retiring member shall provide as a part of, or accompanying the annuity application form, a written statement summarizing the optional annuity forms which are available, a general indication of the consequences of selecting one annuity form over another, a calculation of the actuarial reduction in the amount of the retirement annuity which would be required for each optional annuity form, and the procedure to be followed to obtain more information from the public pension fund concerning the optional annuity forms provided by the plan.

Subd. 3. [REQUIREMENT OF NOTICE TO MEMBER'S SPOUSE.] (a) If a public pension plan provides optional retirement annuity forms which include a joint and survivor optional retirement annuity form potentially applicable to the surviving spouse of a member, the executive director of the public pension plan shall send a copy of the written statement, required by subdivision 2, to the spouse of the member before the member's election of an optional retirement annuity.

(b) Following the election of a retirement annuity by the member, a copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, must be sent by the public pension plan to the spouse of the retiring member. A signed acknowledgment must be required from the spouse confirming receipt of a copy of the completed retirement annuity application and retirement annuity beneficiary form, unless the spouse's signature confirming the receipt is on the annuity application form. If the required signed acknowledgment is not received from the spouse within 30 days, the public pension plan must send another copy of the completed retirement annuity application and retirement annuity beneficiary form, if applicable, to the spouse by certified mail with restricted delivery.

Sec. 36. [356.465] [SUPPLEMENTAL NEEDS TRUST AS OPTIONAL ANNUITY FORM RECIPIENT.]

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

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

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

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

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

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

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

(6) is irrevocable;

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

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

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

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

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

(3) the state patrol retirement plan established under chapter 352B;

(4) the legislators retirement plan established under chapter 3A;

(5) the judges retirement plan established under chapter 490;

(6) the general employees retirement plan of the public employees retirement association established under chapter 353;

(7) the public employees police and fire plan of the public employees retirement association established under chapter 353;

(8) the teachers retirement plan established under chapter 354;

(9) the Duluth teachers retirement fund association established under chapter 354A;

(10) the St. Paul teachers retirement fund association established under chapter 354A;

(11) the Minneapolis teachers retirement fund association established under chapter 354A;

(12) the Minneapolis employees retirement plan established under chapter 422A;

(13) the Minneapolis firefighters relief association established under chapter 423C;

(14) the Minneapolis police relief association established under chapter 423B; and

(15) the local government correctional service retirement plan of the public employees retirement association established under chapter 353E.

REEMPLOYED ANNUITANT EARNINGS DISPOSITION

Sec. 37. [356.47] [DISPOSITION OF AMOUNT IN EXCESS OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.]

Subdivision 1. [APPLICATION.] This section applies to the balance of annual retirement annuities on the amount of retirement annuity reductions after reemployed annuitant earnings limitations for retirement plans governed by section 352.115, subdivision 10; 353.37; 354.44, subdivision 5; or 354A.31, subdivision 3.

Subd. 2. [RECORDKEEPING; REPORTING.] The chief administrative officer of each retirement plan shall keep records for each reemployed annuitant of the amount of the annuity reduction. This amount must be reported to each member at least once each year.

Subd. 3. [PAYMENT.] (a) Upon the retired member attaining the age of 65 years or upon the first day of the month next following the month occurring one year after the termination of the reemployment that gave rise to the limitation, whichever is later, and the filing of a written application, the retired member is entitled to the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus interest at the compound annual rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment.

(b) The written application must be on a form prescribed by the chief administrative officer of the applicable retirement plan.

(c) If the retired member dies before the payment provided for in paragraph (a) is made, the amount is payable, upon written application, to the deceased person's surviving spouse, or if none, to the deceased person's designated beneficiary, or if none, to the deceased person's estate.

MARRIAGE DISSOLUTION RETIREMENT
COVERAGE INFORMATION

Sec. 38. [356.49] [PROVISION OF INFORMATION IN THE EVENT OF MARRIAGE DISSOLUTION.]

Subdivision 1. [INFORMATION FOR A PENDING MARRIAGE DISSOLUTION.] (a) Upon receipt of a written request by a person with access to the data under subdivision 3 who cites this statute, a public or private pension plan administrator must provide the court and the parties to a marriage dissolution action involving a plan member or former plan member with information regarding pension benefits or rights of the plan member or former plan member. The pension plan shall provide this information upon the request of the court or a party to the action without requiring a signed authorization from the plan member or former plan member.

(b) The information must include the pension benefits or rights of the plan member or former plan member as of the first day of the month following the date of the request, or as of the end of the previous fiscal year for the plan, and as of the date of valuation of marital assets under section 518.58, if the person requesting the information specifies that date. The information must include the accrued service credit of the person, the credited salary of the person for the most current five-year period, a summary of the benefit plan, and any other information relevant to the calculation of the present value of the benefits or rights.

Subd. 2. [INFORMATION FOR AN EXISTING DISSOLUTION DECREE.] If a marriage dissolution decree rendered by a court of competent jurisdiction prior to August 1, 1987, provided a procedure for the distribution of future pension plan payments, upon request the applicable pension plan administrator shall provide on a timely basis to the court and the parties to the action, the required information to implement that procedure without requiring a signed authorization from the plan member or former plan member.

Subd. 3. [ACCESS TO DATA.] Notwithstanding any provision of chapter 13 to the contrary, an administrator may release private or confidential data on individuals to the court, the parties to a marriage dissolution, their attorneys, and an actuary appointed under section 518.582, to the extent necessary to comply with this section, but only if the administrator has received a copy of the legal petition showing that an action for marriage dissolution has commenced and a copy of the affidavit of service showing that the petition has been served on the responding party to the action.

SERVICE AND SALARY CREDIT UPON
WRONGFUL DISCHARGE

Sec. 39. Minnesota Statutes 2000, section 356.50, is amended to read:

356.50 [SERVICE AND SALARY CREDIT FROM BACK PAY AWARDS IN THE EVENT OF WRONGFUL DISCHARGE.]

(a) A person who is wrongfully discharged from public employment that gave rise to coverage by a public employee pension plan ~~listed~~ enumerated in section 356.30, subdivision 3, is entitled to obtain allowable service credit from the applicable public employee pension plan for the applicable period caused by the wrongful discharge.

(b) A person is wrongfully discharged for purposes of this section if:

(1) the person has been determined by a court of competent jurisdiction or by an arbitrator in binding arbitration, whichever applies, to have been wrongfully discharged from public employment;

(2) the person received an award of back pay with respect to that discharge; and

(3) the award does not include any amount for any lost or interrupted public pension plan coverage.

~~(b)~~ (c) To obtain the public pension plan allowable service credit, the person shall pay the required member contribution amount. The required member contribution amount is the member contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the unpaid gross salary amounts of the back pay award including reemployment insurance, workers' compensation or wages from other sources which reduced the back award. No contributions shall be made under this clause for compensation covered by a public pension plan listed in section 356.30, subdivision 3, for employment during the removal period. The person shall pay the required member contribution amount within 60 days of the date of receipt of the back pay award, within 60 days of April 14, 1992, or within 60 days of a billing from the retirement fund, whichever is later.

~~(c)~~ (d) The public employer who wrongfully discharged the public employee must pay an employer contribution on the back pay award. The employer contribution must be based on the employer contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the salary amount on which the member contribution amount was determined under paragraph ~~(b)~~ (c). Interest on both the required

member and employer contribution amount must be paid by the employer at the annual compound rate of 8.5 percent per year, expressed monthly, between the date the contribution amount would have been paid to the date of actual payment. The employer payment must be made within 30 days of the payment under paragraph ~~(b)~~ (c).

Sec. 40. Minnesota Statutes 2000, section 356.55, as amended by Laws 2001, First Special Session chapter 10, article 6, section 16, is amended to read:

356.55 [PRIOR SERVICE CREDIT PURCHASE PAYMENT AMOUNT DETERMINATION PROCEDURE.]

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

(b) The purchase payment amount determination procedure must recognize any service credit accrued to the purchaser in a pension plan ~~listed~~ enumerated in section 356.30, subdivision 3.

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

Subd. 2. [DETERMINATION.] (a) Unless the prior service credit purchase minimum purchase payment amount determined under paragraph (d) is greater, the prior service credit purchase amount is the result obtained by subtracting the amount determined under paragraph (c) from the amount determined under paragraph (b).

(b) The present value of the unreduced single life retirement annuity, with the purchase of the additional service credit included, must be calculated as follows:

(1) the age at first eligibility for an unreduced single life retirement annuity, including the purchase of the additional service credit, must be determined;

(2) the length of total service credit, including the period of the purchase of the additional service credit, at the age determined under clause (1) must be determined;

(3) the highest five successive years average salary at the age determined under clause (1), assuming five percent annual compounding salary increases from the most current annual salary amount at the age determined under clause (1), must be determined;

(4) using the benefit accrual rate or rates applicable to the prospective purchaser of the service credit based on the prospective purchaser's actual date of entry into covered service, the length of service determined under clause (2), and the final average salary determined under clause (3), the annual unreduced single life retirement annuity amount must be determined;

(5) the actuarial present value of the projected annual unreduced single life retirement annuity amount determined under clause (4) at the age determined under clause (1), using the same actuarial factor that the plan would use to determine actuarial equivalence for optional annuity forms and related purposes, must be determined; and

(6) the discounted value of the amount determined under clause (5) to the date of the prospective purchase, using an interest rate of 8.5 percent and no mortality probability decrement, must be determined.

(c) The present value of the unreduced single life retirement annuity, without the purchase of the additional service credit included, must be calculated as follows:

(1) the age at first eligibility for an unreduced single life retirement annuity, not including the purchase of additional service credit, must be determined;

(2) the length of accrued service credit, without the period of the purchase of the additional service credit, at the age determined under clause (1), must be determined;

(3) the highest five successive years average salary at the age determined under clause (1), assuming five percent annual compounding salary increases from the most current annual salary amount to the age determined under clause (1), must be determined;

(4) using the benefit accrual rate or rates applicable to the prospective purchaser of the service credit based on the prospective purchaser's actual date of entry into covered service the length of service credit determined under clause (2), and the final average salary determined under clause (3), the annual unreduced single life retirement annuity amount must be determined;

(5) the actuarial present value of the projected annual unreduced single life retirement annuity amount determined under clause (4) at the age determined under clause (1), using the same actuarial factor that the plan would use to determine actuarial equivalence for optional annuity forms and related purposes, must be determined;

(6) the discounted value of the amount determined under clause (5) to the date of the prospective purchase, using an interest rate of 8.5 percent and no mortality probability decrement, must be determined; and

(7) the net value of the discounted value determined under clause (6), must be determined by applying a service ratio, where the numerator is the total length of credited service determined under paragraph (b), clause (2), reduced by the period of the additional service credit proposed to be purchased, and where the denominator is the total length of service credit determined under clause (2).

(d) The minimum prior service credit purchase payment amount is the amount determined by multiplying the most current annual salary of the prospective purchaser by the combined current employee, employer, and any additional employer contribution rates for the applicable pension plan and by multiplying that result by the number of years of service or fractions of years of service of the potential service credit purchase.

Subd. 3. [SOURCE OF DETERMINATION.] The prior service credit purchase payment amounts under subdivision 2 must be calculated by the chief administrative officer of the public pension plan using a prior service credit purchase payment amount determination process that has been verified for accuracy and consistency under this section by the commission-retained actuary. That verification must be in writing and must occur before the first prior service credit purchase for the plan under this section is accepted and every five years thereafter or whenever the preretirement interest rate, postretirement interest rate, payroll growth, or mortality actuarial assumption for the applicable pension plan is modified under section 356.215, whichever occurs first.

Subd. 4. [PRIOR SERVICE CREDIT PURCHASE PROCESSING FEE.] A public pension plan may establish a fee to be charged to the prospective purchaser for processing a prior service credit purchase application and the prior service credit purchase payment amount calculation. The fee must be established by the governing board of the pension plan and must be uniform for comparable service credit purchase situations or actuarial calculation requests. The prior service credit purchase processing fee structure must be published by the chief administrative officer of the applicable retirement plan in the State Register.

Subd. 5. [PAYMENT RESPONSIBILITY; EMPLOYER OPTION.] Unless the prior service credit purchase authorization special law or general statute provision explicitly specifies otherwise, the prior service credit purchase payment amount determined under subdivision 2 is payable by the purchaser~~, but~~. However, the former employer of the purchaser or the current employer of the purchaser may, at its discretion, pay all or a portion of the purchase payment amount in excess of an amount equal to the employee contribution rate or rates in effect during the prior service period applied to the actual salary rates in effect during the prior service period, plus annual compound interest at the rate of 8.5 percent from the date on which the contributions would have been made if made contemporaneous with the service period to the date on which the payment is actually made.

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

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

Subd. 7. [EXPIRATION OF PURCHASE PAYMENT DETERMINATION PROCEDURE.] (a) This section expires and is repealed on July 1, 2003.

(b) Authority for any public pension plan to accept a prior service credit payment that is calculated in a timely fashion under this section expires on October 1, 2003.

Sec. 41. Minnesota Statutes 2000, section 356.551, is amended to read:

356.551 [POST JULY 1, ~~2001~~ 2003, PRIOR SERVICE CREDIT PURCHASE PAYMENT AMOUNT DETERMINATION PROCEDURE.]

~~(a)~~ Subdivision 1. [APPLICATION.] Unless the prior service credit purchase authorization special law or general statute provision explicitly specifies a different purchase payment amount determination procedure, and if section 356.55 has expired, this section governs the determination of the prior service credit purchase payment amount of any prior service credit purchase.

~~(b)~~ Subd. 2. [DETERMINATION.] The prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and reviewed by the actuary retained by the legislative commission on pensions and retirement, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section. Calculation of this amount must be made using the preretirement interest rate applicable to the public pension plan specified in section 356.215, subdivision 4d, and the mortality table adopted for the public pension plan. The calculation must assume continuous future service in the public pension plan until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision 4d. Payment must be made in one lump sum within one year of the prior service credit authorization. Payment of the amount calculated under this section must be made by the applicable eligible person. However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of 8.5 percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this ~~paragraph~~ subdivision, the purchaser must make the employee payments required under this ~~paragraph~~ subdivision within 290 days of the prior service credit authorization. If that employee payment is made, the employer payment under this ~~paragraph~~ subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this ~~paragraph~~ subdivision.

~~(c)~~ Subd. 3. [DOCUMENTATION.] The prospective purchaser must provide any relevant documentation required by the chief administrative officer of the public pension plan to determine eligibility for the prior service credit under this section.

~~(d)~~ Subd. 4. [PAYMENT PRECONDITION FOR CREDIT GRANT.] Service credit for the purchase period must be granted by the public pension plan to the purchaser upon receipt of the purchase payment amount specified in ~~paragraph (b)~~ subdivision 2.

Sec. 42. Minnesota Statutes 2001 Supplement, section 356.555, is amended to read:

356.555 [PARENTAL OR FAMILY LEAVE SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZATION.] (a) Notwithstanding any provision to the contrary of the laws governing a covered pension plan enumerated in subdivision 4, a member of the pension plan who has at least three years of allowable service covered by the applicable pension plan and who was granted by the employer a parental leave of absence as defined in paragraph (b), or who was granted by the employer a family leave of absence as defined in paragraph (c), or who had a parental or family-related break in employment, as defined in paragraph (d), for which the person did not previously receive service credit or for which the person did not receive or purchase service credit from another defined benefit public employee pension plan, is entitled to purchase the actual period of the leave or of the break in service, up to five years, of allowable service credit in the applicable retirement plan. The purchase payment amount is governed by section 356.55.

(b) For purposes of this section, a parental leave of absence is a temporary period of interruption of or separation from active employment for the purposes of handling maternity or paternity duties that has been approved by the employing unit and that includes the right of reinstatement to employment.

(c) For purposes of this section, a family leave of absence is a family leave under United States Code, title 42, section 12631, as amended.

(d) For purposes of this section, a parental or family-related break in employment is a period following a termination of active employment primarily for the purpose of the birth of a child, the adoption of a child, or the provision of care to a near relative or in-law, after which the person returned to the prior employing unit or to an employing unit covered by the same pension plan that provided retirement coverage immediately prior to the termination of employment.

Subd. 2. [APPLICATION AND DOCUMENTATION.] (a) A person who desires to purchase service credit under subdivision 1 must apply for the service credit purchase with the chief administrative officer of the enumerated pension plan.

(b) The application must include all necessary documentation of the qualifications of the person to make the purchase, signed written permission to allow the chief administrative officer to request and receive necessary verification of all applicable facts and eligibility requirements, and any other relevant information that the chief administrative officer may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable and formula service credit in the applicable enumerated pension plan for the purchase period must be granted to the purchaser upon receipt of the purchase payment amount calculated under section 356.55. Payment of the purchase amount must be made before the person retires.

Subd. 4. [COVERED PENSION PLANS.] This section applies to the following pension plans:

(1) the general state employees retirement plan governed by chapter 352;

(2) the correctional state employees retirement plan governed by chapter 352;

(3) the general ~~public~~ employees retirement plan of the public employees retirement association governed by chapter 353;

(4) the public employees police and fire plan governed by chapter 353;

(5) the teachers retirement plan governed by chapter 354;

(6) the Minneapolis teachers retirement fund association governed by chapter 354A;

(7) the Saint Paul teachers retirement fund association governed by chapter 354A;

(8) the Duluth teachers retirement fund association governed by chapter 354A;

(9) the Minneapolis employees retirement plan governed by chapter 422A;

(10) the Minneapolis police relief association governed by chapter 423B; and

(11) the Minneapolis fire department relief association governed by ~~sections 69.25 to 69.53 and augmented by Laws 1959, chapters 213, 491, and 568, and other special local legislation~~ chapter 423C.

COVERED SALARY LIMITATION

Sec. 43. Minnesota Statutes 2000, section 356.611, is amended to read:

356.611 [LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.]

Subdivision 1. [STATE SALARY LIMITATIONS.] (a) Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements, or retirement plan contracts to the contrary, the covered salary for pension purposes for a plan participant of a covered retirement fund ~~under~~ enumerated in section 356.30, subdivision 3, may not exceed 95 percent of the salary established for the governor under section 15A.082 at the time the person received the salary.

(b) This section does not apply to a salary paid:

(1) to the governor;

(2) to an employee of a political subdivision in a position that is excluded from the limit as specified under section 43A.17, subdivision 9; or

(3) to a state employee in a position for which the commissioner of employee relations has approved a salary rate that exceeds 95 percent of the governor's salary.

(c) The limited covered salary determined under this section must be used in determining employee and employer contributions and in determining retirement annuities and other benefits under the respective covered retirement fund and under this chapter.

Subd. 2. [FEDERAL COMPENSATION LIMITS.] For members first contributing to a covered pension plan ~~covered under~~ enumerated in section 356.30, subdivision 3, on or after July 1, 1995, compensation in excess of the limitation set forth in Internal Revenue Code 401(a)(17) ~~shall~~ may not be included for contribution and benefit computation purposes. The compensation limit set forth in Internal Revenue Code 401(a)(17) on June 30, 1993, ~~shall apply~~ applies to members first contributing before July 1, 1995.

MEMBER CONTRIBUTION EMPLOYER PICK UP

Sec. 44. Minnesota Statutes 2001 Supplement, section 356.62, is amended to read:

356.62 [PAYMENT OF EMPLOYEE CONTRIBUTION.]

(a) For purposes of any public pension plan, as defined in section 365.615, paragraph (b), each employer shall pick up the employee contributions required pursuant to law or the pension plan for all salary payable after December 31, 1982. If the United States Treasury department rules that ~~pursuant to~~ under section 414(h) of the Internal Revenue Code of 1986, as amended through December 31, 1992, that these picked up contributions are not includable in the employee's adjusted gross income until they are distributed or made available, then these picked up contributions ~~shall~~ must be treated as employer contributions in determining tax treatment ~~pursuant to~~ under the Internal Revenue Code of 1986, as amended through December 31, 1992, and the employer shall discontinue withholding federal income taxes on the amount of these contributions. The employer shall pay these picked up contributions from the same source of funds as is used to pay the salary of the employee. The employer shall pick up these employee contributions by a reduction in the cash salary of the employee.

(b) Employee contributions that are picked up ~~shall~~ must be treated for all purposes of the public pension plan in the same manner and to the same extent as employee contributions that were made prior to the date on which the employee contributions pick up began. The amount of the employee contributions that are picked up ~~shall~~ must be included in the salary upon which retirement coverage is credited and retirement and survivor's benefits are determined. For purposes of this section, "employee" means any person covered by a public pension plan. For purposes of this section, "employee contributions" include any sums deducted from the employee's salary or wages or otherwise paid in lieu thereof, regardless of whether they are denominated contributions by the public pension plan.

(c) For any calendar year in which withholding has been reduced ~~pursuant to~~ under this section, the employing unit shall supply each employee and the commissioner of revenue with an information return indicating the amount of the employer's picked-up contributions for the calendar year that were not subject to withholding. This return ~~shall~~ must be provided to the employee not later than January 31 of the succeeding calendar year. The commissioner of revenue shall prescribe the form of the return and the provisions of section 289A.12 ~~shall~~ must apply to the extent not inconsistent with the provisions of this section.

PENSION ASSET AND INVESTMENT

LIMITATIONS

Sec. 45. [356.63] [LIMITATION ON USE OF PUBLIC PENSION PLAN ASSETS.]

(a) Money held by or credited to a public pension plan as assets, including employer and employee contributions, state aid, appropriations from the state or a governmental subdivision, and accrued earnings on investments, constitutes a dedicated fund. The dedicated fund may be used exclusively to pay retirement annuities, service pensions, disability benefits, survivor benefits, refunds of contributions, or other benefits provided under the benefit plan document or documents governing the public pension plan, and to pay reasonable administrative expenses approved by the governing board of the public pension plan or by another appropriate authority. No assets of a public pension plan may be loaned or transferred to the state or a governmental subdivision or be used to amortize an unfunded actuarial accrued liability in another public pension plan or fund, whether or not the plan providing the assets consolidates or has consolidated with the plan receiving the assets. Nothing in this section prohibits a public pension plan or the state board of investment from investing the assets of a plan as authorized by law, including the investment of the assets of public pension plans by the state board of investment in a commingled investment fund.

(b) A public pension plan for purposes of this section means a pension plan or fund specified in section 356.20, subdivision 2, or 356.30, subdivision 3, or a retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained, or supported by a governmental subdivision or public body whose revenues are derived from taxation, fees, assessments, or other public sources.

Sec. 46. [356.64] [REAL ESTATE INVESTMENTS.]

(a) Notwithstanding any law to the contrary, any public pension plan whose assets are not invested by the state board of investment may invest its funds in Minnesota situs nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if the investment is consistent with section 356A.04.

(b) Except to the extent authorized in the case of the Minneapolis employees retirement fund under section 422A.05, subdivision 2c, paragraph (a), an investment otherwise authorized by this section must also comply with the requirements and limitations of section 11A.24, subdivision 6.

ABANDONED PENSION FUND AMOUNTS

Sec. 47. Minnesota Statutes 2001 Supplement, section 356.65, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, unless the context clearly indicates otherwise, each of the following terms ~~shall have~~ has the ~~meanings~~ meaning given to ~~them~~ it:

(a) "Public pension fund" means any public pension plan as defined in section ~~356.615~~ 356.63, paragraph (b), and any Minnesota volunteer firefighters relief association which is established ~~pursuant to~~ under chapter 424A and governed ~~pursuant to~~ under sections 69.771 to 69.776.

(b) "Unclaimed public pension fund amounts" means any amounts representing accumulated member contributions, any outstanding unpaid annuity, service pension or other retirement benefit payments, including those made on warrants issued by the commissioner of finance, which have been issued and delivered for more than six months prior to the date of the end of the fiscal year applicable to the public pension fund, and any applicable interest to the credit of:

(1) an inactive or former member of a public pension fund who is not entitled to a defined retirement annuity and who has not applied for a refund of those amounts within five years after the last member contribution was made; or

(2) a deceased inactive or former member of a public pension fund if no survivor is entitled to a survivor benefit and no survivor, designated beneficiary or legal representative of the estate has applied for a refund of those amounts within five years after the date of death of the inactive or former member.

Sec. 48. Minnesota Statutes 2000, section 356.65, subdivision 2, is amended to read:

Subd. 2. [DISPOSITION OF ABANDONED AMOUNTS.] Any unclaimed public pension fund amounts existing in any public pension fund ~~shall be~~ are presumed to be abandoned, but ~~shall~~ are not ~~be~~ subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of the public pension fund specifically provides for a different disposition of unclaimed or abandoned funds or amounts, any unclaimed public pension fund amounts ~~shall~~ cancel and ~~shall~~ must be credited to the public pension fund. If the unclaimed public pension fund amount exceeds $25 and the inactive or former member again becomes a member of the applicable public pension ~~fund~~ plan or applies for a retirement annuity ~~pursuant to~~ under section 3A.12, 352.72, 352B.30, 352C.051, 353.71, 354.60, 356.30, or 422A.16, subdivision 8, whichever ~~is applicable,~~ applies, the canceled amount ~~shall~~ must be restored to the credit of the person.

HEALTH INSURANCE WITHHOLDING

Sec. 49. Minnesota Statutes 2000, section 356.87, is amended to read:

356.87 [HEALTH INSURANCE WITHHOLDING.]

(a) Upon authorization of a person entitled to receive a retirement annuity, disability benefit or survivor benefit, the executive director of a public pension fund ~~listed~~ enumerated in section 356.20, subdivision 2, shall withhold health insurance premium amounts from the retirement annuity, disability benefit or survivor benefit, and shall pay the premium amounts to the public employees insurance program.

(b) The public employees insurance program shall reimburse a public pension fund for the administrative expense of withholding the premium amounts and shall assume liability for the failure of a public pension fund to properly withhold the premium amounts.

RETIREMENT PLAN
ADMINISTRATION

Sec. 50. [356B.05] [PUBLIC PENSION ADMINISTRATION LEGISLATION.]

(a) Proposed administrative legislation recommended by or on behalf of the Minnesota state retirement system, the public employees retirement association, the teachers retirement association, the Minneapolis employees retirement fund, or a first class city teachers retirement fund association must be presented to the legislative commission on pensions and retirement, the state and local governmental operations committee of the senate, and the governmental operations and veterans affairs policy committee of the house of representatives on or before October 1 of each year in order for the proposed administrative legislation to be acted upon during the upcoming legislative session. The executive director or the deputy executive director of the legislative commission on pensions and retirement shall provide written comments on the proposed provisions to the public pension plans by November 15 of each year.

(b) Proposed administrative legislation recommended by or on behalf of a public employee pension plan or system under paragraph (a) must address provisions:

(1) authorizing allowable service credit for leaves of absence and related circumstances;

(2) governing offsets or deductions from the amount of disability benefits;

(3) authorizing the purchase of allowable service credit for prior uncredited periods;

(4) governing subsequent employment earnings by reemployed annuitants; and

(5) authorizing retroactive effect for retirement annuity or benefit applications.

(c) Where possible and desirable, taking into account the differences among the public pension plans in existing law and the unique characteristics of the individual public pension fund memberships, uniform provisions relating to paragraph (b) for all applicable public pension plans must be presented for consideration during the legislative session. Supporting documentation setting forth the policy rationale for each set of uniform provisions must accompany the proposed administrative legislation.

Sec. 51. [356B.10] [PUBLIC PENSION FACILITIES.]

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

(b) "Boards" mean the board of directors of the Minnesota state retirement system, the board of trustees of the public employees retirement association, and the board of trustees of the teachers retirement association.

(c) "Commissioner" means the commissioner of administration.

Subd. 2. [BUILDING; RELATED FACILITIES.] (a) The commissioner of administration may provide a building and related facilities to be jointly occupied by the board of directors of the Minnesota state retirement system, the board of trustees of the public employees retirement association, and the board of trustees of the teachers retirement association for the administration of their public pension systems.

(b) Design of the facilities is not subject to section 16B.33. The competitive acquisition process set forth in chapter 16C does not apply if the process set forth in subdivision 3 is followed.

(c) The boards and the commissioner must submit the plans for a public pension facility under this section to the chair of the house ways and means committee and to the chair of the senate state government finance committee for their approval before the plans are implemented.

Subd. 3. [CONTRACTING PROCEDURES.] (a) The commissioner may enter into a contract for facilities with a contractor to furnish the architectural, engineering, and related services as well as the labor, materials, supplies, equipment, and related construction services on the basis of a request for qualifications and competitive responses received through a request for proposals process that must include the items listed in paragraphs (b) to (i).

(b) Before issuing a request for qualifications and a request for proposals, the commissioner, with the assistance of the boards, shall prepare performance criteria and specifications that include:

(1) a general floor plan or layout indicating the general dimensions of the public building and space requirements;

(2) design criteria for the exterior and site area;

(3) performance specifications for all building systems and components to ensure quality and cost efficiencies;

(4) conceptual floor plans for systems space;

(5) preferred types of interior finishes, styles of windows, lighting and outlets, doors, and features such as built-in counters and telephone wiring;

(6) mechanical and electrical requirements;

(7) special interior features required; and

(8) a completion schedule.

(c) The commissioner shall first solicit statements of qualifications from eligible contractors and select more than one qualified contractor based upon experience, technical competence, past performance, capability to perform, and other appropriate facts. Contractors selected under this process must be, employ, or have as a partner, member, coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide the services required to design and complete the project. The commissioner does not have to select any of the respondents if none reasonably fulfill the criteria set forth in this paragraph.

(d) The contractors selected shall be asked to respond to a request for proposals. Responses must include site plans, design concept, elevation, statement of material to be used, floor layouts, a detailed development budget, and a total cost to complete the project. The proposal must indicate that the contractor obtained at least two proposals from subcontractors for each item of work and must set forth how the subcontractors were selected. The commissioner, with the assistance of the boards, shall evaluate the proposals based upon design, cost, quality, aesthetics, and the best overall value to the state pension funds. The commissioner need not select any of the proposals submitted and reserves the right to reject any and all proposals, and may terminate the process or revise the request for proposals and solicit new proposals if the commissioner determines that the best interests of the pension funds would be better served by doing so. Proposals submitted are nonpublic data until the contract is awarded.

(e) The contractor selected must comply with sections 574.26 to 574.261. Before executing a final contract, the contractor selected shall certify a firm construction price and completion date.

(f) The commissioner may consider building sites in the city of St. Paul and surrounding suburbs.

(g) Any land, building, or facility leased, constructed, or acquired and any leasehold interest acquired under this section must be held by the state in trust for the three retirement systems as tenants in common. Each retirement system fund must consider its interest as a fixed asset of its pension fund in accordance with governmental accounting standards.

(h) The commissioner may lease to another governmental subdivision, to a private company under contract with the state board of investment, or with the board of directors of the Minnesota state retirement system, whichever applies, to provide deferred compensation services under section 352.96, any portion of the funds' building and lands that is not required for their direct use upon terms and conditions they deem to be in the best interest of the pension funds. Any income accruing from the rentals must be separately accounted for and utilized to offset ongoing administrative expenses and any excess must be carried forward for future administrative expenses. The commissioner may also enter into lease agreements for the establishment of satellite offices should the boards find them to be necessary in order to assure their members reasonable access to their services. The commissioner may lease under section 16B.24 any portion of the facilities not required for the direct use of the boards.

(i) The boards shall formulate and adopt a written working agreement that sets forth the nature of each retirement system's ownership interest, the duties and obligations of each system toward the construction, operation, and maintenance costs of its facilities, and identifies one retirement fund to serve as manager for operating and maintenance purposes. The boards may contract with independent third parties for maintenance-related activities, services, and supplies, and may use the services of the department of administration where economically feasible to do so. If the boards cannot agree or resolve a dispute about operations or maintenance of the facilities, they may request the commissioner of administration to appoint a representative from the department's real estate management division to serve as arbitrator of the dispute with authority to issue a written resolution of the dispute.

Subd. 4. [REVENUE BONDS.] The commissioner of finance, on request of the governor, may sell and issue revenue bonds in an aggregate principal amount up to $38,000,000 to achieve the purposes described in subdivisions 1 and 2, plus the amount needed to pay issuance costs and interest costs and to establish necessary reserves to secure the bonds. The commissioner of finance may issue bonds for the purpose of refunding bonds issued under this subdivision. The bonds may be sold and issued on terms and in a manner the commissioner of finance determines to be in the best interests of the state. The proceeds of the bonds must be credited to a bond proceeds account in the pension building fund which the commissioner of finance must create in the state treasury.

Subd. 5. [SECURITY.] The boards may pledge any or all assets of the boards as security for the bonds. The bonds and the interest on them must be paid solely from and secured by all assets of the boards pledged and appropriated for these purposes to the debt service fund created in subdivision 6 and any investment income on the fund and any reserve established for this purpose. The bonds are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds and the interest on them must not be paid, directly or indirectly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege.

Subd. 6. [DEBT SERVICE FUND.] There is established in the state treasury a separate and special pension building debt service fund. Money in the funds managed by the boards is appropriated to the boards for transfer to the pension building debt service fund. Money appropriated and transferred to the fund and investment income on it on hand or required to be transferred to the fund must be used and is irrevocably appropriated to pay when due the principal of and interest on the bonds authorized in subdivision 4.

Subd. 7. [COVENANTS; AGREEMENTS.] The commissioner of finance may, for and on behalf of the state, enter into covenants and agreements not inconsistent with subdivisions 1 to 6 as may be necessary or desirable to facilitate the sale and issuance of the bonds on terms favorable to the state, including, but not limited to, covenants and agreements relating to the payment of and security for the bonds, tax exemption, and disclosure of information required by federal and state securities laws. The covenants and agreements of the commissioner of finance constitute an enforceable contract of the state and the state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner of finance to fulfill the terms of the covenants or agreements made with the holders of the bonds, or in any way impair the rights and remedies of the holders until

the bonds, together with the interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the holders, are fully met and discharged. The commissioner of finance may include this pledge and agreement of the state in any covenant or agreement with the holders of the bonds. Sections 16A.672 and 16A.675 apply to the bonds.

Sec. 52. [CROSS-REFERENCE CHANGES.]

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall, in each section indicated in column A, replace the cross-reference specified in column B with the cross-reference set forth in column C:

| column A | | column B | | column C | |
|---|---|---|---|---|---|
| 3.751, | subd. 1 | 356.89 | | 356B.10 | |
| 3A.02, | subd. 1 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 3A.02, | subd. 4 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 3A.11, | subd. 1 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 11A.18, | subd. 6 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 11A.18, | subd. 9 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 11A.18, | subd. 11 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 13.631, | subd. 2 | 356.80 | | 356.49 | |
| 69.77, | subd. 2b | 356.215, | subds. 4 to 4k | 356.215, | subds. 4 to 15 |
| 69.77, | subd. 2b | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 69.773, | subd. 2 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 69.773, | subd. 4 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 352.01, | subd. 12 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 352.115, | subd. 3 | 356.119, | subd. 1 | 356.315, | subd. 1 |
| 352.115, | subd. 3 | 356.119, | subd. 2 | 356.315, | subd. 2 |
| 352.115, | subd. 10 | 356.58 | | 356.47 | |
| 352.119, | subd. 2 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 352.72, | subd. 2 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 352.87, | subd. 3 | 356.119, | subd. 2a | 356.315, | subd. 2a |
| 352.91, | subd. 5 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 352.93, | subd. 2 | 356.119, | subd. 5 | 356.315, | subd. 5 |
| 352.95, | subd. 1 | 356.119, | subd. 5 | 356.315, | subd. 5 |
| 352B.08, | subd. 2 | 356.119, | subd. 6 | 356.315, | subd. 6 |
| 352B.08, | subd. 3 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 352B.10, | subd. 1 | 356.119, | subd. 6 | 356.315, | subd. 6 |
| 352B.26, | subd. 3 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 352B.30, | subd. 4 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 352C.031, | subd. 4 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 352C.033 | | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 353.01, | subd. 14 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 353.03, | subd. 3 | 356.215, | subd. 4, clause (4) | 356.215, | subd. 8 |
| 353.271, | subd. 2 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 353.29, | subd. 3 | 356.119, | subd. 3 | 356.315, | subd. 3 |
| 353.29, | subd. 3 | 356.119, | subd. 4 | 356.315, | subd. 4 |
| 353.29, | subd. 3 | 356.119, | subd. 1 | 356.315, | subd. 1 |
| 353.29, | subd. 3 | 356.119, | subd. 2 | 356.315, | subd. 2 |
| 353.29, | subd. 4 | 356.371, | subd. 3 | 356.46, | subd. 3 |
| 353.37, | subd. 3a | 356.58 | | 356.47 | |
| 353.651, | subd. 3 | 356.119, | subd. 6 | 356.315, | subd. 6 |
| 353.656, | subd. 1 | 356.119, | subd. 6 | 356.315, | subd. 6 |
| 353.665, | subd. 8 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 353.71, | subd. 2 | 356.215, | subd. 4d | 356.215, | subd. 8 |

| | | | | | |
|---|---|---|---|---|---|
| 353A.08, | subd. 1 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 353A.08, | subd. 2 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 353A.09, | subd. 2 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 353A.09, | subd. 5 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 353E.04, | subd. 3 | 356.119, | subd. 5a | 356.315, | subd. 5a |
| 353E.06, | subd. 1 | 356.119, | subd. 5a | 356.315, | subd. 5a |
| 354.05, | subd. 7 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 354.07, | subd. 1 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 354.44, | subd. 2 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 354.44, | subd. 5 | 356.58 | | 356.47 | |
| 354.44, | subd. 6 | 356.119, | subd. 1 | 356.315, | subd. 1 |
| 354.44, | subd. 6 | 356.119, | subd. 2 | 356.315, | subd. 2 |
| 354.44, | subd. 6 | 356.119, | subd. 3 | 356.315, | subd. 3 |
| 354.44 | | 356.119 | | 356.315 | |
| 354.45, | subd. 2 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 354.48, | subd. 3 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 354.55, | subd. 11 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 354.63, | subd. 2 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 354A.011, | subd. 3 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 354A.026 | | 356.215, | subd. 4g | 356.215, | subd. 11 |
| 354A.105 | | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 354A.12, | subd. 1a | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 354A.31, | subd. 1a | 356.371, | subd. 3 | 356.46, | subd. 3 |
| 354A.31, | subd. 3 | 356.58 | | 356.47 | |
| 354A.31, | subd. 4 | 356.119, | subd. 1 | 356.315, | subd. 1 |
| 354A.31, | subd. 4 | 356.119, | subd. 2 | 356.315, | subd. 2 |
| 354A.31, | subd. 4a | 356.119, | subd. 1 | 356.315, | subd. 1 |
| 354A.31, | subd. 4a | 356.119, | subd. 2 | 356.315, | subd. 2 |
| 354A.34 | | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 422A.01, | subd. 6 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 422A.06, | subd. 5 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 422A.08, | subd. 5a | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 422A.101, | subd. 3 | 356.865 | | 356.43 | |
| 422A.15, | subd. 2 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 422A.15, | subd. 3 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 422A.16, | subd. 2 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 422A.17 | | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 422A.23, | subd. 12 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 423A.02, | subd. 1 | 356.215, | subd. 4, clause (4) | 356.215, | subd. 8 |
| 490.121, | subd. 20 | 356.215, | subd. 4d | 356.215, | subd. 8 |
| 490.121, | subd. 22 | 356.119, | subd. 7 | 356.315, | subd. 7 |
| 490.124, | subd. 1 | 356.119, | subd. 7 | 356.315, | subd. 7 |
| 490.124, | subd. 1 | 356.119, | subd. 8 | 356.315, | subd. 8 |
| 490.124, | subd. 5 | 356.215, | subd. 4d | 356.215, | subd. 8 |

Sec. 53. [REPEALER.]

Subdivision 1. [REPEALER OF OBSOLETE PROVISIONS.] Minnesota Statutes 2000, sections 356.325; 356.35; 356.36; 356.37; 356.38; 356.39; 356.45; 356.451; 356.452; 356.453; 356.454; and 356.455, are repealed.

Subd. 2. [REPEALER OF PROVISIONS REORGANIZED.] (a) Minnesota Statutes 2000, sections 356.19; 356.305; 356.306; 356.31; 356.371, subdivisions 2 and 3; 356.372; 356.615; 356.71; 356.80; 356.81; 356.86; 356.865; 356.88; and 356.89, are repealed.

(b) Minnesota Statutes 2001 Supplement, sections 356.371, subdivision 1; and 356.866, are repealed.

Subd. 3. [REPEALER TO RESOLVE REVISOR NOTE.] Laws 1997, chapter 233, article 1, section 58, is repealed.

Sec. 54. [EFFECTIVE DATE.]

(a) Sections 1 to 53 are effective July 1, 2002.

(b) Section 51 is the continuation of the public pension facility authority previously contained in Minnesota Statutes 2000, section 356.89, and may not be considered a grant of authority to build or bond for a second building.

ARTICLE 11

JOINT RETIREMENT PLAN
BUILDING LEASE AUTHORITY

Section 1. Minnesota Statutes 2000, section 356.89, subdivision 3, is amended to read:

Subd. 3. [CONTRACTING PROCEDURES.] (a) The commissioner may enter into a contract for facilities with a contractor to furnish the architectural, engineering, and related services as well as the labor, materials, supplies, equipment, and related construction services on the basis of a request for qualifications and competitive responses received through a request for proposals process that must include the items listed in paragraphs (b) to (i).

(b) Before issuing a request for qualifications and a request for proposals, the commissioner, with the assistance of the boards, shall prepare performance criteria and specifications that include:

(1) a general floor plan or layout indicating the general dimensions of the public building and space requirements;

(2) design criteria for the exterior and site area;

(3) performance specifications for all building systems and components to ensure quality and cost efficiencies;

(4) conceptual floor plans for systems space;

(5) preferred types of interior finishes, styles of windows, lighting and outlets, doors, and features such as built-in counters and telephone wiring;

(6) mechanical and electrical requirements;

(7) special interior features required; and

(8) a completion schedule.

(c) The commissioner shall first solicit statements of qualifications from eligible contractors and select more than one qualified contractor based upon experience, technical competence, past performance, capability to perform, and other appropriate facts. Contractors selected under this process must be, employ, or have as a partner, member, coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide the services required to design and complete the project. The commissioner does not have to select any of the respondents if none reasonably fulfill the criteria set forth in this paragraph.

(d) The contractors selected shall be asked to respond to a request for proposals. Responses must include site plans, design concept, elevation, statement of material to be used, floor layouts, a detailed development budget, and a total cost to complete the project. The proposal must indicate that the contractor obtained at least two proposals from subcontractors for each item of work and must set forth how the subcontractors were selected. The

commissioner, with the assistance of the boards, shall evaluate the proposals based upon design, cost, quality, aesthetics, and the best overall value to the state pension funds. The commissioner need not select any of the proposals submitted and reserves the right to reject any and all proposals, and may terminate the process or revise the request for proposals and solicit new proposals if the commissioner determines that the best interests of the pension funds would be better served by doing so. Proposals submitted are nonpublic data until the contract is awarded.

(e) The contractor selected must comply with sections 574.26 to 574.261. Before executing a final contract, the contractor selected shall certify a firm construction price and completion date.

(f) The commissioner may consider building sites in the city of St. Paul and surrounding suburbs.

(g) Any land, building, or facility leased, constructed, or acquired and any leasehold interest acquired under this section must be held by the state in trust for the three retirement systems as tenants in common. Each retirement system fund must consider its interest as a fixed asset of its pension fund in accordance with governmental accounting standards.

(h) The commissioner may lease to another governmental subdivision, or to a private company under contract with the state board of investment or with the board of directors of the Minnesota state retirement system, whichever applies, to provide deferred compensation services under section 352.96, any portion of the funds' building and lands that is not required for their direct use upon terms and conditions they deem to be in the best interest of the pension funds. Any income accruing from the rentals must be separately accounted for and utilized to offset ongoing administrative expenses and any excess must be carried forward for future administrative expenses. The commissioner may also enter into lease agreements for the establishment of satellite offices should the boards find them to be necessary in order to assure their members reasonable access to their services. The commissioner may lease under section 16B.24 any portion of the facilities not required for the direct use of the boards.

(i) The boards shall formulate and adopt a written working agreement that sets forth the nature of each retirement system's ownership interest, the duties and obligations of each system toward the construction, operation, and maintenance costs of its facilities, and identifies one retirement fund to serve as manager for operating and maintenance purposes. The boards may contract with independent third parties for maintenance-related activities, services, and supplies, and may use the services of the department of administration where economically feasible to do so. If the boards cannot agree or resolve a dispute about operations or maintenance of the facilities, they may request the commissioner of administration to appoint a representative from the department's real estate management division to serve as arbitrator of the dispute with authority to issue a written resolution of the dispute.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective July 1, 2002.

## ARTICLE 12

## VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS SERVICE PENSION ELIGIBILITY

Section 1. Minnesota Statutes 2000, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] (a) A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the municipal fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service, if the bylaws or articles of incorporation of the relief association so provide. The service pension may be paid whether or not the municipality or nonprofit firefighting corporation to which the relief association is associated qualifies for fire state aid under chapter 69.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit towards computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality or nonprofit firefighting corporation may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

(d) No relief association as defined in section 424A.001, subdivision 4, may pay a service pension or disability benefit to a former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated, unless:

(1) the person is employed subsequent to retirement by the municipality or the independent nonprofit firefighting corporation, whichever applies, to perform duties within the municipal fire department or corporation on a full-time basis;

(2) the governing body of the municipality or of the corporation has filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's full-time capacity would be difficult to replace; and

(3) the bylaws of the relief association were amended to provide for the payment of a service pension or disability benefit for such full-time employees.

ARTICLE 13

STUDY OF STATEWIDE VOLUNTEER
FIREFIGHTER RETIREMENT PLAN

Section 1. [STUDY OF STATEWIDE LUMP-SUM VOLUNTEER FIREFIGHTER RETIREMENT PLAN; CREATION OF TASK FORCE.]

Subdivision 1. [TASK FORCE MEMBERSHIP.] (a) A statewide lump-sum volunteer firefighter retirement plan study task force is created.

(b) The task force members are:

(1) four members appointed by the president of the Minnesota area relief association coalition;

(2) four members appointed by the president of the Minnesota state fire department association;

(3) four members appointed by the president of the Minnesota state fire chiefs association;

(4) four members appointed by the board of directors of the league of Minnesota cities; and

(5) the Minnesota state auditor or the auditor's designee.

(c) Appointments must be made on or before July 1, 2002. If the appointment is not made in a timely way, or if there is a vacancy, the Minnesota state auditor shall appoint the task force member or the replacement member.

(d) The chair of the task force must be elected by the members of the task force.

(e) Staffing services for the task force must be provided by the office of the state auditor.

Subd. 2. [TASK FORCE DUTIES.] (a) The task force shall conduct fact finding regarding the creation of a voluntary statewide firefighter retirement plan.

(b) To determine the design and components of the potential statewide plan, the task force shall contract with the management analysis division of the department of administration to conduct a statewide survey of current volunteer firefighter relief associations on the topic and shall conduct a series of public meetings throughout the state in which feedback from volunteer firefighter relief association members would be obtained.

(c) The task force shall determine the benefit level or levels of a potential statewide volunteer firefighter retirement plan, the funding requirements for the plan, the investment vehicle or vehicles to be utilized by the plan, the administration of the plan, the incentives needed to formulate the plan, the limitations applicable to the plan, and the state resources needed to be dedicated to the plan.

Subd. 3. [REPORT.] The task force shall prepare a report detailing its findings about a potential statewide lump-sum volunteer firefighter retirement plan. The report is due on January 15, 2004, and must be filed with the legislative reference library, the chair of the legislative commission on pensions and retirement, the chair of the state and local governmental operations committee of the senate, the chair of the state government, economic development and the judiciary budget division of the senate finance committee, the chair of the governmental operations and veterans affairs policy committee of the house of representatives, and the chair of the state government finance committee of the house of representatives.

Subd. 4. [DATA DISCLOSURE.] In performing their duties under this section, the task force, the management analysis division of the state department of administration, and the consulting actuary retained by the task force shall have access to relevant nonpublic data on volunteer firefighter relief associations held by the office of the state auditor and must comply with the relevant provisions of Minnesota Statutes, chapter 13.

Subd. 5. [APPROPRIATION.] (a) $300,000 is appropriated for the task force from deductions from fire state aid, with $200,000 to be deducted from the fire state aid otherwise payable during October 2002 under Minnesota Statutes, sections 69.011 to 69.051 and with $100,000 to be deducted from the fire state aid otherwise payable during October 2003 under Minnesota Statutes, sections 69.011 to 69.051.

(b) The amount in paragraph (a) is appropriated to the state auditor for the benefit of the potential statewide lump-sum volunteer firefighter retirement plan task force, conducting its study, the preparation of the actuarial cost estimates, and the preparation of its final report.

(c) Upon the completion of the study and the filing of the final report, any balance of the appropriation cancels to the fire state aid program for distribution as part of the October 2004 fire state aid.

(d) The deductions from fire state aid provided in paragraph (a) do not apply to aid payable to the city of Minneapolis.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 14

ADDITIONAL CLARIFICATIONS

Section 1. [CLARIFICATION OF APPROPRIATION.]

Subdivision 1. [PURPOSE.] This section clarifies treatment extended to an individual specified in Laws 2001, chapter 169, section 5, and is intended to eliminate any potential windfall to the public employees retirement association police and fire plan fund and the public employees retirement association general employees plan fund that may result from that session law.

Subd. 2. [ELIGIBILITY.] The eligible individual is an individual specified in Laws 2001, chapter 169, section 5, who was an assistant commissioner in the department of public safety from April 30, 1994, through May 31, 1998, while on an intergovernmental mobility assignment or assignments to the state from the city of St. Paul police department.

Subd. 3. [SALARY INCREMENT.] The salary increment in any applicable year or portion of a year is the difference between the salary the eligible individual in subdivision 2 received as assistant commissioner and the salary upon which pension contributions were made for that year or portion of a year.

Subd. 4. [BENEFIT COMPUTATIONS.] The retirement benefits, or disability benefits, if applicable, under the public employees retirement association police and fire plan and the public employees retirement association general plan are to be computed based on plan law applicable to the eligible individual under subdivision 2 given the eligible individual's termination of service date or dates, or the disability benefit accrual date or dates as applicable, except for inclusion of salary increments under subdivision 3 for purposes of determining average salary under sections 353.29, subdivision 2, and 353.651, subdivision 2.

Subd. 5. [ANNUITY RESERVE COMPARISONS.] The executive director of the public employees retirement association is to determine the increased actuarial reserves, if any, needed to support the annuities from the two applicable public employees retirement association retirement funds on the effective date of retirement or disability from the applicable plans due to this section.

Subd. 6. [COMPARISON TO APPROPRIATION AMOUNTS.] The total amount determined under subdivision 5, if zero or positive, is to be subtracted from the total value of any appropriation received by the public employees retirement association under Laws 2001, chapter 169, section 5, on the date computations under subdivision 5 occur assuming 8.5 percent interest compounded annually from the date the appropriation is received until the computation date under subdivision 5.

Subd. 7. [DISPOSITION OF EXCESS.] The amount determined under subdivision 6, net of the value of any foregone employer contributions, including 8.5 percent interest compounded annually relating to the salary increments under subdivision 3, if any, is to be redeposited within 30 days following the date of that determination in the state's general fund.

Subd. 8. [INTERNAL ALLOCATIONS.] Notwithstanding any law to the contrary, the executive director is authorized to place amounts received, if any, due to Laws 2001, chapter 169, section 5, in the public employees retirement association general plan fund or the public employees retirement association police and fire plan fund, or to allocate amounts between these funds as deemed appropriate. Following the determinations required by this section, the executive director may again reallocate amounts between the two funds to reflect a reasonable allocation of the remaining net appropriation amount.

Subd. 9. [CONTRIBUTION RATIFICATION.] Contributions and interest paid to the association relating to the salary increments referred to in subdivision 3 are authorized for deposit in the public employees retirement association police and fire plan fund and are ratified.

Sec. 2. Minnesota Statutes 2001 Supplement, section 356.866, is amended to read:

356.866 [CONVERSION OF LUMP-SUM POSTRETIREMENT AND SUPPLEMENTAL PAYMENT TO AN INCREASED MONTHLY ANNUITY.]

Subdivision 1. [LUMP-SUM POSTRETIREMENT PAYMENT CONVERSION.] (a) Unless the person elects otherwise under paragraph (b), for benefits paid after December 31, 2001, to eligible persons under sections 356.86 and 356.865, the amount of the most recent lump-sum benefit payable to an eligible recipient under sections 356.86 and 356.865, must be divided by 12. The result must be added to the monthly annuity or benefit otherwise payable to an eligible recipient, must become a permanent part of the benefit recipient's pension, and must be included in any pension benefit subject to future increases.

(b) A person may elect to continue to receive the payment in a lump sum annually in each December. The election must be made before September 1, 2002. For the December 2002 lump-sum payment, the amount must be the total of the monthly amounts remaining unpaid after the election under this paragraph.

Subd. 2. [TRANSFER OF REQUIRED RESERVES TO MINNESOTA POSTRETIREMENT INVESTMENT FUND.] (a) Public employee retirement funds participating in the state board of investment postretirement investment fund shall transfer the required reserves for the postretirement conversion under subdivision 1 to the postretirement investment fund by January 31, 2002.

(b) For a person who elects a lump-sum payment under subdivision 1, paragraph (a), any required reserves for the converted payment must be transferred back to the applicable public employee retirement fund.

Sec. 3. [EFFECTIVE DATE.]

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

Delete the title and insert:

"A bill for an act relating to retirement; various retirement plans; clarifying the laws applicable to the remaining local police and paid firefighter pension plans; repealing obsolete local police and paid firefighter pension plan laws; providing public employee pension coverage for certain foreign citizens; clarifying membership eligibility and allowable service credit for the public employees retirement association; requiring membership for charter school teachers in the teachers retirement association; providing for the payment of unpaid closed charter school retirement contributions from charter school lease aid; eliminating contribution rate increases in the local government correctional service retirement plan; establishing provisions relating to employees of the Kanabec hospital if the hospital is privatized; extending the expiration date for certain prior service credit purchase authorizations; recodifying social security coverage provisions; implementing recommended changes in salary actuarial assumptions; clarifying the restrictions on supplemental and local pension plans for plans funded from accumulated sick and vacation leave; reorganizing the revising various general retirement provisions; instructing the revisor of statutes; authorizing the commissioner of administration to lease pension fund facilities to deferred compensation service providers; authorizing certain volunteer firefighters to receive service pensions or disability benefits without terminating active service; authorizing a study of the creation of a voluntary statewide volunteer firefighter retirement plan; amending Minnesota Statutes 2000, sections 69.77; 69.80; 353.01, by adding a subdivision; 353.64, subdivision 7a; 353A.08, subdivision 6a; 353E.02, subdivision 1, by adding a subdivision; 353E.03; 353F.02, subdivision 4; 354A.011, subdivision 27; 355.01, subdivisions 1, 3, 6, 8, by adding subdivisions; 355.02; 355.03; 355.05; 355.07; 355.08; 356.001; 356.20, subdivisions 1, 2, 3, 4, 4a; 356.215, as amended; 356.216; 356.217; 356.219; 356.22; 356.23; 356.24, subdivisions 1b, 1c, 2; 356.245; 356.25; 356.30; 356.302; 356.303; 356.32; 356.40; 356.41; 356.50; 356.55, as amended; 356.551; 356.611; 356.65, subdivision 2; 356.87; 356.89, subdivision 3; 423A.17; 423A.171; 424A.02, subdivision 1; 424A.09; Minnesota Statutes 2001 Supplement, sections 353.01, subdivisions 2a, 2b, 11b, 16; 353.27, subdivisions 4, 11; 354.05, subdivision 2; 356.24, subdivision 1; 356.555; 356.62; 356.65, subdivision 1; 356.866; Laws 1999, chapter 222, article 16, section 16; Laws 2000, chapter 461, article 10, section 3, as amended; Laws 2000, chapter 461, article 12, section 20; Laws 2001, First Special Session

chapter 10, article 6, section 21; proposing coding for new law in Minnesota Statutes, chapters 355; 356; proposing coding for new law as Minnesota Statutes, chapter 356B; repealing Minnesota Statutes 2000, sections 69.25; 69.26; 69.27; 69.28; 69.29; 69.30; 69.32; 69.361; 69.37; 69.38; 69.39; 69.40; 69.41; 69.42; 69.43; 69.44; 69.45; 69.46; 69.47; 69.48; 69.49; 69.50; 69.51; 69.52; 69.53; 69.62; 69.78; 297I.10, subdivision 2; 355.01, subdivisions 2, 4, 5, 9, 10; 355.11; 355.12; 355.13; 355.14; 355.15; 355.16; 355.17; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; 355.21; 355.22; 355.23; 355.24; 355.25; 355.26; 355.27; 355.28; 355.281; 355.282; 355.283; 355.284; 355.285; 355.286; 355.287; 355.288; 355.29; 355.291; 355.292; 355.293; 355.294; 355.295; 355.296; 355.297; 355.298; 355.299; 355.30; 355.311; 355.391; 355.392; 355.393; 355.41; 355.42; 355.43; 355.44; 355.45; 355.46; 355.48; 355.49; 355.50; 355.51; 355.52; 355.54; 355.55; 355.56; 355.57; 355.58; 355.59; 355.60; 355.61; 355.621; 355.622; 355.623; 355.624; 355.625; 355.626; 355.627; 355.628; 355.71; 355.72; 355.73; 355.74; 355.75; 355.76; 355.77; 355.78; 355.79; 355.80; 355.81; 355.90; 356.19; 356.305; 356.306; 356.31; 356.325; 356.35; 356.36; 356.37; 356.371, subdivisions 2, 3; 356.372; 356.38; 356.39; 356.45; 356.451; 356.452; 356.453; 356.454; 356.455; 356.615; 356.71; 356.80; 356.81; 356.86; 356.865; 356.88; 356.89; 423.37; 423.371; 423.372; 423.373; 423.374; 423.375; 423.377; 423.378; 423.379; 423.38; 423.381; 423.382; 423.383; 423.384; 423.385; 423.386; 423.387; 423.388; 423.389; 423.39; 423.391; 423.392; 423.801; 423.802; 423.803; 423.804; 423.805; 423.806; 423.808; 423.809; 423.810; 423.812; 423.813; 423.814; 423.90; 423A.03; 424.01; 424.02; 424.03; 424.04; 424.05; 424.06; 424.08; 424.14; 424.15; 424.16; 424.165; 424.17; 424.18; 424.19; 424.20; 424.21; 424.22; 424.23; 424.24; 424.25; 424.27; 424.28; 424.29; Minnesota Statutes 2001 Supplement, sections 353.01, subdivision 39; 356.371, subdivision 1; 356.866; Special Session Laws 1889, chapter 425; Special Session Laws 1891, chapter 11; Laws 1897, chapters 389; 390; Laws 1915, chapter 68; Laws 1917, chapter 196; Laws 1919, chapters 68, 515; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1931, chapter 48; Laws 1933, chapter 122; Laws 1935, chapters 92; 192; 208; 259; Laws 1937, chapters 132; 197; 253; Laws 1939, chapters 124; 304; Laws 1941, chapters 74; 182; 196; Laws 1943, chapters 170; 267; 397; 413; 432; Laws 1945, chapters 74; 182; 277; 300; Laws 1947, chapters 40; 43; 101; 274; 329; Laws 1949, chapters 87; 144; 153; 154; 164; 191; 235; 281; 378; Laws 1951, chapters 43; 45; 48; 144; 233; 243; 420; 435; 499; Laws 1953, chapters 37; 44; 91; 235; 253; 348; 391; 401; 406; Laws 1955, chapters 42; 49; 75; 151; 187; 188; 293; 294; 348; 375; 827; Laws 1957, chapters 10; 16; 36; 127; 144; 164; 256; 257; 455; 630; 793; Laws 1959, chapters 108; 131; 191; 207; 208; 211; 437; Laws 1961, chapters 186; 290; 295; 300; 343; 376; 399; 434; 435, section 2; 443; 620; 631; 747; Extra Session Laws 1961, chapters 28; 80; Laws 1963, chapters 36; 208; 221; 271; 443; 453; 454; 464; 619; 636; 643; 670; 715; Laws 1965, chapters 174; 179; 190; 418; 457; 458; 465; 498; 536; 540; 594; 604; 605; 636; 790; Laws 1967, chapters 644; 678; 702; 708; 730; 732; 736; 751; 775; 783; 798; 807; 816; 848; Laws 1969, chapters 138; 442; 443; 552; 576; 594; 614; 641; 668; 669; 670; 671; 672; 686; 694; 716; 849; 1087; Laws 1971, chapters 51; 178; 407; 549; 614; 807; 809; 810; Extra Session Laws 1971, chapter 41; Laws 1973, chapters 286; 287; 346; 359; 432; 433; 587; Laws 1974, chapters 251; 382; Laws 1975, chapters 120; 121; 127; 254, sections 1, 2, 3, 4, 5, 6; 368, section 54; 389; 408; 423; 424; 425; Laws 1976, chapters 36; 78, section 4; 85; 99; 247; Laws 1977, chapters 83; 164, sections 1, 3; 169; 270; 275; 374, sections 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60; 429, section 62; Laws 1978, chapters 563, sections 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30; 579; 648; 690, sections 9, 10; 793, section 96; Laws 1979, chapters 131, section 3; 216, sections 27, 28, 29, 30, 31, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44; Laws 1980, chapters 341, sections 2, 3, 4, 5, 6, 9, 10; 600, sections 11, 12, 13, 14, 15, 16, 17, 18, 22; 607, article XV, section 23; Laws 1981, chapter 68, sections 31, 32, 33, 34, 35, 36, 37, 41, 42, 43; Laws 1981, chapter 224, sections 236, 237, 239, 240, 243, 244, 247, 248, 252, 253, 258, 259, 260, 261, 263, 264, 265, 266, 267, 268, 270, 272, 273; Laws 1981, chapter 297, sections 1, 2; Laws 1982, chapters 402; 443; 574, sections 3, 4, 5, 6, 8; 578, article II, section 1, subdivision 8, article III, section 18; 610, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20; Laws 1983, chapters 47; 74; 84, section 1; 291, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17; Laws 1984, chapter 574, sections 18, 19, 20, 22, 23, 24, 25, 26, 33; Laws 1985, chapters 259, sections 5, 6; 261, sections 14, 15, 16, 18, 20, 32, 33, 34, 35, 36; Laws 1985, First Special Session chapter 16, article 2, section 6; Laws 1986, chapters 359, sections 22, 23, 24, 25; 458, sections 23, 34; Laws 1987, chapter 372, article 2, sections 7, 8, 9, 10, 12; Laws 1988, chapter 709, articles 8, section 5; 9, section 5; Laws 1989, chapter 319, article 11, sections 2, 3, 4, 12; Laws 1990, chapter 589, article 1, section 7; Laws 1991, chapters 96; 269, article 2, sections 12, 13; Laws 1992, chapters 392, section 1; 393, section 1; 422; 431, section 1; 448, section 1; 455; 563, sections 3, 4, 5; 586, section 1; Laws 1993, chapters 72; 110; 112, section 2; 126; 202, article 1; Laws 1994, chapters 409; 410; 474; 490; 541, section 3; Laws

1995, chapter 262, article 10, section 4; Laws 1996, chapter 448, article 2, section 1; Laws 1997, chapter 233, article 1, section 58; Laws 1997, chapter 241, article 2, sections 2, 3, 4, 5, 6, 9, 10, 11, 13, 14, 15, 20; Laws 1999, chapter 222, article 3, section 6; Laws 2000, chapter 461, article 10, section 2."

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

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 3143, A bill for an act relating to economic development; repealing obsolete provisions relating to the Minnesota export finance authority and a business migration report; modifying conference and service center use in the Minnesota world trade center; modifying the urban initiative program; coordinating funding for wastewater and drinking water funding; extending availability of funding for travel information centers; increasing bonding authority for the public facilities authority; reinstating a repealed law; amending Minnesota Statutes 2000, sections 48.24, subdivision 5; 116J.58, subdivision 1; 116J.9665, subdivisions 1, 4, 6; 116M.14, subdivision 4; 116M.18, subdivisions 2, 3, 4, 5, 8, by adding a subdivision; 446A.07, subdivisions 4, 11; 446A.12, subdivision 1; Laws 2001, First Special Session chapter 4, article 1, section 2, subdivision 5; repealing Minnesota Statutes 2000, sections 116J.9672; 116J.9673.

Reported the same back with the following amendments:

Page 2, after line 8, insert:

"Sec. 2. Minnesota Statutes 2001 Supplement, section 116C.03, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The members of the board are the director of the office of strategic and long-range planning, the commissioner of commerce, the commissioner of the pollution control agency, the commissioner of natural resources, the director of the office of environmental assistance, the commissioner of agriculture, the commissioner of health, the commissioner of trade and economic development, the commissioner of transportation, the chair of the board of water and soil resources, and a representative of the governor's office designated by the governor. The governor shall appoint five members from the general public to the board, subject to the advice and consent of the senate. At least two of the five public members must have knowledge of and be conversant in water management issues in the state. Notwithstanding the provisions of section 15.06, subdivision 6, members of the board may not delegate their powers and responsibilities as board members to any other person. This prohibition does not apply to the commissioner of trade and economic development."

Page 11, after line 8, insert:

"Sec. 17. Minnesota Statutes 2000, section 462A.04, subdivision 1, is amended to read:

Subdivision 1. [CREATION; MEMBERS.] There is created a public body corporate and politic to be known as the "Minnesota housing finance agency," which shall perform the governmental functions and exercise the sovereign powers delegated to it in this chapter in furtherance of the public policies and purposes declared in section 462A.02. The agency shall consist of the ~~commissioner of trade and economic development,~~ state auditor~~,~~ and ~~five~~ six public members appointed by the governor with advice and consent of the senate. No more than ~~two~~ three public members shall reside in the area of jurisdiction of the metropolitan council as provided in section 473.123, subdivision 1, and no more than one public member shall reside in any one of the development regions established under the provisions of sections 462.381 to 462.396. Each member shall hold office until a successor has been appointed and has qualified. At least one member shall have private sector business experience. A certificate of appointment or reappointment of any member shall be conclusive evidence of the due and proper appointment of the member.

Sec. 18. Minnesota Statutes 2000, section 462A.04, subdivision 4, is amended to read:

Subd. 4. [CHAIRS.] The chair of the board of directors shall be designated by the governor from among the public members appointed. ~~The vice-chair of the board shall be the commissioner of trade and economic development.~~"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, after "subdivision 1;" insert "462A.04, subdivisions 1, 4; Minnesota Statutes 2001 Supplement, section 116C.03, subdivision 2;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations and Veterans Affairs Policy.

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 3158, A bill for an act relating to economic development; creating the greater Minnesota redevelopment program; proposing coding for new law in Minnesota Statutes, chapter 116J; repealing Minnesota Statutes 2000, sections 116J.561; 116J.562; 116J.563; 116J.564; 116J.565; 116J.566; 116J.567.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Jobs and Economic Development Finance.

The report was adopted.

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

H. F. No. 3163, A bill for an act relating to legislation; correcting erroneous, ambiguous, and omitted text and obsolete references; eliminating certain redundant, conflicting, and superseded provisions; reenacting certain legislation; making miscellaneous technical corrections to statutes and other laws; amending Minnesota Statutes 2000, sections 13.04, subdivision 2; 13.461, subdivision 7; 13.4963, subdivision 2; 13.4967, subdivision 3; 13.741, subdivision 1; 13.7411, subdivision 5; 13D.05, subdivision 2; 15A.086; 16D.11, subdivision 6; 17A.04, subdivision 1; 31.51, subdivision 3; 32.073; 41A.09, subdivision 8; 41B.045, subdivision 2; 41B.046, subdivision 5; 41B.047, subdivision 4; 48.24, subdivision 5; 115A.06, subdivision 5a; 115A.59; 115A.9157, subdivision 6; 115B.20, subdivisions 1, 2, 5; 115B.25, subdivision 2; 115B.26; 115B.28, as amended; 115B.29, subdivision 1; 115B.30, subdivision 3; 115B.31, subdivisions 1, 2, 4; 115B.32; 115B.33; 115B.34; 115B.35, subdivisions 2, 3, 4, 8, 9; 115B.36; 115B.37; 115C.08, subdivisions 4, 5; 116J.615; 116J.616; 119A.11, subdivision 3; 119A.20, subdivision 1; 119A.46, subdivision 6; 144E.43, subdivision 1; 148.71, subdivision 3; 219.98; 221.185, subdivision 5a; 222.631, subdivision 1; 260B.171, subdivision 5; 270.708, subdivision 1; 270B.15; 297B.035, subdivision 3; 297I.05, subdivision 12; 297I.30, subdivisions 1, 5; 299F.11, subdivision 2; 349.163, subdivision 6; 349A.10, subdivision 5; 352D.02, subdivision 1; 383C.19; 401.05, subdivision 3; 437.08; 437.09; 437.10; 458D.02, subdivisions 2, 3; 458D.23; 469.110, subdivision 2; 469.116, subdivision 7; 469.118, subdivisions 1, 2, 4; 469.119, subdivision 1; 469.122; 469.154, subdivision 5; 471.415, subdivision 2; 501B.61, as amended; 514.94; 524.2-301; 524.2-604; 524.2-609; 583.24, subdivision 4; 609.341, subdivision 17; Minnesota Statutes 2001 Supplement, sections 16A.151, by adding subdivisions; 17B.15, subdivision 1; 60K.31, subdivision 1; 60K.32; 60K.34, subdivision 1; 60K.39, subdivisions 5, 6; 60K.48; 60K.51, subdivision 6; 60K.52, subdivision 1; 61B.23, subdivision 15; 119A.22; 144.057, subdivision 4; 169.073; 214.01, subdivision 3; 216B.098, subdivision 2; 216B.2424, subdivision 5; 216B.2425,

subdivision 3; 270.07, subdivision 3a; 275.28, subdivision 1; 275.70, subdivision 5; 290A.03, subdivision 13; 297A.668, subdivision 3; 336.9-334; 356.62; 376.08, subdivision 2; 501B.60, subdivision 3; 514.661, subdivision 5; 626.556, subdivision 11; Laws 1995, chapter 220, sections 141, 142, as amended; Laws 2000, chapter 399, article 1, section 139; Laws 2001, chapter 171, section 12; proposing coding for new law in Minnesota Statutes, chapter 89A; repealing Minnesota Statutes 2000, sections 89A.01; 89A.02; 89A.03; 89A.04; 89A.05; 89A.06; 89A.07; 89A.08; 89A.09; 89A.10; 89A.11; 115B.27; 115B.35, subdivisions 1, 5, 6; 116.19; 221.0315; 437.11; 462A.072; 557.11; Minnesota Statutes 2001 Supplement, sections 16A.1286, subdivisions 4, 5; Laws 1997, chapter 85, article 4, section 28; Laws 1999, chapter 159, section 79; Laws 1999, chapter 231, section 180; Laws 2001, chapter 161, section 4; Laws 2001, chapter 162, section 4; Laws 2001, First Special Session chapter 2, section 103; Laws 2001, First Special Session chapter 8, article 7, section 1; Minnesota Rules, parts 5300.0360; 7021.0001, subparts 2, 4; 7190.0002; 7190.0003; 7190.0004; 7190.0008, subparts 1, 2; 7190.0015, subparts 1, 2; 7190.0100, subpart 2; 7190.1000, subpart 1.

Reported the same back with the following amendments:

Page 4, delete section 8

Page 21, after line 7, insert:

"Sec. 40. Minnesota Statutes 2001 Supplement, section 136G.03, subdivision 20, is amended to read:

Subd. 20. [MAXIMUM ACCOUNT BALANCE LIMIT.] "Maximum account balance limit" means the amount established by the office under section ~~136.2441~~ 136G.09, subdivision 8, paragraph (d)."

Page 31, after line 23, insert:

"Sec. 53. Minnesota Statutes 2001 Supplement, section 268.052, subdivision 1, is amended to read:

Subdivision 1. [PAYMENTS.] In lieu of taxes payable on a quarterly basis, the state of Minnesota or its political subdivisions shall pay into the fund the amount of unemployment benefits charged to its reimbursable account under section 268.047. Payments in the amount of unemployment benefits charged to the reimbursable account during a calendar quarter shall be made on or before the last day of the month following the month that the notice of unemployment benefits paid is sent pursuant to section 268.047, subdivision ~~6~~ 5. Past due payments in lieu of taxes shall be subject to the same interest charges and collection procedures that apply to past due taxes."

Page 66, after line 16, insert:

"Sec. 103. Laws 1997, chapter 202, article 2, section 61, as amended by Laws 1999, chapter 250, article 1, section 106, and Laws 2001, First Special Session chapter 10, article 2, section 85, is amended to read:

Sec. 61. [VOLUNTARY UNPAID LEAVE OF ABSENCE.]

Appointing authorities in state government may allow each employee to take an unpaid leave of absence for up to 160 hours during the period ending June 30, 2003, and up to 160 hours during the period ending June 30, 2005. 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."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 38, delete "subdivisions" and insert "a subdivision"

Page 1, line 42, after the second semicolon, insert "136G.03, subdivision 20;"

Page 1, line 44, after "3;" insert "268.052, subdivision 1;"

Page 2, line 4, after the semicolon, insert "Laws 1997, chapter 202, article 2, section 61, as amended;"

Amend the memorandum of explanation as follows:

Page 2, delete section 8

Page 5, after line 8, insert:

"Sec. 40. Explanation. This amendment corrects an erroneous cross-reference."

Page 6, after line 9, insert:

"Sec. 53. Explanation. This amendment corrects an erroneous cross-reference."

Page 10, after line 23, insert:

"Sec. 103. Explanation. This amendment corrects an oversight that occurred in the extension of the state employee salary savings plan. The plan was created in 1997 to last two years and to provide for unpaid leaves of absences of up to 160 hours every two years. The plan was extended for two years in 1999 and for four years in 2001. The intent of the 2001 amendment was not to change the program but to extend it; however, the amendment failed to increase the number of hours to correspond to the two additional years. This amendment corrects the oversight."

Renumber the sections in sequence and correct the internal references

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 3166, A bill for an act relating to human services; making technical changes to continuing care programs; amending Minnesota Statutes 2000, sections 256B.0915, subdivisions 4, 6, by adding a subdivision; 256B.431, subdivisions 14, 30; 256B.5012, subdivision 2; Minnesota Statutes 2001 Supplement, sections 256B.0913, subdivisions 4, 5, 8, 10, 12, 14; 256B.0915, subdivision 5; 256B.431, subdivisions 2e, 33; 256B.437, subdivision 3; 256B.76.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

LICENSING

Section 1. Minnesota Statutes 2000, section 13.41, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] As used in this section "licensing agency" means any board, department or agency of this state which is given the statutory authority to issue professional or other types of licenses, except the various agencies primarily administered by the commissioner of human services. Data pertaining to persons or agencies licensed or registered under authority of the commissioner of human services shall be administered pursuant to section 13.46~~, subdivision 4~~.

Sec. 2. Minnesota Statutes 2001 Supplement, section 13.46, subdivision 1, is amended to read:

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

(a) "Individual" means an individual according to section 13.02, subdivision 8, but does not include a vendor of services.

(b) "Program" includes all programs for which authority is vested in a component of the welfare system according to statute or federal law, including, but not limited to, the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, Minnesota Family Investment Program, medical assistance, general assistance, general assistance medical care, and child support collections.

(c) "Welfare system" includes the department of human services, local social services agencies, county welfare agencies, private licensing agencies, the public authority responsible for child support enforcement, human services boards, community mental health center boards, state hospitals, state nursing homes, the ombudsman for mental health and mental retardation, and persons, agencies, institutions, organizations, and other entities under contract to any of the above agencies to the extent specified in the contract.

(d) "Mental health data" means data on individual clients and patients of community mental health centers, established under section 245.62, mental health divisions of counties and other providers under contract to deliver mental health services, or the ombudsman for mental health and mental retardation.

(e) "Fugitive felon" means a person who has been convicted of a felony and who has escaped from confinement or violated the terms of probation or parole for that offense.

(f) "Private licensing agency" means an agency licensed by the commissioner of human services under chapter 245A to perform the duties under section 245A.16.

Sec. 3. Minnesota Statutes 2000, section 13.46, subdivision 3, is amended to read:

Subd. 3. [INVESTIGATIVE DATA.] (a) Data on persons, including data on vendors of services and data on licensees, that is collected, maintained, used, or disseminated by the welfare system in an investigation, authorized by statute and relating to the enforcement of rules or law, is confidential data on individuals pursuant to section 13.02, subdivision 3, or protected nonpublic data not on individuals pursuant to section 13.02, subdivision 13, and shall not be disclosed except:

~~(a)~~ (1) pursuant to section 13.05;

~~(b)~~ (2) pursuant to statute or valid court order;

~~(c)~~ (3) to a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense; or

~~(d)~~ (4) to provide notices required or permitted by statute.

The data referred to in this subdivision shall be classified as public data upon its submission to an administrative law judge or court in an administrative or judicial proceeding. Inactive welfare investigative data shall be treated as provided in section 13.39, subdivision 3.

(b) Notwithstanding any other provision in law, the commissioner of human services shall provide all active and inactive investigative data, including the name of the reporter of alleged maltreatment under section 626.556 or 626.557, to the ombudsman for mental health and retardation upon the request of the ombudsman.

Sec. 4. Minnesota Statutes 2001 Supplement, section 13.46, subdivision 4, is amended to read:

Subd. 4. [LICENSING DATA.] (a) As used in this subdivision:

(1) "licensing data" means all data collected, maintained, used, or disseminated by the welfare system pertaining to persons licensed or registered or who apply for licensure or registration or who formerly were licensed or registered under the authority of the commissioner of human services;

(2) "client" means a person who is receiving services from a licensee or from an applicant for licensure; and

(3) "personal and personal financial data" means social security numbers, identity of and letters of reference, insurance information, reports from the bureau of criminal apprehension, health examination reports, and social/home studies.

(b)(1) Except as provided in paragraph (c), the following data on current and former licensees are public: name, address, telephone number of licensees, date of receipt of a completed application, dates of licensure, licensed capacity, type of client preferred, variances granted, type of dwelling, name and relationship of other family members, previous license history, class of license, and the existence and status of complaints. When a correction order or fine has been issued, a license is suspended, immediately suspended, revoked, denied, or made conditional, or a complaint is resolved, the following data on current and former licensees are public: the substance and investigative findings of the complaint, licensing violation, or substantiated maltreatment; the record of informal resolution of a licensing violation; orders of hearing; findings of fact; conclusions of law; specifications of the final correction order, fine, suspension, immediate suspension, revocation, denial, or conditional license contained in the record of licensing action; and the status of any appeal of these actions. When an individual licensee is a substantiated perpetrator of maltreatment, and the substantiated maltreatment is a reason for the licensing action, the identity of the licensee as a perpetrator is public data. For purposes of this clause, a person is a substantiated perpetrator if the maltreatment determination has been upheld under section 626.556, subdivision 10i, 626.557, subdivision 9d, or 256.045, or an individual or facility has not timely exercised appeal rights under these sections.

(2) For applicants who withdraw their application prior to licensure or denial of a license, the following data are public: the name of the applicant, the city and county in which the applicant was seeking licensure, the dates of the commissioner's receipt of the initial application and completed application, the type of license sought, and the date of withdrawal of the application.

(3) For applicants who are denied a license, the following data are public: the name of the applicant, the city and county in which the applicant was seeking licensure, the dates of the commissioner's receipt of the initial application and completed application, the type of license sought, the date of denial of the application, the nature of the basis for the denial, and the status of any appeal of the denial.

(4) The following data on persons subject to disqualification under section 245A.04 in connection with a license to provide family day care for children, child care center services, foster care for children in the provider's home, or foster care or day care services for adults in the provider's home, are public: the nature of any disqualification set aside under section 245A.04, subdivision 3b, and the reasons for setting aside the disqualification; and the reasons for granting any variance under section 245A.04, subdivision 9.

(5) When maltreatment is substantiated under section 626.556 or 626.557 and the victim and the substantiated perpetrator are affiliated with a program licensed under chapter 245A, the commissioner of human services, local social services agency, or county welfare agency may inform the license holder where the maltreatment occurred of the identity of the substantiated perpetrator and the victim.

(c) The following are private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9: personal and personal financial data on family day care program and family foster care program applicants and licensees and their family members who provide services under the license.

(d) The following are private data on individuals: the identity of persons who have made reports concerning licensees or applicants that appear in inactive investigative data, and the records of clients or employees of the licensee or applicant for licensure whose records are received by the licensing agency for purposes of review or in anticipation of a contested matter. The names of reporters under sections 626.556 and 626.557 may be disclosed only as provided in section 626.556, subdivision 11, or 626.557, subdivision 12b.

(e) Data classified as private, confidential, nonpublic, or protected nonpublic under this subdivision become public data if submitted to a court or administrative law judge as part of a disciplinary proceeding in which there is a public hearing concerning a license which has been suspended, immediately suspended, revoked, or denied.

(f) Data generated in the course of licensing investigations that relate to an alleged violation of law are investigative data under subdivision 3.

(g) Data that are not public data collected, maintained, used, or disseminated under this subdivision that relate to or are derived from a report as defined in section 626.556, subdivision 2, or 626.5572, subdivision 18, are subject to the destruction provisions of sections 626.556, subdivision 11c, and 626.557, subdivision 12b.

(h) Upon request, not public data collected, maintained, used, or disseminated under this subdivision that relate to or are derived from a report of substantiated maltreatment as defined in section 626.556 or 626.557 may be exchanged with the department of health for purposes of completing background studies pursuant to section 144.057 <u>and with the department of corrections for purposes of completing background studies pursuant to section 241.021</u>.

(i) Data on individuals collected according to licensing activities under chapter 245A, and data on individuals collected by the commissioner of human services according to maltreatment investigations under sections 626.556 and 626.557, may be shared with the department of human rights, the department of health, the department of corrections, the ombudsman for mental health and retardation, and the individual's professional regulatory board when there is reason to believe that laws or standards under the jurisdiction of those agencies may have been violated.

(j) In addition to the notice of determinations required under section 626.556, subdivision 10f, if the commissioner or the local social services agency has determined that an individual is a substantiated perpetrator of maltreatment of a child based on sexual abuse, as defined in section 626.556, subdivision 2, and the commissioner or local social services agency knows that the individual is a person responsible for a child's care in another facility, the commissioner or local social services agency shall notify the head of that facility of this determination. The notification must include an explanation of the individual's available appeal rights and the status of any appeal. If a notice is given under this paragraph, the government entity making the notification shall provide a copy of the notice to the individual who is the subject of the notice.

Sec. 5. Minnesota Statutes 2000, section 245A.02, is amended by adding a subdivision to read:

Subd. 2a. [ADULT DAY CARE.] "Adult day care" means a program operating less than 24 hours per day that provides functionally impaired adults with an individualized and coordinated set of services including health services, social services, and nutritional services that are directed at maintaining or improving the participants' capabilities for self-care. Adult day care does not include programs where adults gather or congregate primarily for purposes of socialization, education, supervision, caregiver respite, religious expression, exercise, or nutritious meals.

Sec. 6. Minnesota Statutes 2000, section 245A.02, is amended by adding a subdivision to read:

Subd. 2b. [ANNUAL OR ANNUALLY.] "Annual" or "annually" means prior to or within the same month of the subsequent calendar year.

Sec. 7. Minnesota Statutes 2001 Supplement, section 245A.03, subdivision 2, is amended to read:

Subd. 2. [EXCLUSION FROM LICENSURE.] (a) This chapter does not apply to:

(1) residential or nonresidential programs that are provided to a person by an individual who is related unless the residential program is a child foster care placement made by a local social services agency or a licensed child-placing agency, except as provided in subdivision 2a;

(2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;

(3) residential or nonresidential programs that are provided to adults who do not abuse chemicals or who do not have a chemical dependency, a mental illness, mental retardation or a related condition, a functional impairment, or a physical handicap;

(4) sheltered workshops or work activity programs that are certified by the commissioner of economic security;

(5) programs for children enrolled in kindergarten to the 12th grade and prekindergarten special education in a school as defined in section 120A.22, subdivision 4, and programs serving children in combined special education and regular prekindergarten programs that are operated or assisted by the commissioner of children, families, and learning;

(6) nonresidential programs primarily for children that provide care or supervision, without charge for ten or fewer days a year, and for periods of less than three hours a day while the child's parent or legal guardian is in the same building as the nonresidential program or present within another building that is directly contiguous to the building in which the nonresidential program is located;

(7) nursing homes or hospitals licensed by the commissioner of health except as specified under section 245A.02;

(8) board and lodge facilities licensed by the commissioner of health that provide services for five or more persons whose primary diagnosis is mental illness who have refused an appropriate residential program offered by a county agency~~. This exclusion expires on July 1, 1990~~;

(9) homes providing programs for persons placed there by a licensed agency for legal adoption, unless the adoption is not completed within two years;

(10) programs licensed by the commissioner of corrections;

(11) recreation programs for children or adults that operate for fewer than 40 calendar days in a calendar year or programs operated by a park and recreation board of a city of the first class whose primary purpose is to provide social and recreational activities to school age children, provided the program is approved by the park and recreation board;

(12) programs operated by a school as defined in section 120A.22, subdivision 4, whose primary purpose is to provide child care to school-age children, provided the program is approved by the district's school board;

(13) Head Start nonresidential programs which operate for less than 31 days in each calendar year;

(14) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or mental retardation;

(15) nonresidential programs for nonhandicapped children provided for a cumulative total of less than 30 days in any 12-month period;

(16) residential programs for persons with mental illness, that are located in hospitals, until the commissioner adopts appropriate rules;

(17) the religious instruction of school-age children; Sabbath or Sunday schools; or the congregate care of children by a church, congregation, or religious society during the period used by the church, congregation, or religious society for its regular worship;

(18) camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;

(19) mental health outpatient services for adults with mental illness or children with emotional disturbance;

(20) residential programs serving school-age children whose sole purpose is cultural or educational exchange, until the commissioner adopts appropriate rules;

(21) unrelated individuals who provide out-of-home respite care services to persons with mental retardation or related conditions from a single related family for no more than 90 days in a 12-month period and the respite care services are for the temporary relief of the person's family or legal representative;

(22) respite care services provided as a home and community-based service to a person with mental retardation or a related condition, in the person's primary residence;

(23) community support services programs as defined in section 245.462, subdivision 6, and family community support services as defined in section 245.4871, subdivision 17;

(24) the placement of a child by a birth parent or legal guardian in a preadoptive home for purposes of adoption as authorized by section 259.47;

(25) settings registered under chapter 144D which provide home care services licensed by the commissioner of health to fewer than seven adults; or

(26) consumer-directed community support service funded under the Medicaid waiver for persons with mental retardation and related conditions when the individual who provided the service is:

(i) the same individual who is the direct payee of these specific waiver funds or paid by a fiscal agent, fiscal intermediary, or employer of record; and

(ii) not otherwise under the control of a residential or nonresidential program that is required to be licensed under this chapter when providing the service.

For purposes of clause (6), a building is directly contiguous to a building in which a nonresidential program is located if it shares a common wall with the building in which the nonresidential program is located or is attached to that building by skyway, tunnel, atrium, or common roof.

(b) Nothing in this chapter shall be construed to require licensure for any services provided and funded according to an approved federal waiver plan where licensure is specifically identified as not being a condition for the services and funding.

Sec. 8. Minnesota Statutes 2000, section 245A.035, subdivision 3, is amended to read:

Subd. 3. [REQUIREMENTS FOR EMERGENCY LICENSE.] Before an emergency license may be issued, the following requirements must be met:

(1) the county agency must conduct an initial inspection of the premises where the foster care is to be provided to ensure the health and safety of any child placed in the home. The county agency shall conduct the inspection using a form developed by the commissioner;

(2) at the time of the inspection or placement, whichever is earlier, the relative being considered for an emergency license shall receive an application form for a child foster care license; ~~and~~

(3) whenever possible, prior to placing the child in the relative's home, the relative being considered for an emergency license shall provide the information required by section 245A.04, subdivision 3, paragraph (b); and

(4) if the county determines, prior to the issuance of an emergency license, that anyone requiring a background study is disqualified under section 245A.04, and the disqualification is one which the commissioner cannot set aside, an emergency license shall not be issued.

Sec. 9. Minnesota Statutes 2001 Supplement, section 245A.04, subdivision 3, is amended to read:

Subd. 3. [BACKGROUND STUDY OF THE APPLICANT; DEFINITIONS.] (a) Individuals and organizations that are required in statute to initiate background studies under this section shall comply with the following requirements:

(1) Applicants for licensure, license holders, and other entities as provided in this section must submit completed background study forms to the commissioner before individuals specified in paragraph (c), clauses (1) to (4), (6), and (7), begin positions allowing direct contact in any licensed program.

(2) Applicants and license holders under the jurisdiction of other state agencies who are required in other statutory sections to initiate background studies under this section must submit completed background study forms to the commissioner prior to the background study subject beginning in a position allowing direct contact in the licensed program, or where applicable, prior to being employed.

(3) Organizations required to initiate background studies under section 256B.0627 for individuals described in paragraph (c), clause (5), must submit a completed background study form to the commissioner before those individuals begin a position allowing direct contact with persons served by the organization. The commissioner shall recover the cost of these background studies through a fee of no more than $12 per study charged to the organization responsible for submitting the background study form. The fees collected under this paragraph are appropriated to the commissioner for the purpose of conducting background studies.

Upon receipt of the background study forms from the entities in clauses (1) to (3), the commissioner shall complete the background study as specified under this section and provide notices required in subdivision 3a. Unless otherwise specified, the subject of a background study may have direct contact with persons served by a program after the background study form is mailed or submitted to the commissioner pending notification of the study results under subdivision 3a. A county agency may accept a background study completed by the commissioner under this section in place of the background study required under section 245A.16, subdivision 3, in programs with joint licensure as home and community-based services and adult foster care for people with developmental disabilities when the license holder does not reside in the foster care residence and the subject of the study has been continuously affiliated with the license holder since the date of the commissioner's study.

(b) The definitions in this paragraph apply only to subdivisions 3 to 3e.

(1) "Background study" means the review of records conducted by the commissioner to determine whether a subject is disqualified from direct contact with persons served by a program, and where specifically provided in statutes, whether a subject is disqualified from having access to persons served by a program.

(2) "Continuous, direct supervision" means an individual is within sight or hearing of the supervising person to the extent that supervising person is capable at all times of intervening to protect the health and safety of the persons served by the program.

(3) "Contractor" means any person, regardless of employer, who is providing program services for hire under the control of the provider.

(4) "Direct contact" means providing face-to-face care, training, supervision, counseling, consultation, or medication assistance to persons served by the program.

(5) "Reasonable cause" means information or circumstances exist which provide the commissioner with articulable suspicion that further pertinent information may exist concerning a subject. The commissioner has reasonable cause when, but not limited to, the commissioner has received a report from the subject, the license holder, or a third party indicating that the subject has a history that would disqualify the person or that may pose a risk to the health or safety of persons receiving services.

(6) "Subject of a background study" means an individual on whom a background study is required or completed.

(c) The applicant, license holder, registrant under section 144A.71, subdivision 1, bureau of criminal apprehension, commissioner of health, and county agencies, after written notice to the individual who is the subject of the study, shall help with the study by giving the commissioner criminal conviction data and reports about the maltreatment of adults substantiated under section 626.557 and the maltreatment of minors in licensed programs substantiated under section 626.556. <u>If a background study is initiated by an applicant or license holder and the applicant or license holder receives information about a possible criminal or maltreatment history of an individual who is the subject of a background study, the applicant or license holder must immediately provide the information to the commissioner.</u> The individuals to be studied shall include:

(1) the applicant;

(2) persons age 13 and over living in the household where the licensed program will be provided;

(3) current employees or contractors of the applicant who will have direct contact with persons served by the facility, agency, or program;

(4) volunteers or student volunteers who have direct contact with persons served by the program to provide program services, if the contact is not ~~directly supervised by the individuals~~ <u>under the continuous, direct supervision by an individual</u> listed in clause (1) or (3);

(5) any person required under section 256B.0627 to have a background study completed under this section;

(6) persons ages 10 to 12 living in the household where the licensed services will be provided when the commissioner has reasonable cause; and

(7) persons who, without providing direct contact services at a licensed program, may have unsupervised access to children or vulnerable adults receiving services from the program licensed to provide family child care for children, 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 when the commissioner has reasonable cause.

(d) According to paragraph (c), clauses (2) and (6), the commissioner shall review records from the juvenile courts. For persons under paragraph (c), clauses (1), (3), (4), (5), and (7), who are ages 13 to 17, the commissioner shall review records from the juvenile courts when the commissioner has reasonable cause. The juvenile courts shall help with the study by giving the commissioner existing juvenile court records on individuals described in paragraph (c), clauses (2), (6), and (7), relating to delinquency proceedings held within either the five years immediately preceding the background study or the five years immediately preceding the individual's 18th birthday, whichever time period is longer. The commissioner shall destroy juvenile records obtained pursuant to this subdivision when the subject of the records reaches age 23.

(e) Beginning August 1, 2001, the commissioner shall conduct all background studies required under this chapter and initiated by supplemental nursing services agencies registered under section 144A.71, subdivision 1. Studies for the agencies must be initiated annually by each agency. The commissioner shall conduct the background studies according to this chapter. The commissioner shall recover the cost of the background studies through a fee of no more than $8 per study, charged to the supplemental nursing services agency. The fees collected under this paragraph are appropriated to the commissioner for the purpose of conducting background studies.

(f) For purposes of this section, a finding that a delinquency petition is proven in juvenile court shall be considered a conviction in state district court.

(g) A study of an individual in paragraph (c), clauses (1) to (7), shall be conducted at least upon application for initial license for all license types or registration under section 144A.71, subdivision 1, and at reapplication for a license ~~or registration~~ for family child care, child foster care, and adult foster care. The commissioner is not required to conduct a study of an individual at the time of reapplication for a license or if the individual has been continuously affiliated with a foster care provider licensed by the commissioner of human services and registered under chapter 144D, other than a family day care or foster care license, if: (i) a study of the individual was conducted either at the time of initial licensure or when the individual became affiliated with the license holder; (ii) the individual has been continuously affiliated with the license holder since the last study was conducted; and (iii) the procedure described in paragraph (j) has been implemented and was in effect continuously since the last study was conducted. For the purposes of this section, a physician licensed under chapter 147 is considered to be continuously affiliated upon the license holder's receipt from the commissioner of health or human services of the physician's background study results. For individuals who are required to have background studies under paragraph (c) and who have been continuously affiliated with a foster care provider that is licensed in more than one county, criminal conviction data may be shared among those counties in which the foster care programs are licensed. A county agency's receipt of criminal conviction data from another county agency shall meet the criminal data background study requirements of this section.

(h) The commissioner may also conduct studies on individuals specified in paragraph (c), clauses (3) and (4), when the studies are initiated by:

(i) personnel pool agencies;

(ii) temporary personnel agencies;

(iii) educational programs that train persons by providing direct contact services in licensed programs; and

(iv) professional services agencies that are not licensed and which contract with licensed programs to provide direct contact services or individuals who provide direct contact services.

(i) Studies on individuals in paragraph (h), items (i) to (iv), must be initiated annually by these agencies, programs, and individuals. Except as provided in paragraph (a), clause (3), no applicant, license holder, or individual who is the subject of the study shall pay any fees required to conduct the study.

(1) At the option of the licensed facility, rather than initiating another background study on an individual required to be studied who has indicated to the licensed facility that a background study by the commissioner was previously completed, the facility may make a request to the commissioner for documentation of the individual's background study status, provided that:

(i) the facility makes this request using a form provided by the commissioner;

(ii) in making the request the facility informs the commissioner that either:

(A) the individual has been continuously affiliated with a licensed facility since the individual's previous background study was completed, or since October 1, 1995, whichever is shorter; or

(B) the individual is affiliated only with a personnel pool agency, a temporary personnel agency, an educational program that trains persons by providing direct contact services in licensed programs, or a professional services agency that is not licensed and which contracts with licensed programs to provide direct contact services or individuals who provide direct contact services; and

(iii) the facility provides notices to the individual as required in paragraphs (a) to (j), and that the facility is requesting written notification of the individual's background study status from the commissioner.

(2) The commissioner shall respond to each request under paragraph (1) with a written or electronic notice to the facility and the study subject. If the commissioner determines that a background study is necessary, the study shall be completed without further request from a licensed agency or notifications to the study subject.

(3) When a background study is being initiated by a licensed facility or a foster care provider that is also registered under chapter 144D, a study subject affiliated with multiple licensed facilities may attach to the background study form a cover letter indicating the additional facilities' names, addresses, and background study identification numbers. When the commissioner receives such notices, each facility identified by the background study subject shall be notified of the study results. The background study notice sent to the subsequent agencies shall satisfy those facilities' responsibilities for initiating a background study on that individual.

(j) If an individual who is affiliated with a program or facility regulated by the department of human services or department of health or who is affiliated with any type of home care agency or provider of personal care assistance services, is convicted of a crime constituting a disqualification under subdivision 3d, the probation officer or corrections agent shall notify the commissioner of the conviction. For the purpose of this paragraph, "conviction" has the meaning given it in section 609.02, subdivision 5. The commissioner, in consultation with the commissioner of corrections, shall develop forms and information necessary to implement this paragraph and shall provide the forms and information to the commissioner of corrections for distribution to local probation officers and corrections agents. The commissioner shall inform individuals subject to a background study that criminal convictions for disqualifying crimes will be reported to the commissioner by the corrections system. A probation officer, corrections agent, or corrections agency is not civilly or criminally liable for disclosing or failing to disclose the information required by this paragraph. Upon receipt of disqualifying information, the commissioner shall provide the notifications required in subdivision 3a, as appropriate to agencies on record as having initiated a background study or making a request for documentation of the background study status of the individual. This paragraph does not apply to family day care and child foster care programs.

(k) The individual who is the subject of the study must provide the applicant or license holder with sufficient information to ensure an accurate study including the individual's first, middle, and last name and all other names by which the individual has been known; home address, city, county, and state of residence for the past five years; zip code; sex; date of birth; and driver's license number or state identification number. The applicant or license holder shall provide this information about an individual in paragraph (c), clauses (1) to (7), on forms prescribed by the commissioner. By January 1, 2000, for background studies conducted by the department of human services, the commissioner shall implement a system for the electronic transmission of: (1) background study information to the commissioner; and (2) background study results to the license holder. The commissioner may request additional information of the individual, which shall be optional for the individual to provide, such as the individual's social security number or race.

(l) For programs directly licensed by the commissioner, a study must include information related to names of substantiated perpetrators of maltreatment of vulnerable adults that has been received by the commissioner as required under section 626.557, subdivision 9c, paragraph (i), and the commissioner's records relating to the maltreatment of minors in licensed programs, information from juvenile courts as required in paragraph (c) for persons listed in paragraph (c), clauses (2), (6), and (7), and information from the bureau of criminal apprehension. For child foster care, adult foster care, and family day care homes, the study must include information from the county agency's record of substantiated maltreatment of adults, and the maltreatment of minors, information from juvenile courts as required in paragraph (c) for persons listed in paragraph (c), clauses (2), (6), and (7), and information from the bureau of criminal apprehension. The commissioner may also review arrest and investigative information from the bureau of criminal apprehension, the commissioner of health, a county attorney, county sheriff, county agency, local chief of police, other states, the courts, or the Federal Bureau of Investigation if the commissioner has reasonable cause to believe the information is pertinent to the disqualification of an individual listed in paragraph (c), clauses (1) to (7). The commissioner is not required to conduct more than one review of a subject's records from the Federal Bureau of Investigation if a review of the subject's criminal history with the Federal Bureau of Investigation has already been completed by the commissioner and there has been no break in the subject's affiliation with the license holder who initiated the background study.

(m) When the commissioner has reasonable cause to believe that further pertinent information may exist on the subject, the subject shall provide a set of classifiable fingerprints obtained from an authorized law enforcement agency. For purposes of requiring fingerprints, the commissioner shall be considered to have reasonable cause under, but not limited to, the following circumstances:

(1) information from the bureau of criminal apprehension indicates that the subject is a multistate offender;

(2) information from the bureau of criminal apprehension indicates that multistate offender status is undetermined; or

(3) the commissioner has received a report from the subject or a third party indicating that the subject has a criminal history in a jurisdiction other than Minnesota.

(n) The failure or refusal of an applicant, license holder, or registrant under section 144A.71, subdivision 1, to cooperate with the commissioner is reasonable cause to disqualify a subject, deny a license application or immediately suspend, suspend, or revoke a license or registration. Failure or refusal of an individual to cooperate with the study is just cause for denying or terminating employment of the individual if the individual's failure or refusal to cooperate could cause the applicant's application to be denied or the license holder's license to be immediately suspended, suspended, or revoked.

(o) The commissioner shall not consider an application to be complete until all of the information required to be provided under this subdivision has been received.

(p) No person in paragraph (c), clauses (1) to (7), who is disqualified as a result of this section may be retained by the agency in a position involving direct contact with persons served by the program ~~or in a position allowing~~ and no person in paragraph (c), clauses (2), (6), and (7), or as provided elsewhere in statute who is disqualified as a result of this section may be allowed access to persons served by the program ~~as provided for in statutes~~, unless the commissioner has provided written notice to the agency stating that:

(1) the individual may remain in direct contact during the period in which the individual may request reconsideration as provided in subdivision 3a, paragraph (b), clause (2) or (3);

(2) the individual's disqualification has been set aside for that agency as provided in subdivision 3b, paragraph (b); or

(3) the license holder has been granted a variance for the disqualified individual under subdivision 3e.

(q) Termination of affiliation with persons in paragraph (c), clauses (1) to (7), made in good faith reliance on a notice of disqualification provided by the commissioner shall not subject the applicant or license holder to civil liability.

(r) The commissioner may establish records to fulfill the requirements of this section.

(s) The commissioner may not disqualify an individual subject to a study under this section because that person has, or has had, a mental illness as defined in section 245.462, subdivision 20.

(t) An individual subject to disqualification under this subdivision has the applicable rights in subdivision 3a, 3b, or 3c.

(u) For the purposes of background studies completed by tribal organizations performing licensing activities otherwise required of the commissioner under this chapter, after obtaining consent from the background study subject, tribal licensing agencies shall have access to criminal history data in the same manner as county licensing agencies and private licensing agencies under this chapter.

Sec. 10. Minnesota Statutes 2001 Supplement, 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) Within 15 working days, the commissioner shall notify the applicant, license holder, or registrant under section 144A.71, subdivision 1, and the individual who is the subject of the study, in writing or by electronic transmission, of the results of the study or that more time is needed to complete 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 basis for the disqualification is failure to cooperate, substantiated maltreatment under section 626.556 or 626.557, the Data Practices Act provides for release of the information, or the individual studied authorizes the release of the information. When a disqualification is based on the subject's failure to cooperate with the background study or substantiated maltreatment under section 626.556 or 626.557, the agency that initiated the study shall be informed by the commissioner of the reason for the disqualification.

(b) Except as provided in subdivision 3d, paragraph (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, direct 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, direct 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~~ under the continuous, direct supervision 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, direct 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, direct 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. 11. Minnesota Statutes 2001 Supplement, section 245A.04, subdivision 3b, is amended to read:

Subd. 3b. [RECONSIDERATION OF DISQUALIFICATION.] (a) The individual who is the subject of the disqualification may request a reconsideration of the disqualification.

The individual must submit the request for reconsideration to the commissioner in writing. A request for reconsideration for an individual who has been sent a notice of disqualification under subdivision 3a, paragraph (b), clause (1) or (2), must be submitted within 30 calendar days of the disqualified individual's receipt of the notice of disqualification. Upon showing that the information in clause (1) or (2) cannot be obtained within 30 days, the disqualified individual may request additional time, not to exceed 30 days, to obtain that information. A request for reconsideration for an individual who has been sent a notice of disqualification under subdivision 3a, paragraph (b), clause (3), must be submitted within 15 calendar days of the disqualified individual's receipt of the notice of disqualification. An individual who was determined to have maltreated a child under section 626.556 or a vulnerable adult under section 626.557, and who was disqualified under this section on the basis of serious or recurring maltreatment, may request reconsideration of both the maltreatment and the disqualification determinations. The request for reconsideration of the maltreatment determination and the disqualification must be submitted within 30 calendar days of the individual's receipt of the notice of disqualification. Removal of a disqualified individual from direct contact shall be ordered if the individual does not request reconsideration within the prescribed time, and for an individual who submits a timely request for reconsideration, if the disqualification is not set aside. The individual must present information showing that:

(1) the information the commissioner relied upon in determining that the underlying conduct giving rise to the disqualification occurred, and for maltreatment, that the maltreatment was serious or recurring, is incorrect ~~or inaccurate. If the basis of a reconsideration request is that a maltreatment determination or disposition under section 626.556 or 626.557 is incorrect, and the commissioner has issued a final order in an appeal of that determination or disposition under section 256.045 or 245A.08, subdivision 5, the commissioner's order is conclusive on the issue of maltreatment. If the individual did not request reconsideration of the maltreatment determination, the maltreatment determination is deemed conclusive~~; or

(2) the subject of the study does not pose a risk of harm to any person served by the applicant, license holder, or registrant under section 144A.71, subdivision 1.

(b) The commissioner shall rescind the disqualification if the commissioner finds that the information relied on to disqualify the subject is incorrect. The commissioner may set aside the disqualification under this section if the commissioner finds that the individual does not pose a risk of harm to any person served by the applicant, license holder, or registrant under section 144A.71, subdivision 1. In determining that an individual does not pose a risk of harm, the commissioner shall consider the nature, severity, and consequences of the event or events that lead to disqualification, whether there is more than one disqualifying event, the age and vulnerability of the victim at the time of the event, the harm suffered by the victim, the similarity between the victim and persons served by the program, the time elapsed without a repeat of the same or similar event, documentation of successful completion by the individual studied of training or rehabilitation pertinent to the event, and any other information relevant to reconsideration. In reviewing a disqualification under this section, the commissioner shall give preeminent weight to the safety of each person to be served by the license holder, applicant, or registrant under section 144A.71, subdivision 1, over the interests of the license holder, applicant, or registrant under section 144A.71, subdivision 1.

(c) Unless the information the commissioner relied on in disqualifying an individual is incorrect, the commissioner may not set aside the disqualification of an individual in connection with a license to provide family day care for children, 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 if:

(1) less than ten years have passed since the discharge of the sentence imposed for the offense; and the individual has been convicted of a violation of any offense listed in sections 609.20 (manslaughter in the first degree), 609.205 (manslaughter in the second degree), criminal vehicular homicide under 609.21 (criminal vehicular homicide and injury), 609.215 (aiding suicide or aiding attempted suicide), felony violations under 609.221 to 609.2231 (assault in the first, second, third, or fourth degree), 609.713 (terroristic threats), 609.235 (use of drugs to injure or to facilitate crime), 609.24 (simple robbery), 609.245 (aggravated robbery), 609.25 (kidnapping), 609.255 (false imprisonment), 609.561 or 609.562 (arson in the first or second degree), 609.71 (riot), burglary in the first or second degree under 609.582 (burglary), 609.66 (dangerous weapon), 609.665 (spring guns), 609.67 (machine guns and short-barreled shotguns), 609.749 (harassment; stalking), 152.021 or 152.022 (controlled substance crime in the first or second degree), 152.023, subdivision 1, clause (3) or (4), or subdivision 2, clause (4) (controlled substance crime in the third degree), 152.024, subdivision 1, clause (2), (3), or (4) (controlled substance crime in the fourth degree), 609.224, subdivision 2, paragraph (c) (fifth-degree assault by a caregiver against a vulnerable adult), 609.228 (great bodily harm caused by distribution of drugs), 609.23 (mistreatment of persons confined), 609.231 (mistreatment of residents or patients), 609.2325 (criminal abuse of a vulnerable adult), 609.233 (criminal neglect of a vulnerable adult), 609.2335 (financial exploitation of a vulnerable adult), 609.234 (failure to report), 609.265 (abduction), 609.2664 to 609.2665 (manslaughter of an unborn child in the first or second degree), 609.267 to 609.2672 (assault of an unborn child in the first, second, or third degree), 609.268 (injury or death of an unborn child in the commission of a crime), 617.293 (disseminating or displaying harmful material to minors), a felony level conviction involving alcohol or drug use, a gross misdemeanor offense under 609.324, subdivision 1 (other prohibited acts), a gross misdemeanor offense under 609.378 (neglect or endangerment of a child), a gross misdemeanor offense under 609.377 (malicious punishment of a child), 609.72, subdivision 3 (disorderly conduct against a vulnerable adult); or an attempt or conspiracy to commit any of these offenses, as each of these offenses is defined in Minnesota Statutes; or an offense in any other state, the elements of which are substantially similar to the elements of any of the foregoing offenses;

(2) regardless of how much time has passed since the involuntary termination of parental rights under section 260C.301 or the discharge of the sentence imposed for the offense, the individual was convicted of a violation of any offense listed in sections 609.185 to 609.195 (murder in the first, second, or third degree), 609.2661 to 609.2663 (murder of an unborn child in the first, second, or third degree), a felony offense under 609.377 (malicious punishment of a child), a felony offense under 609.324, subdivision 1 (other prohibited acts), a felony offense under 609.378 (neglect or endangerment of a child), 609.322 (solicitation, inducement, and promotion of prostitution), 609.342 to 609.345 (criminal sexual conduct in the first, second, third, or fourth degree), 609.352 (solicitation of children to engage in sexual conduct), 617.246 (use of minors in a sexual performance), 617.247 (possession of pictorial representations of a minor), 609.365 (incest), a felony offense under sections 609.2242 and 609.2243 (domestic assault), a felony offense of spousal abuse, a felony offense of child abuse or neglect, a felony offense of a crime against children, or an attempt or conspiracy to commit any of these offenses as defined in Minnesota Statutes, or an offense in any other state, the elements of which are substantially similar to any of the foregoing offenses;

(3) within the seven years preceding the study, the individual committed an act that constitutes maltreatment of a child under section 626.556, subdivision 10e, and that resulted in substantial bodily harm as defined in section 609.02, subdivision 7a, or substantial mental or emotional harm as supported by competent psychological or psychiatric evidence; or

(4) within the seven years preceding the study, the individual was determined under section 626.557 to be the perpetrator of a substantiated incident of maltreatment of a vulnerable adult that resulted in substantial bodily harm as defined in section 609.02, subdivision 7a, or substantial mental or emotional harm as supported by competent psychological or psychiatric evidence.

In the case of any ground for disqualification under clauses (1) to (4), if the act was committed by an individual other than the applicant, license holder, or registrant under section 144A.71, subdivision 1, residing in the applicant's or license holder's home, or the home of a registrant under section 144A.71, subdivision 1, the applicant, license holder, or registrant under section 144A.71, subdivision 1, may seek reconsideration when the individual who committed the act no longer resides in the home.

The disqualification periods provided under clauses (1), (3), and (4) are the minimum applicable disqualification periods. The commissioner may determine that an individual should continue to be disqualified from licensure or registration under section 144A.71, subdivision 1, because the license holder, applicant, or registrant under section 144A.71, subdivision 1, poses a risk of harm to a person served by that individual after the minimum disqualification period has passed.

(d) The commissioner shall respond in writing or by electronic transmission to all reconsideration requests for which the basis for the request is that the information relied upon by the commissioner to disqualify is incorrect or inaccurate within 30 working days of receipt of a request and all relevant information. If the basis for the request is that the individual does not pose a risk of harm, the commissioner shall respond to the request within 15 working days after receiving the request for reconsideration and all relevant information. If the request is based on both the correctness or accuracy of the information relied on to disqualify the individual and the risk of harm, the commissioner shall respond to the request within 45 working days after receiving the request for reconsideration and all relevant information. If the disqualification is set aside, the commissioner shall notify the applicant or license holder in writing or by electronic transmission of the decision.

(e) Except as provided in subdivision 3c, if a disqualification for which reconsideration was requested is not set aside or is not rescinded, an individual who was disqualified on the basis of a preponderance of evidence that the individual committed an act or acts that meet the definition of any of the crimes ~~lists~~ listed in subdivision 3d, paragraph (a), clauses (1) to (4); or for failure to make required reports under section 626.556, subdivision 3, or 626.557, subdivision 3, pursuant to subdivision 3d, paragraph (a), clause (4), may request a fair hearing under section 256.045. Except as provided under subdivision 3c, the ~~commissioner's final order for an individual under this paragraph is conclusive on the issue of maltreatment and disqualification, including for purposes of subsequent studies conducted under subdivision 3, and~~ fair hearing is the only administrative appeal of the final agency determination, specifically, including a challenge to the accuracy and completeness of data under section 13.04.

(f) Except as provided under subdivision 3c, if an individual was disqualified on the basis of a determination of maltreatment under section 626.556 or 626.557, which was serious or recurring, and the individual has requested reconsideration of the maltreatment determination under section 626.556, subdivision 10i, or 626.557, subdivision 9d, and also requested reconsideration of the disqualification under this subdivision, reconsideration of the maltreatment determination and reconsideration of the disqualification shall be consolidated into a single reconsideration. For maltreatment and disqualification determinations made by county agencies, the consolidated reconsideration shall be conducted by the county agency. If the county agency has disqualified an individual on multiple bases, one of which is a county maltreatment determination for which the individual has a right to request reconsideration, the county shall conduct the reconsideration of all disqualifications. Except as provided under subdivision 3c, if an individual who was disqualified on the basis of serious or recurring maltreatment requests a fair hearing on the maltreatment determination under section 626.556, subdivision 10i, or 626.557, subdivision 9d, and requests a fair hearing on the disqualification, which has not been set aside or rescinded under this subdivision, the scope of the fair hearing under section 256.045 shall include the maltreatment determination and the disqualification. Except as provided under subdivision 3c, ~~the commissioner's final order for an individual under this paragraph is conclusive on the issue of maltreatment and disqualification, including for purposes of subsequent studies conducted under subdivision 3, and~~ a fair hearing is the only administrative appeal of the final agency determination, specifically, including a challenge to the accuracy and completeness of data under section 13.04.

Sec. 12. Minnesota Statutes 2000, section 245A.04, is amended by adding a subdivision to read:

Subd. 3f. [CONCLUSIVE DETERMINATIONS OR DISPOSITIONS.] Unless otherwise specified in statute, the following determinations or dispositions are deemed conclusive:

(1) a maltreatment determination or disposition under section 626.556 or 626.557, if:

(i) the commissioner has issued a final order in an appeal of that determination or disposition under section 245A.08, subdivision 5, or 256.045;

(ii) the individual did not request reconsideration of the maltreatment determination or disposition under section 626.556 or 626.557; or

(iii) the individual did not request a hearing of the maltreatment determination or disposition under section 256.045; and

(2) a determination that the information relied upon to disqualify an individual under subdivision 3d, was correct based on serious or recurring maltreatment;

(3) a preponderance of evidence shows that the individual committed an act or acts that meet the definition of any of the crimes listed in subdivision 3d, paragraph (a), clauses (1) to (4); or

(4) the individual's failure to make required reports under section 626.556, subdivision 3, or 626.557, subdivision 3, if:

(i) the commissioner has issued a final order in an appeal of that determination under section 245A.08, subdivision 5, or 256.045, or a court has issued a final decision;

(ii) the individual did not request reconsideration of the disqualification under this subdivision; or

(iii) the individual did not request a hearing on the disqualification under section 256.045.

Sec. 13. Minnesota Statutes 2001 Supplement, section 245A.07, subdivision 2a, is amended to read:

Subd. 2a. [IMMEDIATE SUSPENSION EXPEDITED HEARING.] (a) Within five working days of receipt of the license holder's timely appeal, the commissioner shall request assignment of an administrative law judge. The request must include a proposed date, time, and place of a hearing. A hearing must be conducted by an

administrative law judge within 30 calendar days of the request for assignment, unless an extension is requested by either party and granted by the administrative law judge for good cause. The commissioner shall issue a notice of hearing by certified mail at least ten working days before the hearing. The scope of the hearing shall be limited solely to the issue of whether the temporary immediate suspension should remain in effect pending the commissioner's final order under section 245A.08, regarding a licensing sanction issued under subdivision 3 following the immediate suspension. The burden of proof in expedited hearings under this subdivision shall be limited to the commissioner's demonstration that reasonable cause exists to believe that the license holder's actions or failure to comply with applicable law or rule poses an imminent risk of harm to the health, safety, or rights of persons served by the program.

(b) The administrative law judge shall issue findings of fact, conclusions, and a recommendation within ten working days from the date of hearing. The commissioner's final order shall be issued within ten working days from receipt of the recommendation of the administrative law judge. Within 90 calendar days after a final order affirming an immediate suspension, the commissioner shall make a determination regarding whether a final licensing sanction shall be issued under subdivision 3. The license holder shall continue to be prohibited from operation of the program during this 90-day period.

(c) When the final order under paragraph (b) affirms an immediate suspension, and a final licensing sanction is issued under subdivision 3, and the license holder appeals that sanction, the license holder continues to be prohibited from operation of the program pending a final commissioner's order under section 245A.08, subdivision 5, regarding the final licensing sanction.

Sec. 14. Minnesota Statutes 2001 Supplement, section 245A.07, subdivision 3, is amended to read:

Subd. 3. [LICENSE SUSPENSION, REVOCATION, OR FINE.] The commissioner may suspend or revoke a license, or impose a fine if a license holder fails to comply fully with applicable laws or rules, or knowingly withholds relevant information from or gives false or misleading information to the commissioner in connection with an application for a license, in connection with the background study status of an individual, or during an investigation. A license holder who has had a license suspended, revoked, or has been ordered to pay a fine must be given notice of the action by certified mail. The notice must be mailed to the address shown on the application or the last known address of the license holder. The notice must state the reasons the license was suspended, revoked, or a fine was ordered.

(a) If the license was suspended or revoked, the notice must inform the license holder of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8510 to 1400.8612 and successor rules. The license holder may appeal an order suspending or revoking a license. The appeal of an order suspending or revoking a license must be made in writing by certified mail and must be received by the commissioner within ten calendar days after the license holder receives notice that the license has been suspended or revoked. Except as provided in subdivision 2a, paragraph (c), a timely appeal of an order suspending or revoking a license shall stay the suspension or revocation until the commissioner issues a final order.

(b)(1) If the license holder was ordered to pay a fine, the notice must inform the license holder of the responsibility for payment of fines and the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8510 to 1400.8612 and successor rules. The appeal of an order to pay a fine must be made in writing by certified mail and must be received by the commissioner within ten calendar days after the license holder receives notice that the fine has been ordered.

(2) The license holder shall pay the fines assessed on or before the payment date specified. If the license holder fails to fully comply with the order, the commissioner may issue a second fine or suspend the license until the license holder complies. If the license holder receives state funds, the state, county, or municipal agencies or departments responsible for administering the funds shall withhold payments and recover any payments made while the license is suspended for failure to pay a fine. A timely appeal shall stay payment of the fine until the commissioner issues a final order.

(3) A license holder shall promptly notify the commissioner of human services, in writing, when a violation specified in the order to forfeit a fine is corrected. If upon reinspection the commissioner determines that a violation has not been corrected as indicated by the order to forfeit a fine, the commissioner may issue a second fine. The commissioner shall notify the license holder by certified mail that a second fine has been assessed. The license holder may appeal the second fine as provided under this subdivision.

(4) Fines shall be assessed as follows: the license holder shall forfeit $1,000 for each determination of maltreatment of a child under section 626.556 or the maltreatment of a vulnerable adult under section 626.557; the license holder shall forfeit $200 for each occurrence of a violation of law or rule governing matters of health, safety, or supervision, including but not limited to the provision of adequate staff-to-child or adult ratios, and failure to submit a background study; and the license holder shall forfeit $100 for each occurrence of a violation of law or rule other than those subject to a $1,000 or $200 fine above. For purposes of this section, "occurrence" means each violation identified in the commissioner's fine order.

(5) When a fine has been assessed, the license holder may not avoid payment by closing, selling, or otherwise transferring the licensed program to a third party. In such an event, the license holder will be personally liable for payment. In the case of a corporation, each controlling individual is personally and jointly liable for payment.

Sec. 15. [245A.085] [CONSOLIDATION OF HEARINGS; RECONSIDERATION.]

Hearings authorized under this chapter and sections 256.045, 626.556, and 626.557, shall be consolidated if feasible and in accordance with other applicable statutes and rules. Reconsideration under sections 245A.04, subdivision 3c; 626.556, subdivision 10i; and 626.557, subdivision 9d, shall also be consolidated if feasible.

Sec. 16. Minnesota Statutes 2001 Supplement, section 245A.144, is amended to read:

245A.144 [REDUCTION OF RISK OF SUDDEN INFANT DEATH SYNDROME IN CHILD CARE PROGRAMS.]

License holders must ensure that before staff persons, caregivers, and helpers assist in the care of infants, they receive training on reducing the risk of sudden infant death syndrome. The training on reducing the risk of sudden infant death syndrome may be provided as orientation training under Minnesota Rules, part 9503.0035, subpart 1, as initial training under Minnesota Rules, part 9502.0385, subpart 2, as in-service training under Minnesota Rules, part 9503.0035, subpart 4, or as ongoing training under Minnesota Rules, part 9502.0385, subpart 3. Training required under this section must be at least one hour in length and must be completed at least once every five years. At a minimum, the training must address the risk factors related to sudden infant death syndrome, means of reducing the risk of sudden infant death syndrome in child care, and license holder communication with parents regarding reducing the risk of sudden infant death syndrome. Training for family and group family child care providers must be approved by the county licensing agency according to Minnesota Rules, part 9502.0385.

Sec. 17. Minnesota Statutes 2001 Supplement, section 245A.16, subdivision 1, is amended to read:

Subdivision 1. [DELEGATION OF AUTHORITY TO AGENCIES.] (a) County agencies and private agencies that have been designated or licensed by the commissioner to perform licensing functions and activities under section 245A.04, to recommend denial of applicants under section 245A.05, to issue correction orders, to issue variances, and recommend a conditional license under section 245A.06, or to recommend suspending or revoking a license or issuing a fine under section 245A.07, shall comply with rules and directives of the commissioner governing those functions and with this section. The following variances are excluded from the delegation of variance authority and may be issued only by the commissioner:

(1) dual licensure of family child care and child foster care, dual licensure of child and adult foster care, and adult foster care and family child care;

(2) adult foster care maximum capacity;

(3) adult foster care minimum age requirement;

(4) child foster care maximum age requirement;

(5) variances regarding disqualified individuals except that county agencies may issue variances under section 245A.04, subdivision 3e, regarding disqualified individuals when the county is responsible for conducting a consolidated reconsideration according to section 245A.04, subdivision 3b, paragraph (f), of a county maltreatment determination and a disqualification based on serious or recurring maltreatment; and

(6) the required presence of a caregiver in the adult foster care residence during normal sleeping hours.

(b) County agencies must report information about disqualification reconsiderations under section 245A.04, subdivision 3b, paragraph (f), and variances granted under paragraph (a), clause (5), to the commissioner at least monthly in a format prescribed by the commissioner.

(c) For family day care programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

Sec. 18. Minnesota Statutes 2001 Supplement, section 256.045, subdivision 3b, is amended to read:

Subd. 3b. [STANDARD OF EVIDENCE FOR MALTREATMENT AND DISQUALIFICATION HEARINGS.] (a) The state human services referee shall determine that maltreatment has occurred if a preponderance of evidence exists to support the final disposition under sections 626.556 and 626.557. For purposes of hearings regarding disqualification, the state human services referee shall affirm the proposed disqualification in an appeal under subdivision 3, paragraph (a), clause (9), if a preponderance of the evidence shows the individual has:

(1) committed maltreatment under section 626.556 or 626.557, which is serious or recurring;

(2) committed an act or acts meeting the definition of any of the crimes listed in section 245A.04, subdivision 3d, paragraph (a), clauses (1) to (4); or

(3) failed to make required reports under section 626.556 or 626.557, for incidents in which~~:~~

~~(i)~~ the final disposition under section 626.556 or 626.557 was substantiated maltreatment~~; and~~

~~(ii) the maltreatment was recurring or serious; or substantiated serious or recurring maltreatment of a minor under section 626.556 or of a vulnerable adult under section 626.557 for which there is a preponderance of evidence that the maltreatment occurred, and that the subject was responsible for the maltreatment~~ that was serious or recurring.

(b) If the disqualification is affirmed, the state human services referee shall determine whether the individual poses a risk of harm in accordance with the requirements of section 245A.04, subdivision 3b.

(c) The state human services referee shall recommend an order to the commissioner of health, children, families, and learning, or human services, as applicable, who shall issue a final order. The commissioner shall affirm, reverse, or modify the final disposition. Any order of the commissioner issued in accordance with this subdivision is conclusive upon the parties unless appeal is taken in the manner provided in subdivision 7. ~~Except as provided under section 245A.04, subdivisions 3b, paragraphs (e) and (f), and 3c,~~ In any licensing appeal under chapter 245A and sections 144.50 to 144.58 and 144A.02 to 144A.46, the commissioner's determination as to maltreatment is conclusive as provided under section 245A.04, subdivision 3f.

Sec. 19. Minnesota Statutes 2001 Supplement, section 256.045, subdivision 4, is amended to read:

Subd. 4. [CONDUCT OF HEARINGS.] (a) All hearings held pursuant to subdivision 3, 3a, 3b, or 4a shall be conducted according to the provisions of the federal Social Security Act and the regulations implemented in accordance with that act to enable this state to qualify for federal grants-in-aid, and according to the rules and written

policies of the commissioner of human services. County agencies shall install equipment necessary to conduct telephone hearings. A state human services referee may schedule a telephone conference hearing when the distance or time required to travel to the county agency offices will cause a delay in the issuance of an order, or to promote efficiency, or at the mutual request of the parties. Hearings may be conducted by telephone conferences unless the applicant, recipient, former recipient, person, or facility contesting maltreatment objects. The hearing shall not be held earlier than five days after filing of the required notice with the county or state agency. The state human services referee shall notify all interested persons of the time, date, and location of the hearing at least five days before the date of the hearing. Interested persons may be represented by legal counsel or other representative of their choice, including a provider of therapy services, at the hearing and may appear personally, testify and offer evidence, and examine and cross-examine witnesses. The applicant, recipient, former recipient, person, or facility contesting maltreatment shall have the opportunity to examine the contents of the case file and all documents and records to be used by the county or state agency at the hearing at a reasonable time before the date of the hearing and during the hearing. In hearings under subdivision 3, paragraph (a), clauses (4), (8), and (9), either party may subpoena the private data relating to the investigation prepared by the agency under section 626.556 or 626.557 that is not otherwise accessible under section 13.04, provided the identity of the reporter may not be disclosed.

(b) The private data obtained by subpoena in a hearing under subdivision 3, paragraph (a), clause (4), (8), or (9), must be subject to a protective order which prohibits its disclosure for any other purpose outside the hearing provided for in this section without prior order of the district court. Disclosure without court order is punishable by a sentence of not more than 90 days imprisonment or a fine of not more than $700, or both. These restrictions on the use of private data do not prohibit access to the data under section 13.03, subdivision 6. Except for appeals under subdivision 3, paragraph (a), clauses (4), (5), (8), and (9), upon request, the county agency shall provide reimbursement for transportation, child care, photocopying, medical assessment, witness fee, and other necessary and reasonable costs incurred by the applicant, recipient, or former recipient in connection with the appeal. All evidence, except that privileged by law, commonly accepted by reasonable people in the conduct of their affairs as having probative value with respect to the issues shall be submitted at the hearing and such hearing shall not be "a contested case" within the meaning of section 14.02, subdivision 3. The agency must present its evidence prior to or at the hearing, and may not submit evidence after the hearing except by agreement of the parties at the hearing, provided the petitioner has the opportunity to respond.

(c) In hearings under subdivision 3, paragraph (a), clauses (4), (8), and (9), involving determinations of maltreatment or disqualification made by more than one county agency, by a county agency and a state agency, or by more than one state agency, the hearings may be consolidated into a single fair hearing upon the consent of all parties and the state human services referee.

Sec. 20. Minnesota Statutes 2000, section 256.9657, subdivision 1, is amended to read:

Subdivision 1. [NURSING HOME LICENSE SURCHARGE.] (a) Effective July 1, 1993, each non-state-operated nursing home licensed under chapter 144A shall pay to the commissioner an annual surcharge according to the schedule in subdivision 4. The surcharge shall be calculated as $620 per licensed bed. If the number of licensed beds is reduced, the surcharge shall be based on the number of remaining licensed beds the second month following the receipt of timely notice by the commissioner of human services that beds have been delicensed. The nursing home must notify the commissioner of health in writing when beds are delicensed. The commissioner of health must notify the commissioner of human services within ten working days after receiving written notification. If the notification is received by the commissioner of human services by the 15th of the month, the invoice for the second following month must be reduced to recognize the delicensing of beds. Beds on layaway status continue to be subject to the surcharge. The commissioner of human services must acknowledge a medical care surcharge appeal within 30 days of receipt of the written appeal from the provider.

(b) Effective July 1, 1994, the surcharge in paragraph (a) shall be increased to $625.

(c) Between March 1, 2002, and August 15, 2003, a facility governed by this subdivision may elect to assume 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 section 256B.48, subdivision 1, paragraph (a), and all

other requirements established in law or rule, and to resume intake of new medical assistance recipients. Rates will be determined under Minnesota Rules, parts 9549.0010 to 9549.0080. Notwithstanding section 256B.431, subdivision 27, paragraph (i), rate calculations will be subject to limits as prescribed in rule and law. Other than the adjustments in Minnesota Rules, part 9549.0057; sections 256B.431, subdivisions 30 and 32; 256B.437, subdivision 3, item (b), and any other applicable legislation enacted prior to the finalization of rates, facilities returning to medical assistance under this paragraph are not eligible for any rate adjustments until the July 1 following their settle-up period.

Sec. 21. [604A.33] [REFERENCE CHECKS BY CERTAIN HEALTH CARE PROVIDERS AND FACILITIES.]

Subdivision 1. [APPLICATION.] This section applies to residential treatment programs for children or group homes for children licensed under chapter 245A, residential services and programs for juveniles licensed under section 241.021, providers licensed pursuant to sections 144A.01 to 144A.33 or sections 144A.43 to 144A.48, providers of day training and habilitation services under sections 252.40 to 252.46, board and lodging facilities licensed under chapter 157, intermediate care facilities for persons with mental retardation or related conditions, and other facilities licensed to provide residential services to persons with developmental disabilities.

Subd. 2. [CAUSES OF ACTION.] No action may be brought against a provider or facility listed in subdivision 1 or a designated employee or agent of such a provider or facility who discloses information regarding a former or current employee to a prospective employer as provided under this section. This subdivision does not preclude a charge or action under chapter 363, or an action arising from a disclosure that the plaintiff proves, by a preponderance of the evidence, was made fraudulently or with deliberate disregard as to its truth or falsity. This subdivision does not preclude an action against a prospective employer for disclosing information received under this section.

Subd. 3. [REFERENCE CHECKS.] (a) Upon written request, a provider or facility listed in subdivision 1 or a designated employee or agent of such a provider or facility may disclose the following information about a current or former employee to a prospective employer:

(1) dates of employment;

(2) compensation and wage history;

(3) job description and duties;

(4) training and education provided by the employer; and

(5) all acts of violence, theft, harassment, or illegal conduct documented in the personnel record which resulted in disciplinary action or resignation, and the employee's written response, if necessary, contained in the personnel record.

(b) With the written authorization of the current or former employee, a provider or facility listed in subdivision 1 or a designated employee or agent of such a provider or facility may also disclose the following information in writing to a prospective employer:

(1) written employee evaluations conducted prior to the employee's separation from the employer and the employee's written response, if any, contained in the employee's personnel record;

(2) disciplinary warnings and actions in the five years before the date of the authorization and the employee's written response, if any, contained in the employee's personnel record; and

(3) reasons for separation from employment.

(c) The provider, facility, designated employee, or agent must provide a written copy of a disclosure made under this subdivision and information on to whom the disclosure was made to the current or former employee upon request.

**[EFFECTIVE DATE.]** This section is effective July 1, 2002, and applies to causes of action arising on or after that date.

Sec. 22. Minnesota Statutes 2001 Supplement, section 626.556, subdivision 10i, is amended to read:

Subd. 10i. [ADMINISTRATIVE RECONSIDERATION OF FINAL DETERMINATION OF MALTREATMENT AND DISQUALIFICATION BASED ON SERIOUS OR RECURRING MALTREATMENT; REVIEW PANEL.] (a) Except as provided under paragraph (e), an individual or facility that the commissioner of human services, a local social service agency, or the commissioner of children, families, and learning determines has maltreated a child, an interested person acting on behalf of the child, 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 or, if the request is made by an interested person who is not entitled to notice, within 15 days after receipt of the notice by the parent or guardian of the child. Effective January 1, 2002, an individual who was determined to have maltreated a child under this section and who was disqualified on the basis of serious or recurring maltreatment under section 245A.04, subdivision 3d, may request reconsideration of the maltreatment determination and the disqualification. The request for reconsideration of the maltreatment determination and the disqualification must be submitted within 30 calendar days of the individual's receipt of the notice of disqualification under section 245A.04, subdivision 3a.

(b) Except as provided under paragraphs (e) and (f), 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 or the commissioner of children, families, and learning a written request for a hearing under that section. Section 256.045 also governs hearings requested to contest a final determination of the commissioner of children, families, and learning. For reports involving maltreatment of a child in a facility, an interested person acting on behalf of the child may request a review by the child maltreatment review panel under section 256.022 if the investigating agency denies the request or fails to act upon the request or if the interested person contests a reconsidered determination. The investigating agency shall notify persons who request reconsideration of their rights under this paragraph. The request must be submitted in writing to the review panel and a copy sent to the investigating agency within 30 calendar days of receipt of notice of a denial of a request for reconsideration or of a reconsidered determination. The request must specifically identify the aspects of the agency determination with which the person is dissatisfied.

(c) If, as a result of a reconsideration or review, the investigating agency changes the final determination of maltreatment, that agency shall notify the parties specified in subdivisions 10b, 10d, and 10f.

(d) Except as provided under paragraph (f), 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.

(e) Effective January 1, 2002, if an individual was disqualified under section 245A.04, subdivision 3d, on the basis of a determination of maltreatment, which was serious or recurring, and the individual has requested reconsideration of the maltreatment determination under paragraph (a) and requested reconsideration of the disqualification under section 245A.04, subdivision 3b, reconsideration of the maltreatment determination and reconsideration of the disqualification shall be consolidated into a single reconsideration. If reconsideration of the maltreatment determination is denied or the disqualification is not set aside or rescinded under section 245A.04, subdivision 3b, the individual may request a fair hearing under section 256.045. If an individual ~~disqualified on the basis of a~~

~~determination of maltreatment, which was serious or recurring~~ requests a fair hearing ~~under paragraph (b)~~ on the maltreatment determination and the disqualification, the scope of the fair hearing shall include both the maltreatment determination and the disqualification.

(f) Effective January 1, 2002, if a maltreatment determination or a disqualification based on serious or recurring maltreatment is the basis for a denial of a license under section 245A.05 or a licensing sanction under section 245A.07, the license holder has the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8510 to 1400.8612 and successor rules. As provided for under section 245A.08, subdivision 2a, the scope of the contested case hearing shall include the maltreatment determination, disqualification, and licensing sanction or denial of a license. In such cases, a fair hearing regarding the maltreatment determination shall not be conducted under paragraph (b). If the disqualified subject is an individual other than the license holder and upon whom a background study must be conducted under section 245A.04, subdivision 3, the hearings of all parties may be consolidated into a single contested case hearing upon consent of all parties and the administrative law judge.

(g) For purposes of this subdivision, "interested person acting on behalf of the child" means a parent or legal guardian; stepparent; grandparent; guardian ad litem; adult stepbrother, stepsister, or sibling; or adult aunt or uncle; unless the person has been determined to be the perpetrator of the maltreatment.

Sec. 23. Minnesota Statutes 2000, section 626.557, subdivision 3a, is amended to read:

Subd. 3a. [REPORT NOT REQUIRED.] The following events are not required to be reported under this section:

(a) A circumstance where federal law specifically prohibits a person from disclosing patient identifying information in connection with a report of suspected maltreatment, unless the vulnerable adult, or the vulnerable adult's guardian, conservator, or legal representative, has consented to disclosure in a manner which conforms to federal requirements. Facilities whose patients or residents are covered by such a federal law shall seek consent to the disclosure of suspected maltreatment from each patient or resident, or a guardian, conservator, or legal representative, upon the patient's or resident's admission to the facility. Persons who are prohibited by federal law from reporting an incident of suspected maltreatment shall immediately seek consent to make a report.

(b) Verbal or physical aggression occurring between patients, residents, or clients of a facility, or self-abusive behavior by these persons does not constitute abuse unless the behavior causes serious harm. The operator of the facility or a designee shall record incidents of aggression and self-abusive behavior to facilitate review by licensing agencies and county and local welfare agencies.

(c) Accidents as defined in section 626.5572, subdivision 3.

(d) Events occurring in a facility that result from an individual's ~~single mistake~~ error in the provision of therapeutic conduct to a vulnerable adult, as ~~defined~~ provided in section 626.5572, subdivision 17, paragraph (c), clause (4).

(e) Nothing in this section shall be construed to require a report of financial exploitation, as defined in section 626.5572, subdivision 9, solely on the basis of the transfer of money or property by gift or as compensation for services rendered.

Sec. 24. Minnesota Statutes 2001 Supplement, section 626.557, subdivision 9d, is amended to read:

Subd. 9d. [ADMINISTRATIVE RECONSIDERATION OF FINAL DISPOSITION OF MALTREATMENT AND DISQUALIFICATION BASED ON SERIOUS OR RECURRING MALTREATMENT; REVIEW PANEL.] (a) Except as provided under paragraph (e), any individual or facility which a lead agency determines has maltreated a vulnerable adult, or the vulnerable adult or an interested person acting on behalf of the vulnerable adult, regardless of the lead agency's determination, who contests the lead agency's final disposition of an allegation of maltreatment, may request the lead agency to reconsider its final disposition. The request for reconsideration must be submitted in writing to the lead agency within 15 calendar days after receipt of notice of final disposition or, if the request is

made by an interested person who is not entitled to notice, within 15 days after receipt of the notice by the vulnerable adult or the vulnerable adult's legal guardian. An individual who was determined to have maltreated a vulnerable adult under this section and who was disqualified on the basis of serious or recurring maltreatment under section 245A.04, subdivision 3d, may request reconsideration of the maltreatment determination and the disqualification. The request for reconsideration of the maltreatment determination and the disqualification must be submitted within 30 calendar days of the individual's receipt of the notice of disqualification under section 245A.04, subdivision 3a.

(b) Except as provided under paragraphs (e) and (f), if the lead 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 statute. The vulnerable adult, or an interested person acting on behalf of the vulnerable adult, may request a review by the vulnerable adult maltreatment review panel under section 256.021 if the lead agency denies the request or fails to act upon the request, or if the vulnerable adult or interested person contests a reconsidered disposition. The lead agency shall notify persons who request reconsideration of their rights under this paragraph. The request must be submitted in writing to the review panel and a copy sent to the lead agency within 30 calendar days of receipt of notice of a denial of a request for reconsideration or of a reconsidered disposition. The request must specifically identify the aspects of the agency determination with which the person is dissatisfied.

(c) If, as a result of a reconsideration or review, the lead agency changes the final disposition, it shall notify the parties specified in subdivision 9c, paragraph (d).

(d) For purposes of this subdivision, "interested person acting on behalf of the vulnerable adult" means a person designated in writing by the vulnerable adult to act on behalf of the vulnerable adult, or a legal guardian or conservator or other legal representative, a proxy or health care agent appointed under chapter 145B or 145C, or an individual who is related to the vulnerable adult, as defined in section 245A.02, subdivision 13.

(e) If an individual was disqualified under section 245A.04, subdivision 3d, on the basis of a determination of maltreatment, which was serious or recurring, and the individual has requested reconsideration of the maltreatment determination under paragraph (a) and reconsideration of the disqualification under section 245A.04, subdivision 3b, reconsideration of the maltreatment determination and requested reconsideration of the disqualification shall be consolidated into a single reconsideration. If reconsideration of the maltreatment determination is denied or if the disqualification is not set aside or rescinded under section 245A.04, subdivision 3b, the individual may request a fair hearing under section 256.045. If an individual ~~who was disqualified on the basis of serious or recurring maltreatment~~ requests a fair hearing ~~under paragraph (b)~~ on the maltreatment determination and the disqualification, the scope of the fair hearing shall include both the maltreatment determination and the disqualification.

(f) If a maltreatment determination or a disqualification based on serious or recurring maltreatment is the basis for a denial of a license under section 245A.05 or a licensing sanction under section 245A.07, the license holder has the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8510 to 1400.8612 and successor rules. As provided for under section 245A.08, the scope of the contested case hearing shall include the maltreatment determination, disqualification, and licensing sanction or denial of a license. In such cases, a fair hearing shall not be conducted under paragraph (b). If the disqualified subject is an individual other than the license holder and upon whom a background study must be conducted under section 245A.04, subdivision 3, the hearings of all parties may be consolidated into a single contested case hearing upon consent of all parties and the administrative law judge.

(g) Until August 1, 2002, an individual or facility that was determined by the commissioner of human services or the commissioner of health to be responsible for neglect under section 626.5572, subdivision 17, after October 1, 1995, and before August 1, 2001, that believes that the finding of neglect does not meet an amended definition of neglect may request a reconsideration of the determination of neglect. The commissioner of human services or the commissioner of health shall mail a notice to the last known address of individuals who are eligible to seek this reconsideration. The request for reconsideration must state how the established findings no longer meet the elements of the definition of neglect. The commissioner shall review the request for reconsideration and make a determination within 15 calendar days. The commissioner's decision on this reconsideration is the final agency action.

(1) For purposes of compliance with the data destruction schedule under subdivision 12b, paragraph (d), when a finding of substantiated maltreatment has been changed as a result of a reconsideration under this paragraph, the date of the original finding of a substantiated maltreatment must be used to calculate the destruction date.

(2) For purposes of any background studies under section 245A.04, when a determination of substantiated maltreatment has been changed as a result of a reconsideration under this paragraph, any prior disqualification of the individual under section 245A.04 that was based on this determination of maltreatment shall be rescinded, and for future background studies under section 245A.04 the commissioner must not use the previous determination of substantiated maltreatment as a basis for disqualification or as a basis for referring the individual's maltreatment history to a health-related licensing board under section 245A.04, subdivision 3d, paragraph (b).

ARTICLE 2

CONTINUING CARE PROGRAMS

Section 1. Minnesota Statutes 2001 Supplement, section 144A.071, subdivision 1a, is amended to read:

Subd. 1a. [DEFINITIONS.] For purposes of sections 144A.071 to 144A.073, the following terms have the meanings given them:

(a) "Attached fixtures" has the meaning given in Minnesota Rules, part 9549.0020, subpart 6.

(b) "Buildings" has the meaning given in Minnesota Rules, part 9549.0020, subpart 7.

(c) "Capital assets" has the meaning given in section 256B.421, subdivision 16.

(d) "Commenced construction" means that all of the following conditions were met: the final working drawings and specifications were approved by the commissioner of health; the construction contracts were let; a timely construction schedule was developed, stipulating dates for beginning, achieving various stages, and completing construction; and all zoning and building permits were applied for.

(e) "Completion date" means the date on which a certificate of occupancy is issued for a construction project, or if a certificate of occupancy is not required, the date on which the construction project is available for facility use.

(f) "Construction" means any erection, building, alteration, reconstruction, modernization, or improvement necessary to comply with the nursing home licensure rules.

(g) "Construction project" means:

(1) a capital asset addition to, or replacement of a nursing home or certified boarding care home that results in new space or the remodeling of or renovations to existing facility space;

(2) the remodeling or renovation of existing facility space the use of which is modified as a result of the project described in clause (1). This existing space and the project described in clause (1) must be used for the functions as designated on the construction plans on completion of the project described in clause (1) for a period of not less than 24 months; or

(3) capital asset additions or replacements that are completed within 12 months before or after the completion date of the project described in clause (1).

(h) "New licensed" or "new certified beds" means:

(1) newly constructed beds in a facility or the construction of a new facility that would increase the total number of licensed nursing home beds or certified boarding care or nursing home beds in the state; or

(2) newly licensed nursing home beds or newly certified boarding care or nursing home beds that result from remodeling of the facility that involves relocation of beds but does not result in an increase in the total number of beds, except when the project involves the upgrade of boarding care beds to nursing home beds, as defined in section 144A.073, subdivision 1. "Remodeling" includes any of the type of conversion, renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1.

(i) "Project construction costs" means the cost of the facility capital asset additions, replacements, renovations, or remodeling projects, construction site preparation costs, and related soft costs. Project construction costs include the cost of any remodeling or renovation of existing facility space which is modified as a result of the construction project. Project construction costs also includes the cost of new technology implemented as part of the construction project. Project construction costs also include the cost of new technology implemented as part of the construction project and depreciable equipment directly identified to the project. Any new technology and depreciable equipment included in the project construction costs shall, at the written election of the facility, be included in the facility's appraised value for purposes of Minnesota Rules, part 9549.0020, subpart 5, and debt incurred for its purchase shall be included as allowable debt for purposes of Minnesota Rules, part 9549.0060, subpart 5, items A and C. Any new technology and depreciable equipment included in the project construction costs that the facility elects not to include in its appraised value and allowable debts shall be treated as provided in section 256B.431, subdivision 17, paragraph (b). Written election under this paragraph must be included in the facility's request for the rate change related to the project, and this election may not be changed.

(j) "Technology" means information systems or devices that make documentation, charting, and staff time more efficient or encourage and allow for care through alternative settings including, but not limited to, touch screens, monitors, hand-helds, swipe cards, motion detectors, pagers, telemedicine, medication dispensers, and equipment to monitor vital signs and self-injections, and to observe skin and other conditions.

Sec. 2. Minnesota Statutes 2001 Supplement, section 144A.36, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] "Eligible nursing home" means any nursing home licensed under sections 144A.01 to 144A.155 ~~and~~ or a boarding care facility, certified by the appropriate authority under United States Code, title 42, sections 1396-1396p, to participate as a vendor in the medical assistance program established under chapter 256B.

Sec. 3. Minnesota Statutes 2000, section 256B.0625, is amended by adding a subdivision to read:

Subd. 44. [TARGETED CASE MANAGEMENT SERVICES.] Medical assistance covers case management services for vulnerable adults and adults with developmental disabilities, as provided under section 256B.0924.

Sec. 4. Minnesota Statutes 2001 Supplement, section 256B.0913, subdivision 4, is amended to read:

Subd. 4. [ELIGIBILITY FOR FUNDING FOR SERVICES FOR NONMEDICAL ASSISTANCE RECIPIENTS.] (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person has been determined by a community assessment under section 256B.0911 to be a person who would require the level of care provided in a nursing facility, but for the provision of services under the alternative care program;

(2) the person is age 65 or older;

(3) the person would be eligible for medical assistance within 180 days of admission to a nursing facility;

(4) the person is not ineligible for the medical assistance program due to an asset transfer penalty;

(5) the person needs services that are not funded through other state or federal funding; and

(6) the monthly cost of the alternative care services funded by the program for this person does not exceed 75 percent of the statewide weighted average monthly nursing facility rate of the case mix resident class to which the individual alternative care client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, less the recipient's maintenance needs allowance as described in section 256B.0915, subdivision 1d, paragraph (a), until the first day of the state fiscal year in which the resident assessment system, under section 256B.437, for nursing home rate determination is implemented. Effective on the first day of the state fiscal year in which a resident assessment system, under section 256B.437, for nursing home rate determination is implemented and the first day of each subsequent state fiscal year, the monthly cost of alternative care services for this person shall not exceed the alternative care monthly cap for the case mix resident class to which the alternative care client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, which was in effect on the last day of the previous state fiscal year, and adjusted by the greater of any legislatively adopted home and community-based services cost-of-living percentage increase or any legislatively adopted statewide percent rate increase for nursing facilities. This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased under this section exceed the difference between the client's monthly service limit defined under section 256B.0915, subdivision 3, and the alternative care program monthly service limit defined in this paragraph. If medical supplies and equipment or environmental modifications are or will be purchased for an alternative care services recipient, the costs may be prorated on a monthly basis for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's other alternative care services exceeds the monthly limit established in this paragraph, the annual cost of the alternative care services shall be determined. In this event, the annual cost of alternative care services shall not exceed 12 times the monthly limit described in this paragraph.

(b) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spenddown or waiver obligation. A person whose initial application for medical assistance is being processed may be served under the alternative care program for a period up to 60 days. If the individual is found to be eligible for medical assistance, medical assistance must be billed for services payable under the federally approved elderly waiver plan and delivered from the date the individual was found eligible for the federally approved elderly waiver plan. Notwithstanding this provision, upon federal approval, alternative care funds may not be used to pay for any service the cost of which is payable by medical assistance or which is used by a recipient to meet a medical assistance income spenddown or waiver obligation.

(c) Alternative care funding is not available for a person who resides in a licensed nursing home, certified boarding care home, hospital, or intermediate care facility, except for case management services which are provided in support of the discharge planning process to a nursing home resident or certified boarding care home resident ~~who is ineligible for case management funded by medical assistance~~.

Sec. 5. Minnesota Statutes 2001 Supplement, 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 services;

(14) chore services;

(15) companion services;

(16) nutrition services;

(17) training for direct informal caregivers;

(18) ~~telemedicine~~ telehome care devices to monitor recipients in their own homes as an alternative to hospital care, nursing home care, or home visits;

(19) other services which includes discretionary funds and direct cash payments to clients, following approval by the commissioner, subject to the provisions of paragraph (j). 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; and

(20) environmental modifications.

(b) The county agency must ensure that the funds are not used to supplant services available through other public assistance or services programs.

(c) Unless specified in statute, the ~~service~~ services, service definitions, and standards for alternative care services shall be the same as the ~~service~~ services, service definitions, and standards specified in the federally approved elderly waiver plan. Except for the county agencies' approval of direct cash payments to clients as described in paragraph (j) or for a provider of supplies and equipment when the monthly cost of the supplies and equipment is less than $250, 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. Supplies and equipment may be purchased from a vendor not certified to participate in the Medicaid program if the cost for the item is less than that of a Medicaid vendor.

(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 rate shall be negotiated between the county agency and the foster care provider. The alternative care payment for the foster care service in combination with the payment for other alternative care services, including case management, must not exceed the limit specified in subdivision 4, paragraph (a), clause (6).

(e) Personal care services must meet the service standards defined in the federally approved elderly waiver plan, except that a county agency may contract with a client's relative who meets the relative hardship waiver requirement as defined in section 256B.0627, subdivision 4, paragraph (b), clause (10), to provide personal care services if the county agency ensures supervision of this service by a ~~registered nurse or mental health practitioner~~ qualified professional as defined in section 256B.0625, subdivision 19c.

(f) 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 under section 157.17 and are not subject to registration under chapter 144D. 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 home 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 homemaking services funded under this section.

(g) 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 and are licensed by the department of health as a class A home care provider or a class E home care provider. 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.

(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.

Individuals receiving assisted living services shall not receive both assisted living services and homemaking 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. 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.

(h) For establishments registered under chapter 144D, assisted living services under this section means either the services described in paragraph (g) and delivered by a class E home care provider licensed by the department of health or the services described under section 144A.4605 and delivered by an assisted living home care provider or a class A home care provider licensed by the commissioner of health.

(i) Payment 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 and may not cover direct rent or food costs.

(1) The individualized monthly negotiated payment for assisted living services as described in paragraph (g) or (h), and residential care services as described in paragraph (f), shall not exceed the nonfederal share in effect on July 1 of the state fiscal year for which the rate limit is being calculated of the greater of either the statewide or any of the geographic groups' weighted average monthly nursing facility payment rate of the case mix resident class to which the alternative care eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, less the maintenance needs allowance as described in section 256B.0915, subdivision 1d, paragraph (a), until the first day of the state fiscal year in which a resident assessment system, under section 256B.437, of nursing home rate determination is implemented. Effective on the first day of the state fiscal year in which a resident assessment system, under section 256B.437, of nursing home rate determination is implemented and the first day of each subsequent state fiscal year, the individualized monthly negotiated payment for the services described in this clause shall not exceed the limit described in this clause which was in effect on the last day of the previous state fiscal year and which has been adjusted by the greater of any legislatively adopted home and community-based services cost-of-living percentage increase or any legislatively adopted statewide percent rate increase for nursing facilities.

(2) The individualized monthly negotiated payment for assisted living services described under section 144A.4605 and delivered by a provider licensed by the department of health as a class A home care provider or an assisted living home care provider and provided in a building that is registered as a housing with services establishment under chapter 144D and that provides 24-hour supervision in combination with the payment for other alternative care services, including case management, must not exceed the limit specified in subdivision 4, paragraph (a), clause (6).

(j) A county agency may make payment from their alternative care program allocation for "other services" which include use of "discretionary funds" for services that are not otherwise defined in this section and direct cash payments to the client for the purpose of purchasing the 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 (6);

(2) a county may not approve any cash payment for a client who meets either of the following:

(i) has been assessed as having a dependency in orientation, unless the client has an authorized representative. An "authorized representative" means an individual who is at least 18 years of age and is designated by the person or the person's legal representative to act on the person's behalf. This individual may be a family member, guardian, representative payee, or other individual designated by the person or the person's legal representative, if any, to assist in purchasing and arranging for supports; or

(ii) is concurrently receiving adult foster care, residential care, or assisted living services;

(3) cash payments to a person or a person's family will be provided through a monthly payment and be in the form of cash, voucher, or direct county payment to a vendor. Fees or premiums assessed to the person for eligibility for health and human services are not reimbursable through this service option. Services and goods purchased through cash payments must be identified in the person's individualized care plan and must meet all of the following criteria:

(i) they must be over and above the normal cost of caring for the person if the person did not have functional limitations;

(ii) they must be directly attributable to the person's functional limitations;

(iii) they must have the potential to be effective at meeting the goals of the program;

(iv) they must be consistent with the needs identified in the individualized service plan. The service plan shall specify the needs of the person and family, the form and amount of payment, the items and services to be reimbursed, and the arrangements for management of the individual grant; and

(v) the person, the person's family, or the legal representative shall be provided sufficient information to ensure an informed choice of alternatives. The local agency shall document this information in the person's care plan, including the type and level of expenditures to be reimbursed;

(4) the state of Minnesota, county, lead agency under contract, or tribal government under contract to administer the alternative care program shall not be liable for damages, injuries, or liabilities sustained through the purchase of direct supports or goods by the person, the person's family, or the authorized representative with funds received through the cash payments under this section. Liabilities include, but are not limited to, workers' compensation, the Federal Insurance Contributions Act (FICA), or the Federal Unemployment Tax Act (FUTA);

(5) persons receiving grants under this section shall have the following responsibilities:

(i) spend the grant money in a manner consistent with their individualized service plan with the local agency;

(ii) notify the local agency of any necessary changes in the grant expenditures;

(iii) arrange and pay for supports; and

(iv) inform the local agency of areas where they have experienced difficulty securing or maintaining supports; and

(6) the county shall report client outcomes, services, and costs under this paragraph in a manner prescribed by the commissioner.

~~(k) 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. 6. Minnesota Statutes 2001 Supplement, section 256B.0913, subdivision 8, is amended to read:

Subd. 8. [REQUIREMENTS FOR INDIVIDUAL CARE PLAN.] (a) The case manager shall implement the plan of care for each alternative care client and ensure that a client's service needs and eligibility are reassessed at least every 12 months. The plan shall include any services prescribed by the individual's attending physician as necessary to allow the individual to remain in a community setting. In developing the individual's care plan, the case manager should include the use of volunteers from families and neighbors, religious organizations, social clubs, and civic and service organizations to support the formal home care services. The county shall be held harmless for damages or

injuries sustained through the use of volunteers under this subdivision including workers' compensation liability. The lead agency shall provide documentation in each individual's plan of care and, if requested, to the commissioner that the most cost-effective alternatives available have been offered to the individual and that the individual was free to choose among available qualified providers, both public and private. The case manager must give the individual a ten-day written notice of any ~~decrease in or~~ denial, termination, or reduction of alternative care services.

(b) If the county administering alternative care services is different than the county of financial responsibility, the care plan may be implemented without the approval of the county of financial responsibility.

Sec. 7. Minnesota Statutes 2001 Supplement, 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 alternative care eligible clients. ~~Prior to~~ By 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.

(b) The adjusted base for each county is the county's current fiscal year base allocation plus any targeted funds approved during the current fiscal year. Calculations for paragraphs (c) and (d) are to be made as follows: for each county, the determination of alternative care program 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 and paid by June 1 of that year.

(c) If the alternative care program expenditures as defined in paragraph (b) are 95 percent or more of the county's 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 alternative care program expenditures as defined in paragraph (b) are less than 95 percent of the county's 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) If the annual legislative appropriation for the alternative care program is inadequate to fund the combined county allocations for a biennium, the commissioner shall distribute to each county the entire annual appropriation as that county's percentage of the computed base as calculated in paragraphs (c) and (d).

Sec. 8. Minnesota Statutes 2001 Supplement, section 256B.0913, subdivision 12, is amended to read:

Subd. 12. [CLIENT PREMIUMS.] (a) A premium is required for all alternative care 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 recipient's maintenance needs allowance as defined in section 256B.0915, subdivision 1d, paragraph (a), but less than 150 percent of the federal poverty guideline effective on July 1 of the state fiscal year in which the premium is being computed, and total assets are less than $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 effective on July 1 of the state fiscal year in which the premium is being computed, and total assets are less than $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 effective on July 1 of the state fiscal year in which the premium is being computed 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 $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 found eligible for alternative care, but is not yet receiving alternative care services; or

(5) a person's fee under paragraph (a) is less than $25.

(c) The county agency must record in the state's receivable system the client's assessed premium amount or the reason the premium has been waived. The commissioner will bill and collect the premium from the client. 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. 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. This paragraph does not apply to alternative care pilot projects authorized in Laws 1993, First Special Session chapter 1, article 5, section 133, if a county operating under the pilot project reports the following dollar amounts to the commissioner quarterly:

(1) total premiums billed to clients;

(2) total collections of premiums billed; and

(3) balance of premiums owed by clients.

If a county does not adhere to these reporting requirements, the commissioner may terminate the billing, collecting, and remitting portions of the pilot project and require the county involved to operate under the procedures set forth in this paragraph.

~~(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. 9. Minnesota Statutes 2001 Supplement, section 256B.0913, subdivision 14, is amended to read:

Subd. 14. [PROVIDER REQUIREMENTS, PAYMENT, AND RATE ADJUSTMENTS.] (a) Unless otherwise specified in statute, providers must be enrolled in the state's Minnesota health care program and abide by the requirements for provider participation according to Minnesota Rules, part 9505.0195.

(b) Payment for provided alternative care services as approved by the client's case manager shall ~~be~~ occur through the invoice processing procedures of the department's Medicaid Management Information System (MMIS). To receive payment, the county or vendor must submit invoices within 12 months following the date of service. The county agency and its vendors under contract shall not be reimbursed for services which exceed the county allocation.

~~(b)~~ (c) The county shall negotiate individual rates with vendors and may authorize service payment for actual costs up to the county's current approved rate. Notwithstanding any other rule or statutory provision to the contrary, the commissioner shall not be authorized to increase rates by an annual inflation factor, unless so authorized by the legislature. To improve access to community services and eliminate payment disparities between the alternative care program and the elderly waiver program, the commissioner shall establish statewide maximum service rate limits and eliminate county-specific service rate limits.

(1) Effective July 1, 2001, for service rate limits, except those in subdivision 5, paragraphs (d) and (i), the rate limit for each service shall be the greater of the alternative care statewide maximum rate or the elderly waiver statewide maximum rate.

(2) Counties may negotiate individual service rates with vendors for actual costs up to the statewide maximum service rate limit.

Sec. 10. Minnesota Statutes 2000, section 256B.0915, subdivision 4, is amended to read:

Subd. 4. [TERMINATION NOTICE.] The case manager must give the individual a ten-day written notice of any ~~decrease in~~ denial, reduction, or termination of waivered services.

Sec. 11. Minnesota Statutes 2001 Supplement, section 256B.0915, subdivision 5, is amended to read:

Subd. 5. [ASSESSMENTS AND REASSESSMENTS FOR WAIVER CLIENTS.] Each client shall receive an initial assessment of strengths, informal supports, and need for services in accordance with section 256B.0911, subdivisions 3, 3a, and 3b. A reassessment of a client served under the elderly waiver must be conducted at least every 12 months and at other times when the case manager determines that there has been significant change in the client's functioning. This may include instances where the client is discharged from the hospital.

Sec. 12. Minnesota Statutes 2000, section 256B.0915, subdivision 6, is amended to read:

Subd. 6. [IMPLEMENTATION OF CARE PLAN.] Each elderly waiver client shall be provided a copy of a written care plan that meets the requirements outlined in section 256B.0913, subdivision 8. If the county administering waivered services is different than the county of financial responsibility, the care plan may be implemented without the approval of the county of financial responsibility.

Sec. 13. Minnesota Statutes 2000, section 256B.0915, is amended by adding a subdivision to read:

Subd. 8. [SERVICES AND SUPPORTS.] (a) Services and supports shall meet the requirements set out in United States Code, title 42, section 1396n.

(b) Services and supports shall promote consumer choice and be arranged and provided consistent with individualized, written care plans.

(c) The state of Minnesota, county, or tribal government under contract to administer the elderly waiver shall not be liable for damages, injuries, or liabilities sustained through the purchase of direct supports or goods by the person, the person's family, or the authorized representatives with funds received through consumer directed community support services under the federally approved waiver plan. Liabilities include, but are not limited to, workers' compensation liability, the Federal Insurance Contributions Act (FICA), or the Federal Unemployment Tax Act (FUTA).

Sec. 14. Minnesota Statutes 2001 Supplement, section 256B.431, subdivision 2e, is amended to read:

Subd. 2e. [CONTRACTS FOR SERVICES FOR VENTILATOR-DEPENDENT PERSONS.] The commissioner may ~~contract~~ negotiate with a nursing facility eligible to receive medical assistance payments to provide services to a ventilator-dependent person identified by the commissioner according to criteria developed by the commissioner, including:

(1) nursing facility care has been recommended for the person by a preadmission screening team;

(2) the person has been hospitalized and no longer requires inpatient acute care hospital services; and

(3) the commissioner has determined that necessary services for the person cannot be provided under existing nursing facility rates.

~~The commissioner may issue a request for proposals to provide services to a ventilator-dependent person to nursing facilities eligible to receive medical assistance payments and shall select nursing facilities from among respondents according to criteria developed by the commissioner, including:~~

~~(1) the cost-effectiveness and appropriateness of services;~~

~~(2) the nursing facility's compliance with federal and state licensing and certification standards; and~~

~~(3) the proximity of the nursing facility to a ventilator-dependent person identified by the commissioner who requires nursing facility placement.~~

The commissioner may negotiate an adjustment to the operating cost payment rate for a nursing facility ~~selected by the commissioner from among respondents to the request for proposals~~ with a resident who is ventilator-dependent, for that resident. The negotiated adjustment must reflect only the actual additional cost of meeting the specialized care needs of a ventilator-dependent person identified by the commissioner for whom necessary services cannot be provided under existing nursing facility rates and which are not otherwise covered under Minnesota Rules, parts 9549.0010 to 9549.0080 or 9505.0170 to 9505.0475. For persons who are initially admitted to a nursing facility before July 1, 2001, and have their payment rate under this subdivision negotiated after July 1, 2001, the negotiated payment rate must not exceed 200 percent of the highest multiple bedroom payment rate for the facility, as initially established by the commissioner for the rate year for case mix classification K; or, upon implementation of the RUGs-based case mix system, 200 percent of the highest RUGs rate. For persons initially admitted to a nursing facility on or after July 1, 2001, the negotiated payment rate must not exceed 300 percent of the facility's multiple bedroom payment rate for case mix classification K; or, upon implementation of the RUGs-based case mix system, 300 percent of the highest RUGs rate. The negotiated adjustment shall not affect the payment rate charged to private paying residents under the provisions of section 256B.48, subdivision 1.

Sec. 15. Minnesota Statutes 2000, section 256B.431, subdivision 14, is amended to read:

Subd. 14. [LIMITATIONS ON SALES OF NURSING FACILITIES.] (a) For rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility's property-related payment rate as established under subdivision 13 shall be adjusted by either paragraph (b) or (c) for the sale of the nursing facility, including sales occurring after June 30, 1992, as provided in this subdivision.

(b) If the nursing facility's property-related payment rate under subdivision 13 prior to sale is greater than the nursing facility's rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section prior to sale, the nursing facility's property-related payment rate after sale shall be the greater of its property-related payment rate under subdivision 13 prior to sale or its rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section calculated after sale.

(c) If the nursing facility's property-related payment rate under subdivision 13 prior to sale is equal to or less than the nursing facility's rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section prior to sale, the nursing facility's property-related payment rate after sale shall be the nursing facility's property-related payment rate under subdivision 13 plus the difference between its rental rate calculated under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section prior to sale and its rental rate calculated under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section calculated after sale.

(d) For purposes of this subdivision, "sale" means the purchase of a nursing facility's capital assets with cash or debt. The term sale does not include a stock purchase of a nursing facility or any of the following transactions:

(1) a sale and leaseback to the same licensee that does not constitute a change in facility license;

(2) a transfer of an interest to a trust;

(3) gifts or other transfers for no consideration;

(4) a merger of two or more related organizations;

(5) a change in the legal form of doing business, other than a publicly held organization that becomes privately held or vice versa;

(6) the addition of a new partner, owner, or shareholder who owns less than 20 percent of the nursing facility or the issuance of stock; and

(7) a sale, merger, reorganization, or any other transfer of interest between related organizations other than those permitted in this section.

(e) For purposes of this subdivision, "sale" includes the sale or transfer of a nursing facility to a close relative as defined in Minnesota Rules, part 9549.0020, subpart 38, item C, upon the death of an owner, due to serious illness or disability, as defined under the Social Security Act, under United States Code, title 42, section 423(d)(1)(A), or upon retirement of an owner from the business of owning or operating a nursing home at 62 years of age or older. For sales to a close relative allowed under this paragraph, otherwise nonallowable debt resulting from seller financing of all or a portion of the debt resulting from the sale shall be allowed and shall not be subject to Minnesota Rules, part 9549.0060, subpart 5, item E, provided that in addition to existing requirements for allowance of debt and interest, the debt is subject to repayment through annual principal payments and the interest rate on the related organization debt does not exceed three percentage points above the posted yield for standard conventional fixed rate mortgages of the Federal Home Loan Mortgage Corporation for delivery in 60 days in effect on the day of sale. If at any time, the seller forgives the related organization debt allowed under this paragraph for other than equal amount of payment on that debt, then the buyer shall pay to the state the total revenue received by the nursing facility after the sale attributable to the amount of allowable debt which has been forgiven. Any assignment, sale, or transfer of the debt instrument entered into by the close relatives, either directly or indirectly, which grants to the close relative buyer the right to receive all or a portion of the payments under the debt instrument shall, effective on the date of the transfer, result in the prospective reduction in the corresponding portion of the allowable debt and interest expense. Upon the death of the close relative seller, any remaining balance of the close relative debt must be refinanced and such refinancing shall be subject to the provisions of Minnesota Rules, part 9549.0060, subpart 7, item G. This paragraph shall not apply to sales occurring on or after June 30, 1997.

(f) For purposes of this subdivision, "effective date of sale" means the later of either the date on which legal title to the capital assets is transferred or the date on which closing for the sale occurred.

(g) The effective day for the property-related payment rate determined under this subdivision shall be the first day of the month following the month in which the effective date of sale occurs or October 1, 1992, whichever is later, provided that the notice requirements under section 256B.47, subdivision 2, have been met.

(h) Notwithstanding Minnesota Rules, part 9549.0060, subparts 5, item A, subitems (3) and (4), and 7, items E and F, the commissioner shall limit the total allowable debt and related interest for sales occurring after June 30, 1992, to the sum of clauses (1) to (3):

(1) the historical cost of capital assets, as of the nursing facility's most recent previous effective date of sale or, if there has been no previous sale, the nursing facility's initial historical cost of constructing capital assets;

(2) the average annual capital asset additions after deduction for capital asset deletions, not including depreciations; and

(3) one-half of the allowed inflation on the nursing facility's capital assets. The commissioner shall compute the allowed inflation as described in paragraph ~~(h)~~ (i).

(i) For purposes of computing the amount of allowed inflation, the commissioner must apply the following principles:

(1) the lesser of the Consumer Price Index for all urban consumers or the Dodge Construction Systems Costs for Nursing Homes for any time periods during which both are available must be used. If the Dodge Construction Systems Costs for Nursing Homes becomes unavailable, the commissioner shall substitute the index in subdivision 3f, or such other index as the secretary of the health care financing administration may designate;

(2) the amount of allowed inflation to be applied to the capital assets in paragraph (g), clauses (1) and (2), must be computed separately;

(3) the amount of allowed inflation must be determined on an annual basis, prorated on a monthly basis for partial years and if the initial month of use is not determinable for a capital asset, then one-half of that calendar year shall be used for purposes of prorating;

(4) the amount of allowed inflation to be applied to the capital assets in paragraph (g), clauses (1) and (2), must not exceed 300 percent of the total capital assets in any one of those clauses; and

(5) the allowed inflation must be computed starting with the month following the nursing facility's most recent previous effective date of sale or, if there has been no previous sale, the month following the date of the nursing facility's initial occupancy, and ending with the month preceding the effective date of sale.

(j) If the historical cost of a capital asset is not readily available for the date of the nursing facility's most recent previous sale or if there has been no previous sale for the date of the nursing facility's initial occupancy, then the commissioner shall limit the total allowable debt and related interest after sale to the extent recognized by the Medicare intermediary after the sale. For a nursing facility that has no historical capital asset cost data available and does not have allowable debt and interest calculated by the Medicare intermediary, the commissioner shall use the historical cost of capital asset data from the point in time for which capital asset data is recorded in the nursing facility's audited financial statements.

(k) The limitations in this subdivision apply only to debt resulting from a sale of a nursing facility occurring after June 30, 1992, including debt assumed by the purchaser of the nursing facility.

Sec. 16. Minnesota Statutes 2000, section 256B.431, subdivision 30, is amended to read:

Subd. 30. [BED LAYAWAY AND DELICENSURE.] (a) For rate years beginning on or after July 1, 2000, a nursing facility reimbursed under this section which has placed beds on layaway shall, for purposes of application of the downsizing incentive in subdivision 3a, paragraph ~~(d)~~ (c), and calculation of the rental per diem, have those beds given the same effect as if the beds had been delicensed so long as the beds remain on layaway. At the time of a layaway, a facility may change its single bed election for use in calculating capacity days under Minnesota Rules, part 9549.0060, subpart 11. The property payment rate increase shall be effective the first day of the month following the month in which the layaway of the beds becomes effective under section 144A.071, subdivision 4b.

(b) For rate years beginning on or after July 1, 2000, notwithstanding any provision to the contrary under section 256B.434, a nursing facility reimbursed under that section which has placed beds on layaway shall, for so long as the beds remain on layaway, be allowed to:

(1) aggregate the applicable investment per bed limits based on the number of beds licensed immediately prior to entering the alternative payment system;

(2) retain or change the facility's single bed election for use in calculating capacity days under Minnesota Rules, part 9549.0060, subpart 11; and

(3) establish capacity days based on the number of beds immediately prior to the layaway and the number of beds after the layaway.

The commissioner shall increase the facility's property payment rate by the incremental increase in the rental per diem resulting from the recalculation of the facility's rental per diem applying only the changes resulting from the layaway of beds and clauses (1), (2), and (3). If a facility reimbursed under section 256B.434 completes a moratorium exception project after its base year, the base year property rate shall be the moratorium project property rate. The base year rate shall be inflated by the factors in section 256B.434, subdivision 4, paragraph (c). The property payment rate increase shall be effective the first day of the month following the month in which the layaway of the beds becomes effective.

(c) If a nursing facility removes a bed from layaway status in accordance with section 144A.071, subdivision 4b, the commissioner shall establish capacity days based on the number of licensed and certified beds in the facility not on layaway and shall reduce the nursing facility's property payment rate in accordance with paragraph (b).

(d) For the rate years beginning on or after July 1, 2000, notwithstanding any provision to the contrary under section 256B.434, a nursing facility reimbursed under that section, which has delicensed beds after July 1, 2000, by giving notice of the delicensure to the commissioner of health according to the notice requirements in section 144A.071, subdivision 4b, shall be allowed to:

(1) aggregate the applicable investment per bed limits based on the number of beds licensed immediately prior to entering the alternative payment system;

(2) retain or change the facility's single bed election for use in calculating capacity days under Minnesota Rules, part 9549.0060, subpart 11; and

(3) establish capacity days based on the number of beds immediately prior to the delicensure and the number of beds after the delicensure.

The commissioner shall increase the facility's property payment rate by the incremental increase in the rental per diem resulting from the recalculation of the facility's rental per diem applying only the changes resulting from the delicensure of beds and clauses (1), (2), and (3). If a facility reimbursed under section 256B.434 completes a moratorium exception project after its base year, the base year property rate shall be the moratorium project property rate. The base year rate shall be inflated by the factors in section 256B.434, subdivision 4, paragraph (c). The property payment rate increase shall be effective the first day of the month following the month in which the delicensure of the beds becomes effective.

(e) For nursing facilities reimbursed under this section or section 256B.434, any beds placed on layaway shall not be included in calculating facility occupancy as it pertains to leave days defined in Minnesota Rules, part 9505.0415.

(f) For nursing facilities reimbursed under this section or section 256B.434, the rental rate calculated after placing beds on layaway may not be less than the rental rate prior to placing beds on layaway.

(g) A nursing facility receiving a rate adjustment as a result of this section shall comply with section 256B.47, subdivision 2.

(h) A facility that does not utilize the space made available as a result of bed layaway or delicensure under this subdivision to reduce the number of beds per room or provide more common space for nursing facility uses or perform other activities related to the operation of the nursing facility shall have its property rate increase calculated under this subdivision reduced by the ratio of the square footage made available that is not used for these purposes to the total square footage made available as a result of bed layaway or delicensure.

Sec. 17. Minnesota Statutes 2001 Supplement, section 256B.431, subdivision 33, is amended to read:

Subd. 33. [STAGED REDUCTION IN RATE DISPARITIES.] (a) For the rate years beginning July 1, 2001, and July 1, 2002, the commissioner shall adjust the operating payment rates for low-rate nursing facilities reimbursed under this section or section 256B.434.

(b) For the rate year beginning July 1, 2001, for each case mix level, if the amount computed under subdivision ~~32~~ 31 is less than the amount in clause (1), the commissioner shall make available the lesser of the amount in clause (1) or an increase of ten percent over the rate in effect on June 30, 2001, as an adjustment to the operating payment rate. For the rate year beginning July 1, 2002, for each case mix level, if the amount computed under subdivision ~~32~~ 31 is less than the amount in clause (2), the commissioner shall make available the lesser of the amount in clause (2) or an increase of ten percent over the rate in effect on June 30, 2002, as an adjustment to the operating payment rate. For purposes of this subdivision, nursing facilities shall be considered to be metro if they are located in Anoka, Carver, Dakota, Hennepin, Olmsted, Ramsey, Scott, or Washington counties; or in the cities of Moorhead or Breckenridge; or in St. Louis county, north of Toivola and south of Cook; or in Itasca county, east of a north south line two miles west of Grand Rapids:

(1) Operating Payment Rate Target Level for July 1, 2001:

| Case Mix Classification | Metro | Nonmetro |
|---|---|---|
| A | $76.00 | $68.13 |
| B | $83.40 | $74.46 |
| C | $91.67 | $81.63 |
| D | $99.51 | $88.04 |
| E | $107.46 | $94.87 |
| F | $107.96 | $95.29 |
| G | $114.67 | $100.98 |
| H | $126.99 | $111.31 |
| I | $131.42 | $115.06 |
| J | $138.34 | $120.85 |
| K | $152.26 | $133.10 |

(2) Operating Payment Rate Target Level for July 1, 2002:

| Case Mix Classification | Metro | Nonmetro |
|---|---|---|
| A | $78.28 | $70.51 |
| B | $85.91 | $77.16 |
| C | $94.42 | $84.62 |
| D | $102.50 | $91.42 |
| E | $110.68 | $98.40 |
| F | $111.20 | $98.84 |
| G | $118.11 | $104.77 |
| H | $130.80 | $115.64 |
| I | $135.38 | $119.50 |
| J | $142.49 | $125.38 |
| K | $156.85 | $137.77 |

Sec. 18. Minnesota Statutes 2001 Supplement, section 256B.437, subdivision 3, is amended to read:

Subd. 3. [APPLICATIONS FOR PLANNED CLOSURE OF NURSING FACILITIES.] (a) By August 15, 2001, the commissioner of human services shall implement and announce a program for closure or partial closure of nursing facilities. Names and identifying information provided in response to the announcement shall remain private unless approved, according to the timelines established in the plan. The announcement must specify:

(1) the criteria in subdivision 4 that will be used by the commissioner to approve or reject applications;

(2) ~~a requirement for the submission of a letter of intent before the submission of an application;~~

~~(3)~~ the information that must accompany an application; and

~~(4)~~ (3) that applications may combine planned closure rate adjustments with moratorium exception funding, in which case a single application may serve both purposes.

Between August 1, 2001, and June 30, 2003, the commissioner may approve planned closures of up to 5,140 nursing facility beds, less the number of ~~licensed~~ beds delicensed in facilities ~~that close~~ during the same time period without approved closure plans or that have notified the commissioner of health of their intent to close without an approved closure plan.

(b) A facility or facilities reimbursed under section 256B.431 or 256B.434 with a closure plan approved by the commissioner under subdivision 5 may assign a planned closure rate adjustment to another facility or facilities that are not closing or in the case of a partial closure, to the facility undertaking the partial closure. A facility may also elect to have a planned closure rate adjustment shared equally by the five nursing facilities with the lowest total operating payment rates in the state development region designated under section 462.385, in which the facility that is closing is located. The planned closure rate adjustment must be calculated under subdivision 6. Facilities that ~~close~~ delicense beds without a closure plan, or whose closure plan is not approved by the commissioner, are not eligible to assign a planned closure rate adjustment under subdivision 6~~.~~, unless they are delicensing five or fewer beds, or less than six percent of their total licensed bed capacity, whichever is greater. Facilities delicensing, in any three-month period, five or fewer beds or less than six percent of their total licensed bed capacity, whichever is greater, without an approved closure plan are eligible to assign the amount calculated under subdivision 6 to themselves, if the facilities are located in a county that is in the top three quartiles when ranked on nursing facility beds per thousand individuals age 65 and older. When facilities are delicensing more than five beds, or six percent

or more of their total licensed bed capacity, whichever is greater, and if they do not have an approved closure plan or are not eligible for the adjustment under subdivision 6, the commissioner shall calculate the amount the facility or facilities would have been eligible to assign under subdivision 6, and shall use this amount to provide equal rate adjustments to the five nursing facilities with the lowest total operating payment rates in the state development region designated under section 462.385, in which the facility or facilities that ~~closed is~~ delicense beds are located.

(c) To be considered for approval, an application must include:

(1) a description of the proposed closure plan, which must include identification of the facility or facilities to receive a planned closure rate adjustment ~~and the amount and timing of a planned closure rate adjustment proposed for each facility~~;

(2) the proposed timetable for any proposed closure, including the proposed dates for announcement to residents, commencement of closure, and completion of closure;

(3) if available, the proposed relocation plan for current residents of any facility designated for closure. ~~The proposed~~ If a relocation plan is not available, the application must include a statement agreeing to develop a relocation plan ~~must be~~ designed to comply with ~~all applicable state and federal statutes and regulations, including, but not limited to,~~ section 144A.161;

(4) a description of the relationship between the nursing facility that is proposed for closure and the nursing facility or facilities proposed to receive the planned closure rate adjustment. If these facilities are not under common ownership, copies of any contracts, purchase agreements, or other documents establishing a relationship or proposed relationship must be provided;

(5) documentation, in a format approved by the commissioner, that all the nursing facilities receiving a planned closure rate adjustment under the plan have accepted joint and several liability for recovery of overpayments under section 256B.0641, subdivision 2, for the facilities designated for closure under the plan; and

(6) an explanation of how the application coordinates with planning efforts under subdivision 2. If the planning group does not support a level of nursing facility closures that the commissioner considers to be reasonable, the commissioner may approve a planned closure proposal without its support.

(d) The application must address the criteria listed in subdivision 4.

Sec. 19. Minnesota Statutes 2001 Supplement, section 256B.438, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] This section establishes the method and criteria used to determine resident reimbursement classifications based upon the assessments of residents of nursing homes and boarding care homes whose payment rates are established under section 256B.431, 256B.434, or 256B.435. Resident reimbursement classifications shall be established according to the 34 group, resource utilization groups, version III or RUG-III model as described in section 144.0724. Reimbursement classifications established under this section shall be implemented after June 30, 2002, but no later than January 1, 2003. Reimbursement classifications established under this section shall be implemented no earlier than six weeks after the commissioner mails notices of payment rates to the facilities.

Sec. 20. Minnesota Statutes 2000, section 256B.5012, subdivision 2, is amended to read:

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.

(c) Effective July 1, 2001, the operating payment rate shall be adjusted for the increases in the department of health licensing fees that were authorized in Laws 2001, First Special Session chapter 9, article 1, section 30.

Sec. 21. Minnesota Statutes 2001 Supplement, section 256B.76, is amended to read:

256B.76 [PHYSICIAN AND DENTAL REIMBURSEMENT.]

(a) 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," cesarean 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;

(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) 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;

(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;

(6) the increases listed in clauses (3) and (5) shall be implemented January 1, 2000, for managed care; and

(7) effective for services provided on or after January 1, 2002, payment for diagnostic examinations and dental x-rays provided to children under age 21 shall be the lower of (i) the submitted charge, or (ii) 85 percent of median 1999 charges.

(c) Effective for dental services rendered on or after January 1, 2002, the commissioner may, within the limits of available appropriation, increase reimbursements to dentists and dental clinics deemed by the commissioner to be critical access dental providers. Reimbursement to a critical access dental provider may be increased by not more than 50 percent above the reimbursement rate that would otherwise be paid to the provider. Payments to health plan companies shall be adjusted to reflect increased reimbursements to critical access dental providers as approved by the commissioner. In determining which dentists and dental clinics shall be deemed critical access dental providers, the commissioner shall review:

(1) the utilization rate in the service area in which the dentist or dental clinic operates for dental services to patients covered by medical assistance, general assistance medical care, or MinnesotaCare as their primary source of coverage;

(2) the level of services provided by the dentist or dental clinic to patients covered by medical assistance, general assistance medical care, or MinnesotaCare as their primary source of coverage; and

(3) whether the level of services provided by the dentist or dental clinic is critical to maintaining adequate levels of patient access within the service area.

In the absence of a critical access dental provider in a service area, the commissioner may designate a dentist or dental clinic as a critical access dental provider if the dentist or dental clinic is willing to provide care to patients covered by medical assistance, general assistance medical care, or MinnesotaCare at a level which significantly increases access to dental care in the service area.

(d) Effective July 1, 2001, the medical assistance rates for outpatient mental health services provided by an entity that operates:

(1) a Medicare-certified comprehensive outpatient rehabilitation facility; and

(2) a facility that was certified prior to January 1, 1993, with at least 33 percent of the clients receiving rehabilitation services in the most recent calendar year are medical assistance recipients, will be increased by 38 percent, when those services are provided within the comprehensive outpatient rehabilitation facility and provided to residents of nursing facilities owned by the entity.

(e) 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. 22. Minnesota Statutes 2000, section 261.063, is amended to read:

261.063 [TAX LEVY FOR SOCIAL SERVICES; BOARD DUTY; PENALTY.]

(a) The board of county commissioners of each county shall annually levy taxes and fix a rate sufficient to produce the full amount required for poor relief, general assistance, Minnesota family investment program, county share of county and state supplemental aid to supplemental security income applicants or recipients, and any other social security measures wherein there is now or may hereafter be county participation, sufficient to produce the full amount necessary for each such item, including administrative expenses, for the ensuing year, within the time fixed by law in addition to all other tax levies and tax rates, however fixed or determined, and any commissioner who shall fail to comply herewith shall be guilty of a gross misdemeanor and shall be immediately removed from office by the governor. For the purposes of this paragraph, "poor relief" means county services provided under sections 261.035, 261.04, and 261.21 to 261.231.

(b) Nothing within the provisions of this section shall be construed as requiring a county agency to provide income support or cash assistance to needy persons when they are no longer eligible for assistance under general assistance, the Minnesota family investment program, or Minnesota supplemental aid.

Sec. 23. [PILOT PROGRAM FOR DEAF-BLIND SERVICES.]

(a) The commissioners of human services; children, families, and learning; and state services for the blind shall meet with deaf-blind citizens, parents of deaf-blind children, and the Minnesota commission serving deaf and hard-of-hearing individuals to determine which agency can most efficiently and effectively develop and administer a pilot program for consumer-directed services to provide needed services to deaf-blind adults, children, and their families.

(b) The planning for this pilot program must proceed using current appropriations. The agency that develops the pilot program described in paragraph (a) shall provide a report to the senate and house of representatives policy and fiscal committees having jurisdiction over human services issues by January 1, 2003, that addresses future funding for the program. The report shall include the program proposal, recommendations, and a fiscal note.

Sec. 24. [SERVICES FOR DEAF-BLIND PERSONS.]

(a) Effective for fiscal years beginning on or after July 1, 2003, the commissioner of human services shall combine the existing $1,000,000 biennial base level funding for deaf-blind services into a single grant program. Within the limits of the appropriation for this purpose, each biennium at least $350,000 shall be awarded for services to deaf-blind children and their families and at least $250,000 shall be awarded for services to deaf-blind adults.

(b) The commissioner may make grants to organizations for:

(1) services provided by the organizations; or

(2) consumer-directed services.

(c) Any entity that is able to satisfy the grant criteria is eligible to receive a grant under paragraph (a).

(d) Deaf-blind service providers are not required to, but may, provide intervenor services as part of the service package provided with grant funds under this section.

Sec. 25. [FEASIBILITY ASSESSMENT OF MEDICAL ASSISTANCE EXPANSION TO COVER DEAF-BLIND SERVICES.]

The commissioner of human services shall study and report to the legislature by January 15, 2003, with a feasibility assessment of the costs and policy implications, including the necessity of federal waivers, to expand benefits covered under medical assistance and under medical assistance waiver programs to include the following services for deaf-blind persons:

(1) sign language interpreters;

(2) intervenors;

(3) support service persons;

(4) orientation and mobility services; and

(5) rehabilitation teaching services.

Sec. 26. [REPEALER; TARGETED CASE MANAGEMENT.]

Minnesota Statutes 2001 Supplement, section 256B.0621, subdivision 1, is repealed."

Delete the title and insert:

"A bill for an act relating to human services; making changes to certain licensing provisions and continuing care programs; planning for a pilot program to provide deaf-blind services and requiring a feasibility assessment of medical assistance programs covering expansion of deaf-blind services; amending Minnesota Statutes 2000, sections 13.41, subdivision 1; 13.46, subdivision 3; 245A.02, by adding subdivisions; 245A.035, subdivision 3; 245A.04, by adding a subdivision; 256.9657, subdivision 1; 256B.0625, by adding a subdivision; 256B.0915, subdivisions 4, 6, by adding a subdivision; 256B.431, subdivisions 14, 30; 256B.5012, subdivision 2; 261.063; 626.557, subdivision 3a; Minnesota Statutes 2001 Supplement, sections 13.46, subdivisions 1, 4; 144A.071, subdivision 1a; 144A.36, subdivision 1; 245A.03, subdivision 2; 245A.04, subdivisions 3, 3a, 3b; 245A.07, subdivisions 2a, 3; 245A.144; 245A.16, subdivision 1; 256.045, subdivisions 3b, 4; 256B.0913, subdivisions 4, 5, 8, 10, 12, 14; 256B.0915, subdivision 5; 256B.431, subdivisions 2e, 33; 256B.437, subdivision 3; 256B.438, subdivision 1; 256B.76; 626.556, subdivision 10i; 626.557, subdivision 9d; proposing coding for new law in Minnesota Statutes, chapters 245A; 604A; repealing Minnesota Statutes 2001 Supplement, section 256B.0621, subdivision 1."

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

The report was adopted.

Goodno from the Committee on Health and Human Services Finance to which was referred:

H. F. No. 3182, A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money for a new wing at Minnesota veterans home-Fergus Falls.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Capital Investment without further recommendation.

The report was adopted.

Finseth from the Committee on Agriculture Policy to which was referred:

H. F. No. 3183, A bill for an act relating to agriculture; changing certain pesticide provisions; amending Minnesota Statutes 2000, section 18B.315, subdivision 3; Minnesota Statutes 2001 Supplement, section 18B.36, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 18D.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 17.90, subdivision 1a, is amended to read:

Subd. 1a. [AGRICULTURAL CONTRACT.] "Agricultural contract" means any written contract between a contractor and a producer, but does not include a contract between a grain buyer licensed under section 223.17, subdivision 1, who purchases grain from a producer as a merchant or seller of grain and does not contract with the producer to grow or raise the crops producing the grain.

Sec. 2. Minnesota Statutes 2000, section 17.90, is amended by adding a subdivision to read:

Subd. 3b. [GRAIN.] "Grain" has the meaning given in section 223.16, subdivision 4.

Sec. 3. Minnesota Statutes 2001 Supplement, section 17.9442, is amended to read:

17.9442 [APPLICABILITY OF CONTRACT REQUIREMENTS.]

The requirements for the written disclosure of material risks under section 17.91, subdivision 2; the three-day review period under section 17.941; the cover sheet requirement under section 17.942; and the contract readability requirements under section 17.943, subdivision 1, do not apply to contracts which provide for:

(1) the sale and purchase of a fixed amount of a commodity for delivery at a set price;

(2) ~~price-later~~ cash sale and forward delivery grain contracts for grain meeting certain specifications and does not prescribe the time, manner, and nature of planting, cultivating, and harvesting the crop producing the grain, including fixed price forward contracts, minimum price contracts, mini-max contracts, basis contracts, hedge-to-arrive contracts, and delayed price contracts;

(3) contracts agreed to between a processor and an accredited bargaining organization under sections 17.691 to 17.702;

(4) ~~future~~ futures contracts which involve the sale or purchase of a standardized quantity of a commodity for future delivery on a regulated commodity exchange;

(5) agricultural marketing contracts between a capital stock cooperative and its members under section 308A.205; or

(6) occasional sales between persons who produce or cause to be produced food, feed, or fiber in a quantity beyond their own family use.

Sec. 4. Minnesota Statutes 2000, section 17B.03, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER'S POWERS.] The commissioner of agriculture shall exercise general supervision over the inspection, grading, weighing, sampling, and analysis of grain ~~within the state of Minnesota~~ subject to the provisions of the United States Grain Standards Act of 1976 and the rules promulgated thereunder by the United States Department of Agriculture. This activity may take place within or outside the state of Minnesota.

Sec. 5. Minnesota Statutes 2000, section 18B.315, subdivision 3, is amended to read:

Subd. 3. [APPLICATION.] (a) A person must apply to the commissioner for an aquatic pest control license on forms and in a manner required by the commissioner. The commissioner shall require the applicant to pass a written, closed-book, monitored examination or oral examination, or both, and may also require a practical demonstration regarding aquatic pest control. The commissioner shall establish the examination procedure, including the phases and contents of the examination.

(b) The commissioner may license a person as a master under an aquatic pest control license if the person has the necessary qualifications through knowledge and experience to properly plan, determine, and supervise the selection and application of pesticides in aquatic pest control. To demonstrate the qualifications and become licensed as a master under the aquatic pest control license, a person must:

(1) pass a closed-book test administered by the commissioner;

(2) have direct experience as a licensed journeyman under an aquatic pest control license or as a licensed pesticide applicator for at least two years by this state or a state with equivalent certification requirements~~, or have at least 1,600 hours of qualifying experience in the previous four years as determined by the commissioner~~; and

(3) show practical knowledge and field experience under clause (2) in the actual selection and application of pesticides under varying conditions.

(c) The commissioner may license a person as a journeyman under an aquatic pest control license if the person:

(1) has the necessary qualifications in the practical selection and application of pesticides;

(2) has passed a closed-book examination given by the commissioner; and

(3) is engaged as an employee of or is working under the direction of a person licensed as a master under an aquatic pest control license.

Sec. 6. Minnesota Statutes 2001 Supplement, section 18B.36, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] (a) Except for a licensed commercial or noncommercial applicator, only a certified private applicator may use a restricted use pesticide to produce an agricultural commodity:

(1) as a traditional exchange of services without financial compensation;

(2) on a site owned, rented, or managed by the person or the person's employees; or

(3) when the private applicator is one of two or fewer ~~specified individuals employed as agricultural employment as defined by section 268.035, subdivision 2,~~ employees and the owner or operator is a certified private applicator or is licensed as a noncommercial applicator.

(b) A private applicator may not purchase a restricted use pesticide without presenting a certified private applicator card or the card number.

Sec. 7. Minnesota Statutes 2000, section 18E.02, is amended by adding a subdivision to read:

Subd. 5a. [EMERGENCY INCIDENT.] "Emergency incident" means an incident resulting from a flood, fire, tornado, transportation accident, storage container rupture, or other event as determined by the commissioner that immediately, uncontrollably, and unpredictably releases agricultural chemicals into the environment and which may cause unreasonable adverse effects on the public health or the environment.

Sec. 8. Minnesota Statutes 2000, section 18E.03, subdivision 4, is amended to read:

Subd. 4. [FEE.] (a) The response and reimbursement fee consists of the surcharges and any adjustments made by the commissioner in this subdivision and shall be collected by the commissioner. The amount of the response and reimbursement fee shall be determined and imposed annually by the commissioner as required to satisfy the requirements in subdivision 3. The commissioner shall adjust the amount of the surcharges imposed in proportion to the amount of the surcharges listed in this subdivision. License application categories under paragraph (d) must be charged in proportion to the amount of surcharges imposed up to a maximum of 50 percent of the license fees set under chapters 18B and 18C.

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the registration application fee under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state and sales of pesticides for use in the state during the previous calendar year, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. No surcharge is required if the surcharge amount based on percent of annual gross sales is less than $10. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant properly documents the sale location and the distributors.

(c) The commissioner shall impose a ten cents per ton surcharge on the inspection fee under section 18C.425, subdivision 6, for fertilizers, soil amendments, and plant amendments.

(d) The commissioner shall impose a surcharge on the license application of persons licensed under chapters 18B and 18C consisting of:

(1) a $75 surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees up to a maximum of 50 percent of the license fee required under section 18B.31, subdivision 5;

(2) a $75 surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed up to a maximum of 50 percent of the license fee required under sections 18C.415 and 18C.425;

(3) a $50 surcharge to be imposed on a structural pest control applicator license application up to a maximum of 50 percent of the license fee required under section 18B.32, subdivision 6, for business license applications only;

(4) a $20 surcharge to be imposed on commercial applicator license application fees up to a maximum of 50 percent of the license fee required under section 18B.33, subdivision 7;

(5) a $20 surcharge to be imposed on noncommercial applicator license application fees up to a maximum of 50 percent of the license fee required under section 18B.34, subdivision 5, except a surcharge may not be imposed on a noncommercial applicator that is a state agency, political subdivision of the state, the federal government, or an agency of the federal government; and

(6) a $20 surcharge to be imposed on aquatic pest control licenses up to a maximum of 50 percent of the license fee required under section 18B.315.

(e) A $1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:

(1) the distributor properly documents that it has less than $2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or

(2) the registrant pays the surcharge under paragraph (b) and the registration fee under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for use outside of the state.

(f) Paragraphs (c) to (e) apply to sales, licenses issued, applications received for licenses, and inspection fees imposed on or after July 1, 1990.

Sec. 9. Minnesota Statutes 2001 Supplement, section 18E.04, subdivision 2, is amended to read:

Subd. 2. [PAYMENT OF CORRECTIVE ACTION COSTS.] (a) On request by an eligible person, the board may pay the eligible person for the reasonable and necessary cash disbursements for corrective action costs incurred by the eligible person as provided under subdivision 4 if the board determines:

(1) the eligible person pays the first $1,000 of the corrective action costs;

(2) the eligible person provides the board with a sworn affidavit and other convincing evidence that the eligible person is unable to pay additional corrective action costs;

(3) the eligible person continues to assume responsibility for carrying out the requirements of corrective action orders issued to the eligible person or that are in effect;

(4) the incident was reported as required in chapters 18B, 18C, and 18D; and

(5) the eligible person submits an application for payment or reimbursement to the department within three years of (i) incurring eligible corrective action costs, or (ii) approval of a corrective action ~~report~~ design, whichever is later.

(b) The eligible person must submit an application for payment or reimbursement of eligible cost incurred prior to July 1, 2001, no later than June 1, 2004.

(c) An eligible person is not eligible for payment or reimbursement and must refund amounts paid or reimbursed by the board if false statements or misrepresentations are made in the affidavit or other evidence submitted to the commissioner to show an inability to pay corrective action costs.

(d) The board may pay the eligible person and one or more designees by multiparty check.

Sec. 10. Minnesota Statutes 2000, section 18E.04, subdivision 3, is amended to read:

Subd. 3. [PARTIAL REIMBURSEMENT.] (a) If the unencumbered balance of the account drops below $2,000,000, the board may only pay or reimburse an eligible person up to $100,000 within the same fiscal year.

(b) If the board determines that an incident was caused by a violation of chapter 18B, 18C, or 18D, the board may reimburse or pay a portion of the corrective action costs of the eligible person based on the culpability of the eligible person and the percentage of the costs not attributable to the violation.

Sec. 11. Minnesota Statutes 2001 Supplement, section 18E.04, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENT PAYMENTS.] (a) The board shall pay a person that is eligible for reimbursement or payment under subdivisions 1, 2, and 3 from the agricultural chemical response and reimbursement account for~~:~~

~~(1) 90~~ 80 percent of the total reasonable and necessary corrective action costs greater than $1,000 and less than or equal to ~~$200,000;~~

~~(2) 80 percent of the total reasonable and necessary corrective action costs greater than $200,000 but less than or equal to $300,000; and~~

~~(3) 60 percent of the total reasonable and necessary corrective action costs greater than $300,000 but less than or equal to~~ $350,000.

(b) A reimbursement or payment may not be made until the board has determined that the costs are reasonable and are for a reimbursement of the costs that were actually incurred.

(c) The board may make periodic payments or reimbursements as corrective action costs are incurred upon receipt of invoices for the corrective action costs.

(d) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments and reimbursements directed by the board under this subdivision.

(e) The board may not make reimbursement greater than the maximum allowed under paragraph (a) for all incidents on a single site which:

(1) were not reported at the time of release but were discovered and reported after July 1, 1989; and

(2) may have occurred prior to July 1, 1989, as determined by the commissioner.

(f) The board may only reimburse an eligible person for separate incidents within a single site if the commissioner determines that each incident is completely separate and distinct in respect of location within the single site or time of occurrence.

Sec. 12. Minnesota Statutes 2000, section 18E.06, is amended to read:

18E.06 [REPORT.]

By ~~September~~ December 1 of each year, the agricultural chemical response compensation board and the commissioner shall submit to the house of representatives committee on ways and means, the senate committee on finance, the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture, and the environmental quality board a report detailing the activities and reimbursements for which money from the account has been spent during the previous year.

Sec. 13. Minnesota Statutes 2000, section 21.111, is amended by adding a subdivision to read:

Subd. 3a. [INTERSTATE COOPERATION.] In order to best use state resources, the commissioner may enter into agreements with other seed potato certification entities to carry out the purposes of sections 21.111 to 21.122. Any agreement may provide for field inspections, shipping point inspections, winter tests, and other certification functions to be carried out by personnel employed by either entity according to methods determined by the

certification entities of the respective areas. The commissioner may extend seed potato certification services to states where growers wish to grow certified seed potatoes and the state does not have a seed potato certification program. Any agreement must be reported to the chairs of the legislative committees responsible for the budget or policy of the seed potato inspection program and to the commissioner of finance.

Sec. 14. Minnesota Statutes 2000, section 31.101, as amended by Laws 2001, First Special Session chapter 2, section 53, is amended to read:

31.101 [RULES; HEARINGS; UNIFORMITY WITH FEDERAL LAW.]

Subdivision 1. [AUTHORITY.] The commissioner may promulgate and amend rules for the efficient administration and enforcement of the Minnesota Food Law. The rules when applicable must conform, insofar as practicable and consistent with state law, with those promulgated under the federal law. This rulemaking authority is in addition to that in sections 31.10, 31.11, and 31.12. Rules adopted under this section may be amended by the commissioner under chapter 14, subject to the limitation in subdivision 7.

Subd. 2. [HEARINGS.] Hearings authorized or required by law must be conducted by the commissioner or an officer, agent, or employee the commissioner designates for the purpose.

Subd. 3. [PESTICIDE CHEMICAL RULES.] Federal pesticide chemical regulations in effect on April 1, ~~2000~~ 2001, adopted under authority of the Federal Insecticide, Fungicide and Rodenticide Act, as provided by United States Code, title 7, chapter 6, are the pesticide chemical rules in this state.

Subd. 4. [FOOD ADDITIVE RULES.] Federal food additive regulations in effect on April 1, ~~2000~~ 2001, as provided by Code of Federal Regulations, title 21, parts 170 to 199, are the food additive rules in this state.

Subd. 5. [COLOR ADDITIVE RULES.] Federal color additive regulations in effect on April 1, ~~2000~~ 2001, as provided by Code of Federal Regulations, title 21, parts 70 to 82, are the color additive rules in this state.

Subd. 6. [SPECIAL DIETARY USE RULES.] Federal special dietary use regulations in effect on April 1, ~~2000~~ 2001, as provided by Code of Federal Regulations, title 21, parts 104 and 105, are the special dietary use rules in this state.

Subd. 7. [FAIR PACKAGING AND LABELING RULES.] Federal regulations in effect on April 1, ~~2000~~ 2001, adopted under the Fair Packaging and Labeling Act, as provided by United States Code, title 15, sections 1451 to 1461, are the rules in this state. The commissioner may not adopt amendments to these rules or adopt other rules which are contrary to the labeling requirements for the net quantity of contents required pursuant to section 4 of the Fair Packaging and Labeling Act and the regulations adopted under that act.

Subd. 8. [FOOD AND DRUGS RULES.] Applicable federal regulations including recodification contained in Code of Federal Regulations, title 21, parts 0-1299, Food and Drugs, in effect April 1, ~~2000~~ 2001, and not otherwise adopted herein, also are adopted as food rules of this state.

Subd. 9. [FISHERY PRODUCTS RULES.] Federal regulations in effect on April 1, ~~2000~~ 2001, as provided by Code of Federal Regulations, title 50, parts 260 to 267, are incorporated as part of the fishery products rules in this state for state inspections performed under a cooperative agreement with the United States Department of Commerce, National Marine Fisheries Service.

Subd. 10. [MEAT AND POULTRY RULES.] Federal regulations in effect on April 1, ~~2000~~ 2001, as provided by Code of Federal Regulations, title 9, part 301, et seq., are incorporated as part of the meat and poultry rules in this state.

Subd. 11. [STANDARDS FOR FRESH FRUITS, VEGETABLES, AND OTHER PRODUCTS.] Federal regulations in effect on April 1, ~~2000~~ 2001, as provided by Code of Federal Regulations, title 7, parts 51 and 52, are incorporated as part of the rules in this state.

Subd. 12. [DAIRY GRADE RULES; MANUFACTURING PLANT STANDARDS.] Federal grading and inspection standards for manufacturing dairy plants and products and amendments thereto in effect on ~~January~~ April 1, 2001, as provided by Code of Federal Regulations, title 7, part 58, subparts B-W, are adopted as the dairy grade rules and manufacturing plant standards in this state.

Sec. 15. Minnesota Statutes 2000, section 31.102, subdivision 1, is amended to read:

Subdivision 1. [IDENTITY, QUANTITY, AND FILL OF CONTAINER RULES.] Federal definitions and standards of identity, quality, and fill of container in effect on April 1, ~~2000~~ 2001, adopted under authority of the federal act, are the definitions and standards of identity, quality, and fill of container in this state. The rules may be amended by the commissioner under chapter 14.

Sec. 16. Minnesota Statutes 2000, section 31.103, subdivision 1, is amended to read:

Subdivision 1. [CONSUMER COMMODITIES LABELING RULES.] All labels of consumer commodities must conform with the requirements for the declaration of net quantity of contents of section 4 of the Fair Packaging and Labeling Act (United States Code, title 15, section 1451 et seq.) and federal regulations in effect on April 1, ~~2000~~ 2001, adopted under authority of that act, except to the extent that the commissioner amends the rules under chapter 14. Consumer commodities exempted from the requirements of section 4 of the Fair Packaging and Labeling Act are also exempt from this subdivision.

Sec. 17. Minnesota Statutes 2000, section 31.104, is amended to read:

31.104 [FOOD LABELING EXEMPTION RULES.]

The commissioner shall promulgate rules exempting from any labeling requirement food which is, in accordance with the practice of the trade, to be processed, labeled, or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such food is not adulterated or misbranded upon removal from such processing, labeling, or repacking establishment.

Federal regulations in effect on April 1, ~~2000~~ 2001, adopted under authority of the federal act relating to such exemptions are effective in this state unless the commissioner amends them. The commissioner also may amend existing rules concerning exemptions under chapter 14.

Sec. 18. Minnesota Statutes 2000, section 38.331, subdivision 2, is amended to read:

Subd. 2. [COUNTY EXTENSION WORK.] "County extension work" means educational programs and services provided by extension ~~agents~~ educators in the areas of agriculture~~, economic and human development, community~~; agricultural finance; economic development; nutrition; youth leadership development including 4-H programs; leadership~~,~~; and environment and natural resources.

Sec. 19. Minnesota Statutes 2000, section 41B.03, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY GENERALLY.] To be eligible for a program in sections 41B.01 to 41B.23:

(1) a borrower must be a resident of Minnesota or a domestic family farm corporation or family farm partnership, as defined in section 500.24, subdivision 2; and

(2) the borrower or one of the borrowers must be the principal operator of the farm or, for a prospective homestead redemption borrower, must have at one time been the principal operator of a farm.

Sec. 20. Minnesota Statutes 2000, section 41B.03, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY FOR BEGINNING FARMER LOANS.] (a) In addition to the requirements under subdivision 1, a prospective borrower for a beginning farm loan in which the authority holds an interest, must:

(1) have sufficient education, training, or experience in the type of farming for which the loan is desired;

(2) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than $200,000 in 1991 and an amount in subsequent years which is adjusted for inflation by multiplying $200,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index;

(3) demonstrate a need for the loan;

(4) demonstrate an ability to repay the loan;

(5) certify that the agricultural land to be purchased will be used by the borrower for agricultural purposes;

(6) certify that farming will be the principal occupation of the borrower;

(7) agree to participate in a farm management program approved by the commissioner of agriculture for at least the first ~~five~~ three years of the loan, if an approved program is available within 45 miles from the borrower's residence. The commissioner may waive this requirement for any of the programs administered by the authority if the participant requests a waiver and has either a four-year degree in an agricultural program or certification as an adult farm management instructor; and

(8) agree to file an approved soil and water conservation plan with the soil conservation service office in the county where the land is located.

(b) If a borrower fails to participate under paragraph (a), clause (7), the borrower is subject to penalty as determined by the authority.

Sec. 21. Minnesota Statutes 2001 Supplement, section 41B.046, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT.] The authority shall establish and implement a value-added agricultural product loan program to help farmers finance the purchase of stock in a cooperative, limited liability company, or limited liability partnership that is proposing to build or purchase and operate an agricultural product processing facility or already owns and operates an agricultural product processing facility.

Sec. 22. Minnesota Statutes 2000, section 223.16, subdivision 5, is amended to read:

Subd. 5. [GRAIN BUYER.] "Grain buyer" means a person who purchases grain for the purpose of reselling the grain or products made from the grain, with the exception of a person who purchases seed grain for crop production or who purchases grain as feed for the person's own livestock."

Delete the title and insert:

"A bill for an act relating to agriculture; clarifying and updating certain terms; changing certain requirements and procedures; limiting certain fees and payments; authorizing agreements; amending Minnesota Statutes 2000, sections 17.90, subdivision 1a, by adding a subdivision; 17B.03, subdivision 1; 18B.315, subdivision 3; 18E.02, by adding a subdivision; 18E.03, subdivision 4; 18E.04, subdivision 3; 18E.06; 21.111, by adding a subdivision; 31.101, as amended; 31.102, subdivision 1; 31.103, subdivision 1; 31.104; 38.331, subdivision 2; 41B.03, subdivisions 1, 3; 223.16, subdivision 5; Minnesota Statutes 2001 Supplement, sections 17.9442; 18B.36, subdivision 1; 18E.04, subdivisions 2, 4; 41B.046, subdivision 2."

With the recommendation that when so amended the bill pass.

The report was adopted.

Workman from the Committee on Transportation Policy to which was referred:

H. F. No. 3189, A bill for an act relating to motor vehicles; defining street-sweeping vehicles as special mobile equipment for vehicle registration purposes; amending Minnesota Statutes 2000, section 168.011, subdivision 22.

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

The report was adopted.

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

H. F. No. 3193, A bill for an act relating to professions; requiring reporting of practice act violations to the board of dentistry; providing complainant immunity; amending Minnesota Statutes 2000, section 13.383, subdivision 13; proposing coding for new law in Minnesota Statutes, chapter 150A.

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

The report was adopted.

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

H. F. No. 3223, A bill for an act relating to health services; requiring the commissioner of human services to develop a plan to certify out-of-state facilities that care for children with severe emotional disturbance.

Reported the same back with the following amendments:

Page 1, line 13, before the period, insert "located in the border states of Iowa, North Dakota, South Dakota, and Wisconsin" and delete "include" and insert "consider"

Page 1, line 14, after "for" insert "these"

Page 1, line 17, after "plan" insert ", including proposed legislation,"

Page 1, line 19, delete "January 15, 2003" and insert "December 15, 2002"

With the recommendation that when so amended the bill pass.

The report was adopted.

Tuma from the Committee on Crime Prevention to which was referred:

H. F. No. 3227, A bill for an act relating to crimes; requiring law enforcement agencies to return personal property seized under the forfeiture law if criminal charges are not filed within 30 days; proposing coding for new law in Minnesota Statutes, chapter 626.

Reported the same back with the following amendments:

Page 1, line 23, after the period, insert "A law enforcement agency is not required by this paragraph to return any property which is illegal for the person to whom it is to be returned to possess under Minnesota law."

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

The report was adopted.

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

H. F. No. 3238, A bill for an act relating to state government; authorizing guaranteed energy savings contracts; proposing coding for new law in Minnesota Statutes, chapter 16C.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 16C.14, is amended to read:

16C.14 [ENERGY EFFICIENCY INSTALLMENT PURCHASES.]

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 or reduce the energy costs of a state building or facility if:

(1) the term of the contract does not exceed ~~ten~~ 15 years, with not more than a ~~ten-year~~ 15-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~~ and measurable operational costs. "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~~ not cost effective to directly measure energy cost and/or energy usage, reasonable engineering estimates may be substituted for measured results. "Savings in measurable operational costs" may include savings from inventory reductions and outside maintenance expense, but do not include savings from in-house staff labor;

(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.

Subd. 2. [ENERGY APPROPRIATION.] The commissioner may spend money appropriated for energy costs in payment of a contract under this section.

Subd. 3. [ENERGY CONSERVATION INCENTIVES.] Notwithstanding any other law to the contrary, fuel cost savings resulting from energy conservation actions shall be available at the managerial level at which the actions took place for expenditure for other purposes within the biennium in which the actions occur or in the case of a shared savings agreement for the contract period of the shared savings agreement. For purposes of this subdivision "shared savings agreement" means a contract meeting the terms and conditions of subdivision 1.

Subd. 4. [ENERGY AND OPERATIONAL COSTS.] (a) The entire cost of an energy efficiency installment purchase contract must be a percentage of the resultant savings in energy and operational costs. Neither the state nor any agency is liable to make payments on the contract except to the extent that there are savings in energy and operational costs that must be shared with other parties to the contract.

(b) The state and the contract vendor may agree to a reasonable floor price for each type of energy used in the savings calculations at the time of contract execution. If the state and the vendor agree to a floor price, that floor price shall be used throughout the term of the contract.

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

Delete the title and insert:

"A bill for an act relating to state government; modifying provisions relating to energy efficiency installment contracts; amending Minnesota Statutes 2000, section 16C.14."

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

The report was adopted.

Finseth from the Committee on Agriculture Policy to which was referred:

H. F. No. 3241, A bill for an act relating to agriculture; establishing a livestock development program; amending Minnesota Statutes 2000, section 17.101, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 8, delete everything after "(a)"

Page 1, delete lines 9 and 10

Page 1, line 11, delete "(b)" and delete "shall" and insert "may"

Page 1, line 12, delete "local" and insert "counties"

Page 1, line 13, delete "units of government"

Page 1, line 14, delete "(c)" and insert "(b)" and delete "local unit of government" and insert "county"

With the recommendation that when so amended the bill pass.

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 3257, A bill for an act relating to financial institutions; regulating detached facilities, certain charges and fees, and mortgage prepayment penalties; amending Minnesota Statutes 2000, sections 47.20, subdivision 5; 47.204, subdivision 1; 47.21; 47.52; 47.54, subdivisions 1, 2; 47.59, subdivision 1; 52.05, subdivision 2; 52.06, subdivision 1; 58.04, subdivision 4; 334.01, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 58; 334; repealing Minnesota Statutes 2000, sections 52.17, subdivision 1; 334.021; Minnesota Rules, part 2675.6400.

Reported the same back with the following amendments:

Pages 4 and 5, delete section 4

Pages 10 and 11, delete sections 8 and 9

Page 11, line 33, delete "subdivision" and insert "subdivisions 2 and"

Page 11, line 35, after "union" insert ", or to any subsidiary of any of them, that is"

Page 11, after line 36, insert:

"This subdivision shall not apply if a bank, credit union, or subsidiary thereof, acting in the capacity of a wholesale or correspondent lender, rebates or refunds points, fees, or charges to a person governed by section 58.137, subdivision 1, in connection with a transaction governed by that subdivision or if a bank, credit union, or subsidiary thereof adjusts its pricing to a person governed by that subdivision in connection with a transaction governed by that subdivision."

Page 12, line 4, delete everything after the headnote and insert "A residential mortgage originator making or modifying a residential mortgage loan to a borrower located in this state must not include in the principal amount of any residential mortgage loan all or any portion of any lender fee in an aggregate amount exceeding five percent of the loan amount.

"Lender fee" means interest, points, finance charges, fees, and other charges payable by the borrower to any residential mortgage originator or to any assignee of any residential mortgage originator. Lender fee does not include recording fees, mortgage registration taxes, passthroughs, or other amounts that are paid by any person to any government entity, filing office, or other third party that is not a residential mortgage originator or an assignee of a residential mortgage originator. The term also does not include any amount that is set aside to pay taxes or insurance on any property securing the residential mortgage loan."

Page 12, delete lines 5 to 10

Page 12, delete lines 21 to 31

Page 14, line 29, after the period, insert "A mortgage originator responding to requests for residential mortgage loans via the Internet may make the disclosure in a manner acceptable to the commissioner."

Page 14, delete lines 30 to 36

Page 15, delete lines 1 to 31

Page 15, line 32, delete "6" and insert "3"

Page 16, line 28, delete "(a)"

Page 16, delete line 30 and insert:

"Sec. 14. [EFFECTIVE DATE.]

Section 8 is effective January 1, 2003."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "47.52;"

Page 1, lines 7 and 8, delete "52.05, subdivision 2; 52.06, subdivision 1;"

Page 1, line 12, delete "; Minnesota Rules, part 2675.6400"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 3274, A bill for an act relating to military; providing certain protections to persons called or ordered to active service; proposing coding for new law in Minnesota Statutes, chapter 190.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

H. F. No. 3278, A bill for an act relating to human rights; adding sanctions that may be imposed; creating standing to seek sanctions; amending Minnesota Statutes 2001 Supplement, section 363.06, subdivision 4.

Reported the same back with the following amendments:

Page 4, line 25, delete "<u>, but are not limited to,</u>"

Page 4, lines 30 and 31, delete "<u>the chief administrative law judge</u>"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 3291, A bill for an act relating to health; modifying resident reimbursement classifications; amending Minnesota Statutes 2001 Supplement, section 144.0724, subdivisions 3, 5, 7, 9.

Reported the same back with the following amendments:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2000, section 144A.04, subdivision 7, is amended to read:

Subd. 7. [MINIMUM NURSING STAFF REQUIREMENT.] Notwithstanding the provisions of Minnesota Rules, part 4655.5600, the minimum staffing standard for nursing personnel in certified nursing homes is as follows:

(a) The minimum number of hours of nursing personnel to be provided in a nursing home is the greater of two hours per resident per 24 hours or 0.95 hours per standardized resident day. <u>Upon transition to the 34 group, RUG-III resident classification system, the 0.95 hours per standardized resident day shall no longer apply.</u>

(b) For purposes of this subdivision, "hours of nursing personnel" means the paid, on-duty, productive nursing hours of all nurses and nursing assistants, calculated on the basis of any given 24-hour period. "Productive nursing hours" means all on-duty hours during which nurses and nursing assistants are engaged in nursing duties. Examples of nursing duties may be found in Minnesota Rules, parts 4655.5900, 4655.6100, and 4655.6400. Not included are vacations, holidays, sick leave, in-service classroom training, or lunches. Also not included are the nonproductive nursing hours of the in-service training director. In homes with more than 60 licensed beds, the hours of the director of nursing are excluded. "Standardized resident day" means the sum of the number of residents in each case mix class multiplied by the case mix weight for that resident class, as found in Minnesota Rules, part 9549.0059, subpart 2, calculated on the basis of a facility's census for any given day. For the purpose of determining a facility's census, the commissioner of health shall exclude the resident days claimed by the facility for resident therapeutic leave or bed hold days.

(c) Calculation of nursing hours per standardized resident day is performed by dividing total hours of nursing personnel for a given period by the total of standardized resident days for that same period.

(d) A nursing home that is issued a notice of noncompliance under section 144A.10, subdivision 5, for a violation of this subdivision, shall be assessed a civil fine of $300 for each day of noncompliance, subject to section 144A.10, subdivisions 7 and 8."

Page 2, line 8, delete "tube feeding,"

Page 5, line 3, before "to" insert "by reporting"

Page 6, line 20, before "to" insert "by reporting"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "modifying minimum nursing staff requirements;"

Page 1, line 3, after "amending" insert "Minnesota Statutes 2000, section 144A.04, subdivision 7;"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 3314, A bill for an act relating to economic development; requiring state agencies and political subdivisions to investigate the availability of existing buildings before proposing new construction; requiring the commissioner of trade and economic development to investigate and publicize the availability of low-cost land and buildings; amending Minnesota Statutes 2000, sections 16A.86, by adding a subdivision; 16B.305, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116J.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Jobs and Economic Development Finance.

The report was adopted.

Seagren from the Committee on K-12 Education Finance to which was referred:

H. F. No. 3319, A bill for an act relating to education; modifying tuition provisions for the Minnesota state academies; amending Minnesota Statutes 2000, section 125A.65, subdivisions 1, 3, 8, 9.

Reported the same back with the following amendments:

Page 2, line 12, after the headnote, insert "(a)"

Page 2, line 21, reinstate the stricken "less" and after the stricken colon, insert "the amount calculated in paragraph (b)."

Page 2, line 29, strike the period and insert:

"(b)"

Page 3, line 7, strike ", clauses (1) and (2),"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 3344, A bill for an act relating to courts; authorizing a combined jurisdiction program in the second judicial district; proposing coding for new law in Minnesota Statutes, chapter 484.

Reported the same back with the following amendments:

Page 1, line 9, after "second" insert "and fourth" and delete "district" and insert "districts"

Amend the title as follows:

Page 1, line 3, after "second" insert "and fourth" and delete "district" and insert "districts"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 3348, A bill for an act relating to workers' compensation; modifying payment provisions; modifying intervention procedures; amending Minnesota Statutes 2000, sections 176.092, subdivision 1, by adding a subdivision; 176.106, subdivision 6; 176.111, subdivision 22; 176.130, subdivisions 8, 9; 176.139, subdivision 2; 176.155, subdivision 2; 176.181, subdivision 3; 176.182; 176.185, subdivision 5a; 176.194, subdivision 3; 176.361; 176.84, subdivision 2; Minnesota Statutes 2001 Supplement, section 176.103, subdivision 3.

Reported the same back with the following amendments:

Page 4, after line 31, insert:

"Sec. 6. Minnesota Statutes 2000, section 176.129, is amended by adding a subdivision to read:

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

(b) "Paid indemnity losses" means gross benefits paid for temporary total disability, economic recovery compensation, permanent partial disability, temporary partial disability, impairment compensation, permanent total disability, vocational rehabilitation benefits, or dependency benefits, exclusive of medical and supplementary benefits. In the case of policy deductibles, paid indemnity losses includes all benefits paid, including the amount below deductible limits.

(c) "Standard workers' compensation premium" means the data service organization's designated statistical reporting pure premium after the application of experience rating plan adjustments, but prior to the application of premium discounts, policyholder dividends, other premium adjustments, expense constants, and other deviations from the designated statistical reporting pure premium.

Sec. 7. Minnesota Statutes 2000, section 176.129, is amended by adding a subdivision to read:

Subd. 2a. [PAYMENTS TO FUND.] (a) On or before April 1 of each year, all self-insured employers shall report paid indemnity losses and insurers shall report paid indemnity losses and standard workers' compensation premium in the form and manner prescribed by the commissioner. On June 1 of each year, the commissioner shall determine the total amount needed to pay all estimated liabilities, including administrative expenses, of the special compensation fund for the following fiscal year. The commissioner shall assess this amount against self-insured employers and insurers. The total amount of the assessment must be allocated between self-insured employers and insured employers based on paid indemnity losses for the preceding calendar year. The method of assessing self-insured employers must be based on paid indemnity losses. The method of assessing insured employers is based on premium, collectible through a policyholder surcharge. On or before June 30 of each year, the commissioner shall provide notification to each self-insured employer and insurer of amounts due. At least one-half of the payment shall be made to the commissioner for deposit into the special compensation fund on or before August 1 of the same calendar year. The remaining balance is due on February 1 of the following calendar year.

(b) The portion of the total amount that is collected from self-insured employers is equal to that proportion of the paid indemnity losses for the preceding calendar year, which the paid indemnity losses of all self-insured employers bore to the total paid indemnity losses made by all self-insured employers and insured employers during the preceding calendar year. The portion of the total amount that is collected from insured employers is equal to that proportion of the total paid indemnity losses on behalf of all insured employers bore to the total paid indemnity losses on behalf of all self-insured employers and insured employers during the preceding calendar year. The portion of the total assessment allocated to insured employers that is collected from each insured employer must be based on standard workers' compensation premium written in the state during the preceding calendar year. An employer who has ceased to be self-insured shall continue to be liable for assessments based on paid indemnity losses made by the employer in the preceding calendar year.

(c) Insurers shall collect the assessments from their insured employers through a surcharge based on premium, as provided in paragraph (a). Assessments when collected do not constitute an element of loss for the purpose of establishing rates for workers' compensation insurance, but for the purpose of collection are treated as separate costs imposed on insured employers. The premium surcharge is included in the definition of gross premium as defined in section 297I.01. An insurer may cancel a policy for nonpayment of the premium surcharge. The premium surcharge is excluded from the definition of premium except as otherwise provided in this paragraph.

Sec. 8. Minnesota Statutes 2000, section 176.129, subdivision 7, is amended to read:

Subd. 7. [REFUNDS.] In case deposit is or has been ~~made under subdivision 2 and dependency later is shown, or if deposit is or has been~~ made pursuant to subdivision ~~2 or 3~~ 2a by mistake or inadvertence, or under circumstances that justice requires a refund, the state treasurer is authorized to refund the deposit under order of the commissioner, a compensation judge, the workers' compensation court of appeals, or a district court. Claims for refunds must be submitted to the commissioner within three years of the assessment due date. There is appropriated to the commissioner from the fund an amount sufficient to make the refund and payment.

Sec. 9. Minnesota Statutes 2000, section 176.129, subdivision 9, is amended to read:

Subd. 9. [POWERS OF FUND.] In addition to powers granted to the special compensation fund by this chapter the fund may do the following:

(a) sue and be sued in its own name;

(b) intervene in or commence an action under this chapter or any other law, including, but not limited to, intervention or action as a subrogee to the division's right in a third-party action, any proceeding under this chapter in which liability of the special compensation fund is an issue, or any proceeding which may result in other liability of the fund or to protect the legal right of the fund;

(c) enter into settlements including but not limited to structured, annuity purchase agreements with appropriate parties under this chapter. Notwithstanding any other provision of this chapter, any settlement may provide that the fund partially or totally denies liability for payment of benefits, and no determination of employer insurance status and liability under section 176.183, subdivision 2, shall be required for approval of the stipulation for a settlement;

(d) contract with another party to administer the special compensation fund;

(e) take any other action which an insurer is permitted by law to take in operating within this chapter; and

(f) conduct a financial audit of indemnity claim payments, premium, and assessments reported to the fund. This may be contracted by the fund to a private auditing firm.

Sec. 10. Minnesota Statutes 2001 Supplement, section 176.129, subdivision 10, is amended to read:

Subd. 10. [PENALTY.] Sums paid to the commissioner pursuant to this section shall be in the manner prescribed by the commissioner. The commissioner may impose a penalty payable to the commissioner for deposit in the assigned risk safety account of up to 15 percent of the amount due under this section but not less than $1,000 in the event payment is not made or reports are not submitted in the manner prescribed.

Sec. 11. Minnesota Statutes 2001 Supplement, section 176.129, subdivision 13, is amended to read:

Subd. 13. [EMPLOYER REPORTS.] All employers and insurers shall make reports to the commissioner as required for the proper administration of this section and Minnesota Statutes 1990, section 176.131, and Minnesota Statutes 1994, section 176.132. Employers and insurers may not be reimbursed from the special compensation fund for any periods unless the employer or insurer is up to date with all past due and currently due assessments, penalties, and reports to the special compensation fund under ~~subdivision 3~~ this section.

**[EFFECTIVE DATE.]** This section is effective with assessments due after July 1, 2003."

Page 9, after line 20, insert:

"Sec. 20. Minnesota Statutes 2001 Supplement, section 176.194, subdivision 4, is amended to read:

Subd. 4. [PENALTIES.] The penalties for violations of subdivision 3, clauses (1) through (6) and (9), are as follows:

| | |
|---|---|
| 1st through 5th violation of each paragraph | written warning |

| | |
|---|---|
| 6th through 10th violation of each paragraph | $3,000 per violation in excess of five |
| 11 or more violations of each paragraph | $6,000 per violation in excess of ten |

For violations of subdivision 3, clauses (7) and (8), the penalties are:

| | |
|---|---|
| 1st through 5th violation of each paragraph | $3,000 per violation |
| 6 or more violations of each paragraph | $6,000 per violation in excess of five |

The penalties under this section may be imposed in addition to other penalties under this chapter that might apply for the same violation. The penalties under this section are assessed by the commissioner and are payable to the commissioner for deposit in the assigned risk safety account. A party may object to the penalty and request a formal hearing under section 176.85. If an entity has more than 30 violations within any 12-month period, in addition to the monetary penalties provided, the commissioner may refer the matter to the commissioner of commerce with recommendation for suspension or revocation of the entity's (a) license to write workers' compensation insurance; (b) license to administer claims on behalf of a self-insured, the assigned risk plan, or the Minnesota insurance guaranty association; (c) authority to self-insure; or (d) license to adjust claims. The commissioner of commerce shall follow the procedures specified in section 176.195."

Page 13, after line 24, insert:

"Sec. 23. [REPEALER.]

Minnesota Statutes 2000, section 176.129, subdivisions 3, 4, and 4a, are repealed."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the second semicolon, insert "modifying special compensation fund provisions; defining terms;"

Page 1, line 6, after "22;" insert "176.129, subdivisions 7, 9, by adding subdivisions;"

Page 1, line 11, delete "section" and insert "sections" and before the period, insert ";176.129, subdivisions 10, 13; 176.194, subdivision 4; repealing Minnesota Statutes 2000, section 176.129, subdivisions 3, 4, 4a"

With the recommendation that when so amended the bill pass.

The report was adopted.

Workman from the Committee on Transportation Policy to which was referred:

H. F. No. 3362, A bill for an act relating to public safety; permitting municipal police departments to utilize black patrol vehicles; amending Minnesota Statutes 2000, section 169.98, subdivision 1.

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

The report was adopted.

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

H. F. No. 3379, A bill for an act relating to elections; changing certain provisions of the campaign finance and public disclosure law; amending Minnesota Statutes 2000, sections 10A.01, subdivision 35; 10A.02, subdivision 11; 10A.025, subdivisions 2, 4; 10A.03, subdivision 3; 10A.04, subdivisions 4, 5, 6; 10A.08; 10A.09, subdivision 7; 10A.11, subdivision 7; 10A.12, subdivision 6; 10A.13, subdivision 1; 10A.14, subdivision 4; 10A.15, subdivision 4; 10A.16; 10A.17, subdivision 5, by adding a subdivision; 10A.18; 10A.20, subdivision 12, by adding a subdivision; 10A.25, subdivision 10; 10A.255, subdivision 1; 10A.27, subdivisions 9, 11, 13, by adding a subdivision; 10A.273, subdivisions 1, 4; 10A.28, subdivisions 1, 2, 4, by adding a subdivision; 10A.29; 10A.322, subdivision 1; 10A.323; 356A.06, subdivision 4; Minnesota Statutes 2001 Supplement, section 10A.31, subdivision 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 10A.01, subdivision 35, is amended to read:

Subd. 35. [PUBLIC OFFICIAL.] "Public official" means any:

(1) member of the legislature;

(2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the office of senate counsel and research or house research;

(3) constitutional officer in the executive branch and the officer's chief administrative deputy;

(4) solicitor general or deputy, assistant, or special assistant attorney general;

(5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06;

(6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules <u>under</u> <u>chapter</u> <u>14</u>, or the power to adjudicate contested cases or appeals <u>under</u> <u>chapter</u> <u>14</u>;

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

(8) executive director of the state board of investment;

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

(10) judge of the workers' compensation court of appeals;

(11) administrative law judge or compensation judge in the state office of administrative hearings or referee in the department of economic security;

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

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

(14) director of the division of alcohol and gambling enforcement in the department of public safety;

(15) member or executive director of the higher education facilities authority;

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

(17) member of the board of directors or executive director of the Minnesota state high school league.

Sec. 2. Minnesota Statutes 2000, section 10A.02, subdivision 11, is amended to read:

Subd. 11. [VIOLATIONS; ENFORCEMENT.] (a) The board may investigate any alleged violation of this chapter. The board must investigate any violation that is alleged in a written complaint filed with the board and must within 30 days after the filing of the complaint make a public finding of whether there is probable cause to believe a violation has occurred, except that if the complaint alleges a violation of section 10A.25 or 10A.27, the board must either enter a conciliation agreement or make a public finding of whether there is probable cause, within 60 days after the filing of the complaint. The deadline for action on a written complaint may be extended by majority vote of the board.

(b) Within a reasonable time after beginning an investigation of an individual or association, the board must notify the individual or association of the fact of the investigation. The board must not make a finding of whether there is probable cause to believe a violation has occurred without notifying the individual or association of the nature of the allegations and affording an opportunity to answer those allegations.

(c) A hearing or action of the board concerning a complaint or investigation other than a finding concerning probable cause or a conciliation agreement is confidential. Until the board makes a public finding concerning probable cause or enters a conciliation agreement:

(1) a member, employee, or agent of the board must not disclose to an individual information obtained by that member, employee, or agent concerning a complaint or investigation except as required to carry out the investigation or take action in the matter as authorized by this chapter; and

(2) an individual who discloses information contrary to this subdivision is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

~~(d) Except as provided in section 10A.28, after the board makes a public finding of probable cause the board must report that finding to the appropriate law enforcement authorities.~~

Sec. 3. Minnesota Statutes 2000, section 10A.025, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FALSE STATEMENTS.] A report or statement required to be filed under this chapter must be signed and certified as true by the individual required to file the report. An individual who signs and certifies to be true a report or statement knowing it contains false information or who knowingly omits required information is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to $1,000.

Sec. 4. Minnesota Statutes 2000, section 10A.025, subdivision 4, is amended to read:

Subd. 4. [CHANGES AND CORRECTIONS.] Material changes in information previously submitted and corrections to a report or statement must be reported in writing to the board within ten days following the date of the event prompting the change or the date upon which the person filing became aware of the inaccuracy. The change or correction must identify the form and the paragraph containing the information to be changed or corrected.

~~A person who willfully fails to report a material change or correction is guilty of a gross misdemeanor.~~ The board must send a notice by certified mail to any individual who fails to file a report required by this subdivision. If the individual fails to file the required report within ten business days after the notice was sent, the board may impose a late filing fee of $5 per day up to $100 starting on the 11th day after the notice was sent. The board must send an additional notice by certified mail to an individual who fails to file a report within 14 days after the first notice was

sent by the board that the individual may be subject to a civil penalty for failure to file a report. An individual who fails to file a report required by this subdivision within seven days after the second notice was sent by the board is subject to a civil penalty imposed by the board of up to $1,000.

Sec. 5. Minnesota Statutes 2000, section 10A.03, subdivision 3, is amended to read:

Subd. 3. [FAILURE TO FILE.] The board must ~~notify~~ send a notice by certified mail ~~or personal service~~ to any lobbyist who fails to file a registration form within five days after becoming a lobbyist. If a lobbyist fails to file a form within ~~seven~~ ten business days after ~~receiving this~~ the notice was sent, the board may impose a late filing fee of $5 per day, not to exceed $100, ~~commencing with~~ starting on the ~~eighth~~ 11th day after ~~receiving~~ the notice was sent. The board must ~~further notify~~ send an additional notice by certified mail ~~or personal service any~~ to a lobbyist who fails to file a form within ~~21~~ 14 days ~~of receiving a~~ after the first notice was sent by the board that the lobbyist may be subject to a ~~criminal~~ civil penalty for failure to file the form. A lobbyist who ~~knowingly~~ fails to file a form within seven days after ~~receiving a~~ the second notice ~~from~~ was sent by the board is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

Sec. 6. Minnesota Statutes 2000, section 10A.04, subdivision 4, is amended to read:

Subd. 4. [CONTENT.] (a) A report under this section must include information the board requires from the registration form and the information required by this subdivision for the reporting period.

(b) A lobbyist must report the lobbyist's total disbursements on lobbying, separately listing lobbying to influence legislative action, lobbying to influence administrative action, and lobbying to influence the official actions of a metropolitan governmental unit, and a breakdown of disbursements for each of those kinds of lobbying into categories specified by the board, including but not limited to the cost of publication and distribution of each publication used in lobbying; other printing; media, including the cost of production; postage; travel; fees, including allowances; entertainment; telephone and telegraph; and other expenses.

(c) A lobbyist must report the amount and nature of each gift, item, or benefit, excluding contributions to a candidate, equal in value to $5 or more, given or paid to any official, as defined in section 10A.071, subdivision 1, by the lobbyist or an employer or employee of the lobbyist. The list must include the name and address of each official to whom the gift, item, or benefit was given or paid and the date it was given or paid.

(d) ~~Each~~ A lobbyist must report each original source of money in excess of $500 in any year used for the purpose of lobbying to influence legislative action, administrative action, or the official action of a metropolitan governmental unit. The list must include the name, address, and employer, or, if self-employed, the occupation and principal place of business, of each payer of money in excess of $500.

(e) On the report due April 15, the lobbyist must provide a general description of the subjects lobbied in the previous 12 months.

Sec. 7. Minnesota Statutes 2000, section 10A.04, subdivision 5, is amended to read:

Subd. 5. [LATE FILING.] The board must ~~notify~~ send a notice by certified mail ~~or personal service~~ to any lobbyist or principal who fails after seven days after a filing date imposed by this section to file a report or statement required by this section. If a lobbyist or principal fails to file a report within ~~seven~~ ten business days after ~~receiving this~~ the notice was sent, the board may impose a late filing fee of $5 per day, not to exceed $100, commencing with the ~~eighth~~ eleventh day after ~~receiving~~ the notice was sent. The board must ~~further notify~~ send an additional notice by certified mail ~~or personal service~~ to any lobbyist or principal who fails to file a report within ~~21~~ 14 days after ~~receiving a~~ the first notice was sent by the board that the lobbyist or principal may be subject to a ~~criminal~~ civil penalty for failure to file the report. A lobbyist or principal who ~~knowingly~~ fails to file ~~such~~ a report or statement within seven days after ~~receiving a~~ the second notice ~~from~~ was sent by the board is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

Sec. 8. Minnesota Statutes 2000, section 10A.04, subdivision 6, is amended to read:

Subd. 6. [PRINCIPAL REPORTS.] (a) A principal must report to the board as required in this subdivision by March 15 for the preceding calendar year.

(b) The principal must report ~~which of the following categories includes~~ the total amount, rounded to the nearest ~~dollar~~ $20,000, spent by the principal during the preceding calendar year to influence legislative action, administrative action, and the official action of metropolitan governmental units~~:~~.

~~(1) $501 to $50,000;~~

~~(2) $50,001 to $150,000; or~~

~~(3) $150,001 to $250,000.~~

(c) ~~Beyond $250,000, each additional $250,000 constitutes an additional category, and each principal must report which of the categories includes the total amount spent by the principal for the purposes provided in this subdivision.~~

~~(d)~~ The principal must report under this subdivision a total amount that includes:

(1) all direct payments by the principal to lobbyists in this state;

(2) all expenditures for advertising, mailing, research, analysis, compilation and dissemination of information, and public relations campaigns related to legislative action, administrative action, or the official action of metropolitan governmental units in this state; and

(3) all salaries and administrative expenses attributable to activities of the principal relating to efforts to influence legislative action, administrative action, or the official action of metropolitan governmental units in this state.

Sec. 9. Minnesota Statutes 2000, section 10A.08, is amended to read:

10A.08 [REPRESENTATION DISCLOSURE.]

A public official who represents a client for a fee before an individual, board, commission, or agency that has rulemaking authority in a hearing conducted under chapter 14, must disclose the official's participation in the action to the board within 14 days after the appearance. The board must ~~notify~~ send a notice by certified mail ~~or personal service~~ to any public official who fails to disclose the participation within 14 days after the appearance. If the public official fails to disclose the participation within ~~seven~~ ten business days ~~of this~~ after the notice was sent, the board may impose a late filing fee of $5 per day, not to exceed $100, ~~commencing~~ starting on the ~~eighth~~ 11th day after ~~receiving~~ the notice was sent.

Sec. 10. Minnesota Statutes 2000, section 10A.09, subdivision 7, is amended to read:

Subd. 7. [LATE FILING.] The board must ~~notify~~ send a notice by certified mail ~~or personal service~~ to any individual who fails within the prescribed time to file a statement of economic interest required by this section. If an individual fails to file a statement within ~~seven~~ ten business days after ~~receiving this~~ the notice was sent, the board may impose a late filing fee of $5 per day, not to exceed $100, commencing on the ~~eighth~~ 11th day after ~~receiving~~ the notice was sent. The board must ~~further notify~~ send an additional notice by certified mail ~~or personal service~~ to any individual who fails to file a statement within ~~21~~ 14 days after ~~receiving a~~ the first notice was sent by the board that the individual may be subject to a ~~criminal~~ civil penalty for failure to file a statement. An individual who fails to file a statement within seven days after ~~a~~ the second notice was sent by the board is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board up to $1,000.

Sec. 11. Minnesota Statutes 2000, section 10A.11, subdivision 7, is amended to read:

Subd. 7. [PENALTY.] A person who knowingly violates this section is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

Sec. 12. Minnesota Statutes 2000, section 10A.12, subdivision 6, is amended to read:

Subd. 6. [PENALTY.] A person who knowingly violates this section is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

Sec. 13. Minnesota Statutes 2000, section 10A.13, subdivision 1, is amended to read:

Subdivision 1. [ACCOUNTS; PENALTY.] The treasurer of a political committee, political fund, principal campaign committee, or party unit must keep an account of:

(1) the sum of all contributions, except any donation in kind valued at $20 or less, made to the committee, fund, or party unit;

(2) the name and address of each source of a contribution made to the committee, fund, or party unit in excess of $20, together with the date and amount of each;

(3) each expenditure made by the committee, fund, or party unit, together with the date and amount;

(4) each approved expenditure made on behalf of the committee, fund, or party unit, together with the date and amount; and

(5) the name and address of each political committee, political fund, principal campaign committee, or party unit to which contributions in excess of $20 have been made, together with the date and amount.

Any individual who knowingly violates this subdivision is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

Sec. 14. Minnesota Statutes 2000, section 10A.14, subdivision 4, is amended to read:

Subd. 4. [FAILURE TO FILE; PENALTY.] The board must ~~notify~~ send a notice by certified mail ~~or personal service~~ to any individual who fails to file a statement required by this section. If ~~an~~ the individual fails to file a statement within ~~seven~~ ten business days after ~~receiving a~~ the notice was sent, the board may impose a late filing fee of $5 per day, not to exceed $100, commencing with the ~~eighth~~ eleventh day after ~~receiving~~ the notice was sent.

The board must ~~further notify~~ send an additional notice by certified mail ~~or personal service~~ to any individual who fails to file a statement within ~~21~~ 14 days after ~~receiving a~~ the first notice was sent by the board that ~~such~~ the individual may be subject to a ~~criminal~~ civil penalty for failure to file the report. An individual who ~~knowingly~~ fails to file the statement within seven days after ~~receiving a~~ the second notice ~~from~~ was sent by the board is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

Sec. 15. Minnesota Statutes 2000, section 10A.15, subdivision 4, is amended to read:

Subd. 4. [PENALTY.] An individual violating this section is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

Sec. 16. Minnesota Statutes 2000, section 10A.16, is amended to read:

10A.16 [EARMARKING CONTRIBUTIONS PROHIBITED.]

An individual, political committee, political fund, principal campaign committee, or party unit may not solicit or accept a contribution from any source with the express or implied condition that the contribution or any part of it be directed to a particular candidate other than the initial recipient. An individual, political committee, political fund, principal campaign committee, or party unit that knowingly accepts any earmarked contribution is ~~guilty of a gross misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

Sec. 17. Minnesota Statutes 2000, section 10A.17, is amended by adding a subdivision to read:

Subd. 3a. [PERSONAL LOANS.] A principal campaign committee, political committee, political fund, or party unit may not lend money it has raised to anyone for noncampaign purposes.

Sec. 18. Minnesota Statutes 2000, section 10A.17, subdivision 5, is amended to read:

Subd. 5. [PENALTY.] A person who ~~knowingly~~ violates subdivision 2 ~~is guilty of a misdemeanor. A person who knowingly violates subdivision~~, 3a, or 4, or falsely claims that an expenditure was an independent expenditure, is ~~guilty of a gross misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

Sec. 19. Minnesota Statutes 2000, section 10A.18, is amended to read:

10A.18 [TIME FOR RENDERING BILLS, CHARGES, OR CLAIMS; PENALTY.]

A person who has a bill, charge, or claim against a political committee, political fund, principal campaign committee, or party unit for an expenditure must render in writing to the treasurer of the committee, fund, or party unit the bill, charge, or claim within 60 days after the material or service is provided. ~~Violation of~~ A person who violates this section is ~~a misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

Sec. 20. Minnesota Statutes 2000, section 10A.20, is amended by adding a subdivision to read:

Subd. 1a. [IF TREASURER POSITION IS VACANT.] If the position of treasurer of a principal campaign committee, political committee, political fund, or party unit is vacant, the candidate, chair of a political committee or party unit, or association officer of a political fund is responsible for filing reports required by this section.

Sec. 21. Minnesota Statutes 2000, section 10A.20, subdivision 12, is amended to read:

Subd. 12. [FAILURE TO FILE; PENALTY.] The board must ~~notify~~ send a notice by certified mail ~~or personal service an~~ to any individual who fails to file a statement required by this section. If an individual fails to file a statement due January 31 within ~~seven~~ ten business days after ~~receiving a~~ the notice was sent, the board may impose a late filing fee of $5 per day, not to exceed $100, commencing ~~on~~ with the ~~eighth~~ eleventh day after ~~receiving~~ the notice was sent.

If an individual fails to file a statement due before a primary or election within three days after the date due, regardless of whether the individual has received any notice, the board may impose a late filing fee of $50 per day, not to exceed $500, commencing on the fourth day after the date the statement was due.

The board must ~~further notify~~ send an additional notice by certified mail ~~or personal service~~ to an individual who fails to file a statement within 14 days after ~~receiving a~~ the first notice ~~from~~ was sent by the board that the individual may be subject to a ~~criminal~~ civil penalty for failure to file a statement. An individual who ~~knowingly~~ fails to file the statement within seven days after ~~receiving a~~ the second notice ~~from~~ was sent by the board is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

Sec. 22. Minnesota Statutes 2000, section 10A.25, subdivision 10, is amended to read:

Subd. 10. [EFFECT OF OPPONENT'S CONDUCT.] (a) After the deadline for filing a spending limit agreement under section 10A.322, a candidate who has agreed to be bound by the expenditure limits imposed by this section as a condition of receiving a public subsidy for the candidate's campaign ~~is~~ may choose to be released from the expenditure limits but ~~remains~~ remain eligible to receive a public subsidy if the candidate has an opponent who ~~does~~ has not ~~agree~~ agreed to be bound by the limits and ~~receives~~ has received contributions or ~~makes~~ made or ~~becomes~~ become obligated to make expenditures during that election cycle in excess of the following limits:

(1) up to ~~ten days~~ the close of the reporting period before the primary election, receipts or expenditures equal to 20 percent of the expenditure limit for that office as set forth in subdivision 2; or

(2) after ~~ten days~~ the close of the reporting period before the primary election, cumulative receipts or expenditures during that election cycle equal to 50 percent of the expenditure limit for that office as set forth in subdivision 2.

Before the primary election, a candidate's "opponents" are only those who will appear on the ballot of the same party in the primary election.

(b) A candidate who has not agreed to be bound by expenditure limits, or the candidate's principal campaign committee, must file written notice with the board and provide written notice to any opponent of the candidate for the same office within 24 hours of exceeding the limits in paragraph (a)~~, clause (2)~~. The notice must state only that the candidate or candidate's principal campaign committee has received contributions or made or become obligated to make campaign expenditures in excess of the limits in paragraph (a)~~, clause (2)~~.

(c) Upon receipt of the notice, ~~the~~ a candidate who had agreed to be bound by the limits ~~is~~ may file with the board a notice that the candidate chooses to be no longer bound by the expenditure limits. A notice of a candidate's choice not to be bound by the expenditure limits that is based on the conduct of an opponent in the state primary election may not be filed more than one day after the state canvassing board has declared the results of the state primary.

(d) A candidate who has agreed to be bound by the expenditure limits imposed by this section and whose opponent in the general election has chosen, as provided in paragraph (c), not to be bound by the expenditure limits because of the conduct of an opponent in the primary election is no longer bound by the limits but remains eligible to receive a public subsidy.

Sec. 23. Minnesota Statutes 2000, section 10A.255, subdivision 1, is amended to read:

Subdivision 1. [METHOD OF CALCULATION.] The dollar amounts in section 10A.25, subdivision 2, must be adjusted for general election years as provided in this section. Each general election year, the executive director of the board must determine the percentage increase in the consumer price index from December of the year preceding the last general election year to December of the year preceding the year in which the determination is made. The dollar amounts used for the preceding general election year must be multiplied by that percentage. The product of the calculation must be added to each dollar amount to produce the dollar limitations to be in effect for the next general election. The product must be rounded up to the next highest ~~$10~~ $100 increment. The index used must be the revised consumer price index for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States Department of Labor.

Sec. 24. Minnesota Statutes 2000, section 10A.27, is amended by adding a subdivision to read:

Subd. 1a. [PROHIBITION AGAINST MAKING EXCESSIVE CONTRIBUTIONS; PENALTY.] A political committee or political fund must not make aggregate contributions to a candidate's principal campaign committee in excess of the limits in subdivision 1. A committee or fund that violates this subdivision is subject to a civil fine up to four times the amount by which the contribution exceeded the limit.

Sec. 25. Minnesota Statutes 2000, section 10A.27, subdivision 2, is amended to read:

Subd. 2. [POLITICAL PARTY AND DISSOLVING PRINCIPAL CAMPAIGN COMMITTEE LIMIT.] A candidate must not permit the candidate's principal campaign committee to accept contributions from any political party units ~~in~~ or from any principal campaign committees that are being dissolved if the contribution would cause the aggregate contributions from those types of contributors to equal an amount in excess of ten times the amount that may be contributed to that candidate as set forth in subdivision 1.

Sec. 26. Minnesota Statutes 2000, section 10A.27, subdivision 9, is amended to read:

Subd. 9. [CONTRIBUTIONS TO AND FROM OTHER CANDIDATES.] (a) A candidate or the treasurer of a candidate's principal campaign committee must not accept a contribution from another candidate's principal campaign committee or from any other committee bearing the contributing candidate's name or title or otherwise authorized by the contributing candidate, unless the contributing candidate's principal campaign committee is being dissolved. A candidate's principal campaign committee must not make a contribution to another candidate's principal campaign committee, except when the contributing committee is being dissolved.

(b) A candidate's principal campaign committee must not accept a contribution from, or make a contribution to, a committee associated with a person who seeks nomination or election to the office of President, Senator, or Representative in Congress of the United States.

(c) A candidate or the treasurer of a candidate's principal campaign committee must not accept a contribution from a candidate for political subdivision office in any state, unless the contribution is from the personal funds of the candidate for political subdivision office. A candidate or the treasurer of a candidate's principal campaign committee must not make a contribution from the principal campaign committee to a candidate for political subdivision office in any state.

(d) A contribution from a dissolving principal campaign committee is subject to the same limitations as are imposed by subdivision 2 and section 10A.273.

Sec. 27. Minnesota Statutes 2000, section 10A.27, subdivision 11, is amended to read:

Subd. 11. [CONTRIBUTIONS FROM CERTAIN TYPES OF CONTRIBUTORS.] A candidate must not permit the candidate's principal campaign committee to accept a contribution from a political committee, political fund, lobbyist, or large contributor, if the contribution will cause the aggregate contributions from those types of contributors to exceed an amount equal to 20 percent of the expenditure limits for the office sought by the candidate, provided that the 20 percent limit must be rounded to the nearest $100. For purposes of this subdivision, "large contributor" means an individual, other than the candidate, who contributes an amount that is more than $100 and more than one-half the amount an individual may contribute.

Sec. 28. Minnesota Statutes 2000, section 10A.27, subdivision 13, is amended to read:

Subd. 13. [UNREGISTERED ASSOCIATION LIMIT; STATEMENT; PENALTY.] (a) The treasurer of a political committee, political fund, principal campaign committee, or party unit must not accept a contribution of more than $100 from an association not registered under this chapter unless the contribution is accompanied by a written statement that meets the disclosure and reporting period requirements imposed by section 10A.20. This statement must be certified as true and correct by an officer of the contributing association. The committee, fund, or party unit that accepts the contribution must include a copy of the statement with the report that discloses the contribution to the board. This subdivision does not apply when a national political party contributes money to its affiliate in this state.

(b) An unregistered association may provide the written statement required by this subdivision to no more than three committees, funds, or party units in a calendar year. Each statement must cover at least the 30 days immediately preceding and including the date on which the contribution was made. An unregistered association or an officer of it is subject to a civil penalty ~~up to $1,000~~ imposed by the board of up to $1,000, if the association or its officer:

(1) fails to provide a written statement as required by this subdivision; or

(2) fails to register after giving the written statement required by this subdivision to more than three committees, funds, or party units in a calendar year.

~~An officer of an association who violates this paragraph is guilty of a misdemeanor.~~

(c) The treasurer of a political committee, political fund, principal campaign committee, or party unit who accepts a contribution in excess of $100 from an unregistered association without the required written disclosure statement is subject to a civil penalty up to four times the amount in excess of $100.

Sec. 29. Minnesota Statutes 2000, section 10A.273, subdivision 1, is amended to read:

Subdivision 1. [CONTRIBUTIONS DURING LEGISLATIVE SESSION.] (a) A candidate for the legislature or for constitutional office, the candidate's principal campaign committee, or a political committee or party unit established by all or a part of the party organization within a house of the legislature, must not solicit or accept a contribution from a registered lobbyist, political committee, or political fund, or from a party unit established by the party organization within a house of the legislature, during a regular session of the legislature.

(b) A registered lobbyist, political committee, or political fund, or a party unit established by the party organization within a house of the legislature, must not make a contribution to a candidate for the legislature or for constitutional office, the candidate's principal campaign committee, or a political committee or party unit established by all or a part of the party organization within a house of the legislature during a regular session of the legislature.

Sec. 30. Minnesota Statutes 2000, section 10A.273, subdivision 4, is amended to read:

Subd. 4. [CIVIL PENALTY.] A candidate, political committee, ~~or~~ party unit, political fund, or registered lobbyist that violates this section is subject to a civil ~~fine of up to $500~~ penalty imposed by the board of up to $1,000. If the board makes a public finding that there is probable cause to believe a violation of this section has occurred, the board must bring an action, or transmit the finding to a county attorney who must bring an action, in the district court of Ramsey county, to collect a civil ~~fine~~ penalty as imposed by the board. ~~Fines~~ Penalties paid under this section must be deposited in the general fund in the state treasury.

Sec. 31. Minnesota Statutes 2000, section 10A.273, subdivision 5, is amended to read:

Subd. 5. [SPECIAL ELECTION.] This section does not apply ~~to a candidate or a candidate's principal campaign committee~~ in a legislative special election during the period beginning when the person becomes a candidate in the special election and ending on the day of the special election.

Sec. 32. Minnesota Statutes 2000, section 10A.28, subdivision 1, is amended to read:

Subdivision 1. [EXCEEDING EXPENDITURE LIMITS.] A candidate subject to the expenditure limits in section 10A.25 who permits the candidate's principal campaign committee to make expenditures or permits approved expenditures to be made on the candidate's behalf in excess of the limits imposed by section 10A.25, as adjusted by section 10A.255, is subject to a civil ~~fine~~ penalty up to four times the amount by which the expenditures exceeded the limit.

Sec. 33. Minnesota Statutes 2000, section 10A.28, subdivision 2, is amended to read:

Subd. 2. [EXCEEDING CONTRIBUTION LIMITS.] A candidate who permits the candidate's principal campaign committee to accept contributions in excess of the limits imposed by section 10A.27 is subject to a civil ~~fine~~ penalty of up to four times the amount by which the contribution exceeded the limits.

Sec. 34. Minnesota Statutes 2000, section 10A.28, subdivision 4, is amended to read:

Subd. 4. [CIVIL ACTION.] If the board is unable after a reasonable time to correct by informal methods a matter that constitutes probable cause to believe that excess expenditures have been made or excess contributions accepted contrary to subdivision 1 or 2, the board must make a public finding of probable cause in the matter. After making a public finding, the board must bring an action, or transmit the finding to a county attorney who must bring an action, in the district court of Ramsey county or, in the case of a legislative candidate, the district court of a county within the legislative district, to collect a civil ~~fine~~ penalty of up to $1,000 as imposed by the board under subdivision 1 or 2. All money recovered under this section must be deposited in the general fund of the state treasury.

Sec. 35. Minnesota Statutes 2000, section 10A.28, is amended by adding a subdivision to read:

Subd. 5. [PENALTY FOR CONTRIBUTION TO OTHER COMMITTEE WITHOUT TERMINATING.] (a) A principal campaign committee that makes a contribution to another principal campaign committee must provide with the contribution a written statement of the committee's intent to dissolve and terminate its registration within 12 months after the contribution was made. If the committee fails to dissolve and terminate its registration by that time, the board may levy a civil penalty up to four times the size of the contribution against the contributing committee.

(b) A contribution from a terminating principal campaign committee that is not accepted by another principal campaign committee must be forwarded to the board for deposit in the general account of the state elections campaign fund.

Sec. 36. Minnesota Statutes 2000, section 10A.29, is amended to read:

10A.29 [CIRCUMVENTION PROHIBITED.]

~~Any attempt by~~ An individual or association that attempts to circumvent this chapter by redirecting a contribution through, or making a contribution on behalf of, another individual or association is ~~a gross misdemeanor~~ subject to a civil penalty imposed by the board of up to $1,000.

Sec. 37. Minnesota Statutes 2001 Supplement, section 10A.31, subdivision 7, is amended to read:

Subd. 7. [DISTRIBUTION OF GENERAL ACCOUNT.] (a) As soon as the board has obtained the results of the primary election from the secretary of state, but no later than one week after certification of the primary results by the state canvassing board, the board must distribute the available money in the general account, as certified by the commissioner of revenue on September 1 and according to allocations set forth in subdivision 5, in equal amounts to all candidates of a major political party whose names are to appear on the ballot in the general election and who:

(1) have signed a spending limit agreement under section 10A.322;

(2) have filed the affidavit of contributions required by section 10A.323; and

(3) ~~have filed the agreement required under paragraph (c); and~~

~~(4)~~ were opposed in either the primary election or the general election.

(b) The public subsidy under this subdivision may not be paid in an amount that would cause the sum of the public subsidy paid from the party account plus the public subsidy paid from the general account to exceed 50 percent of the expenditure limit for the candidate or 50 percent of the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10. Money from the general account not paid to a candidate because of the 50 percent limit must be distributed equally among all other qualifying candidates for the same office until all have reached the 50 percent limit or the balance in the general account is exhausted.

(c) ~~No later than one week after the primary results have been certified by the state canvassing board, a candidate wishing to receive money distributed by the board under this subdivision must execute and file an agreement with the board. The agreement must provide that:~~

~~(1) if the~~ A candidate ~~does not~~ must expend or ~~promise to disburse~~ become obligated to expend at least an amount equal to 50 percent of the money distributed by the board under this subdivision no later than the end of the final reporting period preceding the general election~~, then~~. Otherwise, the candidate ~~agrees to~~ must repay to the board ~~the remainder of the money~~ the difference between the amount the candidate spent or became obligated to spend by the deadline and the amount distributed to the candidate under this subdivision. The candidate must make the repayment no later than six months following ~~the date of~~ the general election~~; and~~

~~(2)~~. The candidate ~~agrees to~~ must reimburse the board for all reasonable costs, including litigation costs, incurred in collecting any amount due ~~following that date~~.

If the board determines that a candidate has failed to repay money as required by ~~an agreement under~~ this ~~subdivision~~ paragraph, the board may not distribute any additional money to the candidate ~~under this subdivision~~ until the entirety of the ~~unexpended money is repaid or discharged~~ repayment has been made.

Sec. 38. Minnesota Statutes 2000, section 10A.322, subdivision 1, is amended to read:

Subdivision 1. [AGREEMENT BY CANDIDATE.] (a) As a condition of receiving a public subsidy, a candidate must sign and file with the board a written agreement in which the candidate agrees that the candidate will comply with sections 10A.25; 10A.27, subdivision 10; 10A.31, subdivision 7, paragraph (c); and 10A.324; and that the candidate's principal campaign committee will not make independent expenditures on behalf of or against another candidate.

(b) Before the first day of filing for office, the board must forward agreement forms to all filing officers. The board must also provide agreement forms to candidates on request at any time. The candidate must file the agreement with the board by September 1 preceding the candidate's general election or a special election held at the general election. An agreement may not be filed after that date. An agreement once filed may not be rescinded.

(c) The board must notify the commissioner of revenue of any agreement signed under this subdivision.

(d) Notwithstanding paragraph (b), if a vacancy occurs that will be filled by means of a special election and the filing period does not coincide with the filing period for the general election, a candidate may sign and submit a spending limit agreement not later than the day after the candidate files the affidavit of candidacy or nominating petition for the office.

Sec. 39. Minnesota Statutes 2000, section 10A.323, is amended to read:

10A.323 [AFFIDAVIT OF CONTRIBUTIONS.]

In addition to the requirements of section 10A.322, to be eligible to receive a public subsidy under section 10A.31 a candidate or the candidate's treasurer must file an affidavit with the board stating that during that calendar year the candidate has accumulated contributions from persons eligible to vote in this state in at least the amount indicated for the office sought, counting only the first $50 received from each contributor:

(1) candidates for governor and lieutenant governor running together, $35,000;

(2) candidates for attorney general, $15,000;

(3) candidates for secretary of state and state auditor, separately, $6,000;

(4) candidates for the senate, $3,000; and

(5) candidates for the house of representatives, $1,500.

The affidavit must state the total amount of contributions that have been received from persons eligible to vote in this state, disregarding the portion of any contribution in excess of $50.

The candidate or the candidate's treasurer must submit the affidavit required by this section to the board in writing by September 1 of the general election year ~~to receive the payment made following the primary election and by November 1 to receive the payment made following the general election~~.

A candidate for a vacancy to be filled at a special election for which the filing period does not coincide with the filing period for the general election must submit the affidavit required by this section to the board within five days after filing the affidavit of candidacy.

Sec. 40. Minnesota Statutes 2000, section 356A.06, subdivision 4, is amended to read:

Subd. 4. [ECONOMIC INTEREST STATEMENT.] (a) Each member of the governing board of a covered pension plan and the chief administrative officer of the plan shall file with the plan a statement of economic interest.

(b) For a covered pension plan other than a plan specified in paragraph (c), the statement must contain the information required by section 10A.09, subdivision 5, and any other information that the fiduciary or the governing board of the plan determines is necessary to disclose a reasonably foreseeable potential or actual conflict of interest.

(c) For a covered pension plan governed by sections 69.771 to 69.776 or a covered pension plan governed by section 69.77 with assets under $8,000,000, the statement must contain the following:

(1) the person's principal occupation and principal place of business;

(2) whether or not the person has an ownership of or interest of ten percent or greater in an investment security brokerage business, a real estate sales business, an insurance agency, a bank, a savings and loan, or another financial institution; and

(3) any relationship or financial arrangement that can reasonably be expected to give rise to a conflict of interest.

(d) The statement must be filed annually with the chief administrative officer of the plan and be available for public inspection during regular office hours at the office of the pension plan.

(e) A disclosure form meeting the requirements of the federal Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21 as amended, and filed with the state board of investment or the pension plan meets the requirements of this subdivision.

(f) The chief administrative officer of each covered pension plan, by January 15, annually, shall transmit a ~~copy~~ certified listing of all individuals who have filed statements of economic interest ~~received by~~ with the plan under this subdivision during the preceding 12 months and the address of the office referenced in paragraph (d) to the campaign finance and public disclosure board.

Sec. 41. [TRANSITION.]

A candidate who signed and filed with the campaign finance and public disclosure board a spending limit agreement for the election cycle ending December 31, 2002, before the effective date of this act is governed by the provisions of Minnesota Statutes 2000, section 10A.31, subdivision 7, as they existed before the amendments made by Laws 2001, First Special Session chapter 10, article 18, section 2, and this act, until the candidate signs a new spending limit agreement after the effective date of this act.

Sec. 42. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Amend the title as follows:

Page 1, line 13, after "subdivisions" insert "2,"

Page 1, line 15, before the semicolon, insert ", 5"

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

The report was adopted.

Tuma from the Committee on Crime Prevention to which was referred:

H. F. No. 3386, A bill for an act relating to crimes; requiring presumptive executed sentences for persons convicted of certain criminal sexual conduct offenses in the second degree; amending Minnesota Statutes 2000, section 609.343, subdivision 2.

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

The report was adopted.

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

H. F. No. 3393, A bill for an act relating to child support; permitting the issuance of a limited license under certain circumstances to a person whose driver's license is suspended for nonpayment of support; clarifying requirements relating to payment agreements; amending Minnesota Statutes 2000, sections 171.186, subdivisions 1, 3, by adding a subdivision; 171.30, subdivision 1; 518.551, subdivisions 12, 13, 14, 15; 518.553.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 171.186, subdivision 1, is amended to read:

Subdivision 1. [SUSPENSION.] The commissioner shall suspend a person's driver's license or operating privileges without a hearing upon receipt of a court order or notice from a public authority responsible for child support enforcement that states that the driver is in arrears in court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three 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~~ pursuant to section 518.553 that is approved by a court, a child support magistrate, or the public authority responsible for child support enforcement, in accordance with section 518.551, subdivision 13.

Sec. 2. Minnesota Statutes 2000, section 171.186, subdivision 3, is amended to read:

Subd. 3. [DURATION.] A license or operating privilege must remain suspended and may not be reinstated, nor may a license be subsequently issued to the person, until the commissioner receives notice from the court, a child support magistrate, or public authority responsible for child support enforcement that the person is in compliance with all current orders of support or written payment agreements ~~regarding both current support and arrearages~~ pursuant to section 518.553. A fee may not be assessed for reinstatement of a license under this section.

Sec. 3. Minnesota Statutes 2000, section 171.186, is amended by adding a subdivision to read:

Subd. 4. [LIMITED LICENSE.] (a) Notwithstanding subdivision 3, the commissioner may issue a limited license to a person whose license has been suspended under this section if the person qualifies for a limited license under section 171.30.

(b) A limited license issued to a person under this subdivision must expire 90 days after the date it is issued.

Sec. 4. Minnesota Statutes 2000, section 171.30, subdivision 1, is amended to read:

Subdivision 1. [CONDITIONS OF ISSUANCE.] (a) In any case where a person's license has been suspended under section 171.18 ~~or~~, 171.173, or 171.186, or revoked under section 169.792, 169.797, 169A.52, 169A.54, 171.17, or 171.172, the commissioner may issue a limited license to the driver including under the following conditions:

(1) if the driver's livelihood or attendance at a chemical dependency treatment or counseling program depends upon the use of the driver's license;

(2) if the use of a driver's license by a homemaker is necessary to prevent the substantial disruption of the education, medical, or nutritional needs of the family of the homemaker; or

(3) if attendance at a post-secondary institution of education by an enrolled student of that institution depends upon the use of the driver's license.

(b) The commissioner in issuing a limited license may impose such conditions and limitations as in the commissioner's judgment are necessary to the interests of the public safety and welfare including reexamination as to the driver's qualifications. The license may be limited to the operation of particular vehicles, to particular classes and times of operation and to particular conditions of traffic. The commissioner may require that an applicant for a limited license affirmatively demonstrate that use of public transportation or carpooling as an alternative to a limited license would be a significant hardship.

(c) For purposes of this subdivision, "homemaker" refers to the person primarily performing the domestic tasks in a household of residents consisting of at least the person and the person's dependent child or other dependents.

(d) The limited license issued by the commissioner shall clearly indicate the limitations imposed and the driver operating under the limited license shall have the license in possession at all times when operating as a driver.

(e) In determining whether to issue a limited license, the commissioner shall consider the number and the seriousness of prior convictions and the entire driving record of the driver and shall consider the number of miles driven by the driver annually.

(f) If the person's driver's license or permit to drive has been revoked under section 169.792 or 169.797, the commissioner may only issue a limited license to the person after the person has presented an insurance identification card, policy, or written statement indicating that the driver or owner has insurance coverage satisfactory to the commissioner of public safety. The commissioner of public safety may require the insurance identification card provided to satisfy this subdivision be certified by the insurance company to be noncancelable for a period not to exceed 12 months.

(g) The limited license issued by the commissioner to a person under section 171.186, subdivision 4, must expire 90 days after the date it is issued. The commissioner must not issue a limited license to a person who previously has been issued a limited license under section 171.186, subdivision 4.

Sec. 5. Minnesota Statutes 2001 Supplement, section 256.979, subdivision 5, is amended to read:

Subd. 5. [PATERNITY ESTABLISHMENT AND CHILD SUPPORT ORDER ESTABLISHMENT AND MODIFICATION BONUS INCENTIVES.] (a) A bonus incentive program is created to increase the number of paternity establishments and establishment and modifications of child support orders done by county child support enforcement agencies.

(b) A bonus must be awarded to a county child support agency for each child for which the agency completes a paternity order or for each case in which child support ~~order establishment or modification~~ is established or modified through judicial or ~~administrative~~ expedited processes.

(c) The rate of bonus incentive is $100 per child for each paternity established, or $100 per case for each child support order ~~establishment and modification~~ established or modified, which is set in a specific dollar amount.

(d) No bonus shall be paid for a modification that is a result of a termination of child care costs according to section 518.551, subdivision 5, paragraph (b), or due solely to a reduction of child care expenses.

Sec. 6. Minnesota Statutes 2001 Supplement, section 256.979, subdivision 6, is amended to read:

Subd. 6. [CLAIMS FOR BONUS INCENTIVE.] (a) The commissioner of human services and the county agency shall develop procedures for the claims process and criteria using automated systems where possible.

(b) Only one county agency may receive a bonus per paternity establishment or child support ~~order~~ establishment or modification ~~for each child~~ order. The county agency completing the action or procedure needed to establish paternity or a child support order or modify an order is the county agency entitled to claim the bonus incentive.

(c) Disputed claims must be submitted to the commissioner of human services and the commissioner's decision is final.

Sec. 7. Minnesota Statutes 2001 Supplement, section 518.171, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] ~~Compliance with this section constitutes compliance with~~ A completed national medical support notice issued by the public authority or a court order that complies with this section is a qualified medical child support order as described in the federal Employee Retirement Income Security Act of 1974 (ERISA) as amended by the federal Omnibus Budget Reconciliation Act of 1993 (OBRA).

(a) Every child support order must:

(1) expressly assign or reserve the responsibility for maintaining medical insurance for the minor children and the division of uninsured medical and dental costs; and

(2) contain the names, last known addresses, and social security numbers of the parents of the dependents unless the court prohibits the inclusion of an address or social security number and orders the parents to provide their addresses and social security numbers to the administrator of the health plan. The court shall order the parent with the better group dependent health and dental insurance coverage or health insurance plan to name the minor child as beneficiary on any health and dental insurance plan that is available to the parent on:

(i) a group basis;

(ii) through an employer or union; or

(iii) through a group health plan governed under the ERISA and included within the definitions relating to health plans found in section 62A.011, 62A.048, or 62E.06, subdivision 2.

"Health insurance" or "health insurance coverage" as used in this section means coverage that is comparable to or better than a number two qualified plan as defined in section 62E.06, subdivision 2. "Health insurance" or "health insurance coverage" as used in this section does not include medical assistance provided under chapter 256, 256B, 256J, 256K, or 256D.

(b) If the court finds that dependent health or dental insurance is not available to the obligor or obligee on a group basis or through an employer or union, or that group insurance is not accessible to the obligee, the court may require the obligor (1) to obtain other dependent health or dental insurance, (2) to be liable for reasonable and necessary medical or dental expenses of the child, or (3) to pay no less than $50 per month to be applied to the medical and dental expenses of the children or to the cost of health insurance dependent coverage.

(c) If the court finds that the available dependent health or dental insurance does not pay all the reasonable and necessary medical or dental expenses of the child, including any existing or anticipated extraordinary medical expenses, and the court finds that the obligor has the financial ability to contribute to the payment of these medical or dental expenses, the court shall require the obligor to be liable for all or a portion of the medical or dental expenses of the child not covered by the required health or dental plan. Medical and dental expenses include, but are not limited to, necessary orthodontia and eye care, including prescription lenses.

(d) Unless otherwise agreed by the parties and approved by the court, if the court finds that the obligee is not receiving public assistance for the child and has the financial ability to contribute to the cost of medical and dental expenses for the child, including the cost of insurance, the court shall order the obligee and obligor to each assume a portion of these expenses based on their proportionate share of their total net income as defined in section ~~518.54~~ 518.551, subdivision ~~6~~ 5.

(e) Payments ordered under this section are subject to section 518.6111. An obligee who fails to apply payments received to the medical expenses of the dependents may be found in contempt of this order.

Sec. 8. Minnesota Statutes 2000, section 518.171, subdivision 3, is amended to read:

Subd. 3. [~~IMPLEMENTATION~~ NOTICE TO EMPLOYER OR UNION.] (a) For purposes of this chapter, "national medical support notice" means an administrative notice issued by the public authority to enforce health insurance provisions of a support order under the Code of Federal Regulations.

(b) A copy of the national medical support notice or court order for insurance coverage shall be forwarded to the obligor's employer or union ~~and~~ or to the health or dental insurance carrier ~~or employer~~ if necessary by the obligee or the public authority responsible for support enforcement only when ordered by the court or when the following conditions are met:

(1) the obligor fails to provide written proof to the obligee or the public authority, within 30 days of the effective date of the court order, that the obligor has applied for insurance ~~has been obtained~~ for the child;

(2) the obligee or the public authority serves written notice of its intent to enforce medical support ~~on the~~. The obligee or the public authority must mail the written notice to the obligor ~~by mail~~ at the obligor's last known post office address; and

(3) the obligor fails within 15 days after the mailing of the notice to provide written proof to the obligee or the public authority that the obligor has applied for insurance coverage ~~existed as of the date of mailing~~ for the child.

~~The employer or union shall forward a copy of the order to the health and dental insurance plan offered by the employer.~~

(c) If an obligor is ordered to carry health insurance coverage for the child and has not enrolled the child in health insurance coverage, the public authority must forward a copy of the national medical support notice to the obligor's employer or union within two business days after the date the obligor is entered into the work reporting system under section 256.998.

Sec. 9. Minnesota Statutes 2001 Supplement, section 518.171, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] (a) The national medical support notice or court order is binding on the employer or union and the health and dental insurance plan when service under subdivision 3 has been made. In the case of an obligor who changes employment and is required to provide health coverage for the child, a new employer that provides health care coverage shall enroll the child in the obligor's health plan upon receipt of an order or notice for health insurance, unless the obligor contests the enrollment.

(b) The obligor may contest the enrollment on the limited grounds that the enrollment is improper due to mistake of fact or that the enrollment meets the requirements of section 518.64, subdivision 2. If the obligor chooses to contest the enrollment, the obligor must do so no later than 15 days after the employer notifies the obligor of the enrollment, by doing all of the following:

(1) filing a ~~request for contested hearing~~ motion in district court according to section 484.702 if the public authority provides support enforcement services;

(2) ~~serving~~ mailing a copy of the ~~request for contested hearing upon~~ motion to the public authority if the public authority provides support enforcement services and the obligee; and

(3) securing a date for the contested hearing no later than 45 days after the notice of enrollment.

~~(b)~~ The enrollment must remain in place during the time period in which the obligor contests the ~~withholding~~ enrollment.

(c) An employer or union that is included under ERISA may not deny enrollment based on exclusionary clauses described in section 62A.048. ~~Upon application of the obligor according to the order or notice, the employer or union and its health and dental insurance plan shall enroll the minor child as a beneficiary in the group insurance plan and withhold any required premium from the obligor's income or wages. If more than one plan is offered by the employer or union, the child shall be enrolled in the least costly health insurance plan otherwise available to the obligor that is comparable to a number two qualified plan. If the obligor is not enrolled in a health insurance plan, the employer or union shall also enroll the obligor in the chosen plan if enrollment of the obligor is necessary in order to obtain dependent coverage under the plan.~~ Enrollment of dependents and, if necessary, the obligor shall be immediate and not dependent upon open enrollment periods. Enrollment is not subject to the underwriting policies described in section 62A.048.

~~(c)~~ (d) An employer or union that willfully fails to comply with the order is liable for any health or dental expenses incurred by the dependents during the period of time the dependents were eligible to be enrolled in the insurance

program, and for any other premium costs incurred because the employer or union willfully failed to comply with the order. An employer or union that fails to comply with the order is subject to contempt under section 518.615 and is also subject to a fine of $500 to be paid to the obligee or public authority. Fines paid to the public authority are designated for child support enforcement services.

~~(d)~~ (e) Failure of the obligor to execute any documents necessary to enroll the dependent in the group health and dental insurance plan will not affect the obligation of the employer or union and group health and dental insurance plan to enroll the dependent in a plan. Information and authorization provided by the public authority responsible for child support enforcement, or by the obligee or guardian, is valid for the purposes of meeting enrollment requirements of the health plan.

(f) The insurance coverage for a child eligible under subdivision 5 shall not be terminated except as authorized in subdivision 5.

Sec. 10. Minnesota Statutes 2000, section 518.171, is amended by adding a subdivision to read:

Subd. 4a. [EMPLOYER, UNION AND HEALTH PLAN ADMINISTRATOR REQUIREMENTS.] (a) An employer or union must forward the national medical support notice or court order to its health plan within 20 business days after the date on the national medical support notice or after receipt of the court order.

(b) If a health plan administrator receives a completed national medical support notice or court order, the plan administrator must notify the parties and the public authority if the public authority provides support enforcement services within 40 business days after the date of the notice or after receipt of the court order, of the following:

(1) whether coverage is available to the child under the terms of the health plan;

(2) whether the child is covered under the health plan;

(3) the effective date of the child's coverage under the health plan; and

(4) what steps, if any, are required to effectuate the child's coverage under the health plan. The plan administrator must also provide the parties and the public authority if the public authority provides support enforcement services with a notice of enrollment of the child, description of the coverage, and any documents necessary to effectuate coverage.

(c) Upon determination by the health plan administrator that the child may be covered under the health plan, the employer or union and health plan must enroll the child as a beneficiary in the health plan and withhold any required premiums from the income or wages of the obligor.

(d) If more than one plan is offered by the employer or union and the national medical support notice or court order does not specify the plan to be carried, the plan administrator must notify the parents and the public authority if the public authority provides support enforcement services.

(e) If enrollment of the obligor is necessary to obtain dependent health care coverage under the plan and the obligor is not enrolled in the health plan, the employer or union must also enroll the obligor in the plan.

Sec. 11. Minnesota Statutes 2001 Supplement, section 518.171, subdivision 5, is amended to read:

Subd. 5. [~~ELIGIBLE CHILD~~ DISENROLLMENT; COVERAGE OPTIONS.] (a) Unless a court order provides otherwise, a minor child that an obligor is required to cover as a beneficiary pursuant to this section is eligible for insurance coverage as a dependent of the obligor until the child is emancipated ~~or~~, until further order of the court, or as consistent with the terms of coverage. The health or dental insurance carrier or employer may not disenroll or eliminate coverage of the child unless the health or dental insurance carrier or employer is provided satisfactory written evidence that the court order is no longer in effect, or the child is or will be enrolled in comparable health

coverage through another health or dental insurance plan that will take effect no later than the effective date of the disenrollment, or the ~~employer has eliminated family health and dental coverage for all of its employees~~ employee is no longer eligible for dependent coverage, or that the required premium has not been paid by or on behalf of the child. ~~If disenrollment or elimination of coverage of a child under this subdivision is based upon nonpayment of premium,~~ The health or dental insurance plan must provide 30 days' written notice to the ~~obligee~~ child's parents and the public authority if the public authority provides support enforcement services prior to the disenrollment or elimination of coverage for the child.

(b) If the public authority provides support enforcement services and a plan administrator reports to the public authority that there is more than one coverage option available under the health plan, the public authority, in consultation with the custodial parent, must promptly select coverage from the available options.

Sec. 12. Minnesota Statutes 2000, section 518.551, subdivision 12, is amended to read:

Subd. 12. [OCCUPATIONAL LICENSE SUSPENSION.] (a) Upon motion of an obligee, if the court finds that the obligor is or may be licensed by a licensing board listed in section 214.01 or other state, county, or municipal agency or board that issues an occupational license and the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three 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~~ pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority, the court shall direct the licensing board or other licensing agency to suspend the license under section 214.101. The court's order must be stayed for 90 days in order to allow the obligor to execute a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553. The payment agreement must be approved by either the court or the public authority responsible for child support enforcement. If the obligor has not executed or is not in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 after the 90 days expires, the court's order becomes effective. If the obligor is a licensed attorney, the court shall report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

(b) If a public authority responsible for child support enforcement finds that the obligor is or may be licensed by a licensing board listed in section 214.01 or other state, county, or municipal agency or board that issues an occupational license and the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three 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~~ pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority, the court or the public authority shall direct the licensing board or other licensing agency to suspend the license under section 214.101. If the obligor is a licensed attorney, the public authority may report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the public authority.

(c) At least 90 days before notifying a licensing authority or the lawyers professional responsibility board under paragraph (b), the public authority shall mail a written notice to the license holder addressed to the license holder's last known address that the public authority intends to seek license suspension under this subdivision and that the license holder must request a hearing within 30 days in order to contest the suspension. If the license holder makes a written request for a hearing within 30 days of the date of the notice, a court hearing or a hearing under section 484.702 must be held. Notwithstanding any law to the contrary, the license holder must be served with 14 days' notice in writing specifying the time and place of the hearing and the allegations against the license holder. The notice may be served personally or by mail. If the public authority does not receive a request for a hearing within 30 days of the date of the notice, and the obligor does not execute a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the public authority within 90 days of the date of the notice, the public authority shall direct the licensing board or other licensing agency to suspend the obligor's license under paragraph (b), or shall report the matter to the lawyers professional responsibility board.

(d) The public authority or the court shall notify the lawyers professional responsibility board for appropriate action in accordance with the rules of professional responsibility conduct or order the licensing board or licensing agency to suspend the license if the judge finds that:

(1) the person is licensed by a licensing board or other state agency that issues an occupational license;

(2) the person has not made full payment of arrearages found to be due by the public authority; and

(3) the person has not executed or is not in compliance with a payment plan approved by the court, a child support magistrate, or the public authority.

(e) Within 15 days of the date on which the obligor either makes full payment of arrearages found to be due by the court or public authority or executes and initiates good faith compliance with a written payment plan approved by the court, a child support magistrate, or the public authority, the court, a child support magistrate, or the public authority responsible for child support enforcement shall notify the licensing board or licensing agency or the lawyers professional responsibility board that the obligor is no longer ineligible for license issuance, reinstatement, or renewal under this subdivision.

(f) In addition to the criteria established under this section for the suspension of an obligor's occupational license, a court, a child support magistrate, or the public authority may direct the licensing board or other licensing agency to suspend the license of a party who has failed, after receiving notice, to comply with a subpoena relating to a paternity or child support proceeding. Notice to an obligor of intent to suspend must be served by first class mail at the obligor's last known address. The notice must inform the obligor of the right to request a hearing. If the obligor makes a written request within ten days of the date of the hearing, a hearing must be held. At the hearing, the only issues to be considered are mistake of fact and whether the obligor received the subpoena.

(g) The license of an obligor who fails to remain in compliance with an approved payment agreement may be suspended. Notice to the obligor of an intent to suspend under this paragraph must be served by first class mail at the obligor's last known address and must include a notice of hearing. The notice must be served upon the obligor not less than ten days before the date of the hearing. If the obligor appears at the hearing and the judge determines that the obligor has failed to comply with an approved payment agreement, the judge shall notify the occupational licensing board or agency to suspend the obligor's license under paragraph (c). If the obligor fails to appear at the hearing, the public authority may notify the occupational or licensing board to suspend the obligor's license under paragraph (c).

Sec. 13. Minnesota Statutes 2000, section 518.551, subdivision 13, is amended to read:

Subd. 13. [DRIVER'S LICENSE SUSPENSION.] (a) Upon motion of an obligee, which has been properly served on the obligor and upon which there has been an opportunity for hearing, if a court finds that the obligor has been or may be issued a driver's license by the commissioner of public safety and the obligor is in arrears in court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three 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~~ pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority, the court shall order the commissioner of public safety to suspend the obligor's driver's license. The court's order must be stayed for 90 days in order to allow the obligor to execute a written payment agreement ~~regarding both current support and arrearages, which~~ pursuant to section 518.553. The payment agreement must be approved by either the court or the public authority responsible for child support enforcement. If the obligor has not executed or is not in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 after the 90 days expires, the court's order becomes effective and the commissioner of public safety shall suspend the obligor's driver's license. The remedy under this subdivision is in addition to any other enforcement remedy available to the court. An obligee may not bring a motion under this paragraph within 12 months of a denial of a previous motion under this paragraph.

(b) If a public authority responsible for child support enforcement determines that the obligor has been or may be issued a driver's license by the commissioner of public safety and the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments and not in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority, the public authority shall direct the commissioner of public safety to suspend the obligor's driver's license. The remedy under this subdivision is in addition to any other enforcement remedy available to the public authority.

(c) At least 90 days prior to notifying the commissioner of public safety according to paragraph (b), the public authority must mail a written notice to the obligor at the obligor's last known address, that it intends to seek suspension of the obligor's driver's license and that the obligor must request a hearing within 30 days in order to contest the suspension. If the obligor makes a written request for a hearing within 30 days of the date of the notice, a court hearing must be held. Notwithstanding any law to the contrary, the obligor must be served with 14 days' notice in writing specifying the time and place of the hearing and the allegations against the obligor. The notice may be served personally or by mail. If the public authority does not receive a request for a hearing within 30 days of the date of the notice, and the obligor does not execute a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the public authority within 90 days of the date of the notice, the public authority shall direct the commissioner of public safety to suspend the obligor's driver's license under paragraph (b).

(d) At a hearing requested by the obligor under paragraph (c), and on finding that the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, the district court or child support magistrate shall order the commissioner of public safety to suspend the obligor's driver's license or operating privileges unless the court or child support magistrate determines that the obligor has executed and is in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority.

(e) An obligor whose driver's license or operating privileges are suspended may:

(1) provide proof to the public authority responsible for child support enforcement that the obligor is in compliance with all written payment agreements ~~regarding both current support and arrearages.~~ pursuant to section 518.553;

(2) bring a motion for reinstatement of the driver's license. At the hearing, if the court orders reinstatement of the driver's license, the court or child support magistrate must establish a written payment agreement pursuant to section 518.553; or

(3) seek a limited license under section 171.30. A limited license issued to an obligor under section 171.30 expires 90 days after the date it is issued.

Within 15 days of the receipt of that proof or a court order, the public authority shall inform the commissioner of public safety that the obligor's driver's license or operating privileges should no longer be suspended.

(f) On January 15, 1997, and every two years after that, the commissioner of human services shall submit a report to the legislature that identifies the following information relevant to the implementation of this section:

(1) the number of child support obligors notified of an intent to suspend a driver's license;

(2) the amount collected in payments from the child support obligors notified of an intent to suspend a driver's license;

(3) the number of cases paid in full and payment agreements executed in response to notification of an intent to suspend a driver's license;

(4) the number of cases in which there has been notification and no payments or payment agreements;

(5) the number of driver's licenses suspended; ~~and~~

(6) the cost of implementation and operation of the requirements of this section; and

(7) the number of limited licenses issued and number of cases in which payment agreements are executed and cases are paid in full following issuance of a limited license.

(g) In addition to the criteria established under this section for the suspension of an obligor's driver's license, a court, a child support magistrate, or the public authority may direct the commissioner of public safety to suspend the license of a party who has failed, after receiving notice, to comply with a subpoena relating to a paternity or child support proceeding. Notice to an obligor of intent to suspend must be served by first class mail at the obligor's last known address. The notice must inform the obligor of the right to request a hearing. If the obligor makes a written request within ten days of the date of the hearing, a hearing must be held. At the hearing, the only issues to be considered are mistake of fact and whether the obligor received the subpoena.

(h) The license of an obligor who fails to remain in compliance with an approved payment agreement may be suspended. Notice to the obligor of an intent to suspend under this paragraph must be served by first class mail at the obligor's last known address and must include a notice of hearing. The notice must be served upon the obligor not less than ten days before the date of the hearing. If the obligor appears at the hearing and the judge determines that the obligor has failed to comply with an approved payment agreement, the judge shall notify the department of public safety to suspend the obligor's license under paragraph (c). If the obligor fails to appear at the hearing, the public authority may notify the department of public safety to suspend the obligor's license under paragraph (c).

Sec. 14. Minnesota Statutes 2000, section 518.551, subdivision 14, is amended to read:

Subd. 14. [MOTOR VEHICLE LIEN.] (a) Upon motion of an obligee, if a court finds that the obligor is a debtor for a judgment debt resulting from nonpayment of court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, the court shall order the commissioner of public safety to enter a lien in the name of the obligee or in the name of the state of Minnesota, as appropriate, in accordance with section 168A.05, subdivision 8, unless the court finds that the obligor is in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority. The court's order must be stayed for 90 days in order to allow the obligor to execute a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553, which ~~agreement~~ shall be approved by either the court or the public authority responsible for child support enforcement. If the obligor has not executed or is not in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority within the 90-day period, the court's order becomes effective and the commissioner of public safety shall record the lien on any motor vehicle certificate of title subsequently issued in the name of the obligor. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

(b) If a public authority responsible for child support enforcement determines that the obligor is a debtor for judgment debt resulting from nonpayment of court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, the public authority shall direct the commissioner of public safety to enter a lien in the name of the obligee or in the name of the state of Minnesota, as appropriate, under section 168A.05, subdivision 8, on any motor vehicle certificate of title subsequently issued in the name of the obligor unless the public authority determines that the obligor is in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the court, a child support magistrate, or the public authority. The remedy under this subdivision is in addition to any other enforcement remedy available to the public agency.

(c) At least 90 days prior to notifying the commissioner of public safety pursuant to paragraph (b), the public authority must mail a written notice to the obligor at the obligor's last known address, that it intends to record a lien on any motor vehicle certificate of title subsequently issued in the name of the obligor and that the obligor must request a hearing within 30 days in order to contest the action. If the obligor makes a written request for a hearing within 30 days of the date of the notice, a court hearing must be held. Notwithstanding any law to the contrary, the obligor must be served with 14 days' notice in writing specifying the time and place of the hearing and the allegations against the obligor. The notice may be served personally or by mail. If the public authority does not receive a request for a hearing within 30 days of the date of the notice and the obligor does not execute or is not in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is approved by the public authority within 90 days of the date of the notice, the public authority shall direct the commissioner of public safety to record the lien under paragraph (b).

(d) At a hearing requested by the obligor under paragraph (c), and on finding that the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, the district court or child support magistrate shall order the commissioner of public safety to record the lien unless the court or child support magistrate determines that the obligor has executed and is in compliance with a written payment agreement ~~regarding both current support and arrearages~~ pursuant to section 518.553 that is determined to be acceptable by the court, a child support magistrate, or the public authority.

(e) An obligor may provide proof to the court or the public authority responsible for child support enforcement that the obligor is in compliance with all written payment agreements ~~regarding both current support and arrearages~~ pursuant to section 518.553 or that the value of the motor vehicle is less than the exemption provided under section 550.37. Within 15 days of the receipt of that proof, the court or public authority shall either execute a release of security interest under section 168A.20, subdivision 4, and mail or deliver the release to the owner or other authorized person or shall direct the commissioner of public safety not to enter a lien on any motor vehicle certificate of title subsequently issued in the name of the obligor in instances where a lien has not yet been entered.

(f) Any lien recorded against a motor vehicle certificate of title under this section and section 168A.05, subdivision 8, attaches only to the nonexempt value of the motor vehicle as determined in accordance with section 550.37. The value of a motor vehicle must be determined in accordance with the retail value described in the N.A.D.A. Official Used Car Guide, Midwest Edition, for the current year, or in accordance with the purchase price as defined in section 297B.01, subdivision 8.

Sec. 15. Minnesota Statutes 2000, section 518.551, subdivision 15, is amended 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~~ pursuant to section 518.553, 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~~ pursuant to section 518.553. 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. 16. Minnesota Statutes 2000, section 518.553, is amended to read:

518.553 [PAYMENT AGREEMENTS.]

In proposing or approving proposed written payment agreements for purposes of section 518.551, the court, a child support magistrate, or the public authority shall take into consideration the amount of the arrearages, the amount of the current support order, any pending request for modification, and the earnings of the obligor. The court, child support magistrate, or public authority shall consider the individual financial circumstances of each obligor in evaluating the obligor's ability to pay any proposed payment agreement and shall propose a reasonable payment agreement tailored to the individual financial circumstances of each obligor. The court, child support magistrate, or public authority also shall consider a graduated payment plan tailored to the individual financial circumstances of each obligor.

Sec. 17. Minnesota Statutes 2000, section 518.6111, subdivision 8, is amended to read:

Subd. 8. [CONTEST.] (a) The obligor may contest withholding under subdivision 7 on the limited grounds that the withholding or the amount withheld is improper due to mistake of fact. If the obligor chooses to contest the withholding, the obligor must do so no later than 15 days after the employer commences withholding, ~~by doing all of the following:~~

~~(1) file a request for an expedited child support hearing under section 484.702, and include in the request the alleged mistake of fact;~~

~~(2) serve a copy of the request for contested hearing upon the public authority and the obligee; and~~

~~(3) secure a date for the contested hearing no later than 45 days after receiving notice that withholding has commenced~~ upon proper motion pursuant to section 484.702 and the rules of the expedited child support process.

(b) The income withholding must remain in place while the obligor contests the withholding.

(c) If the court finds a mistake in the amount of the arrearage to be withheld, the court shall continue the income withholding, but it shall correct the amount of the arrearage to be withheld.

Sec. 18. Minnesota Statutes 2000, section 518.614, subdivision 3, is amended to read:

Subd. 3. [DUTIES OF PUBLIC AUTHORITY.] Within three working days of receipt of sums released under subdivision 2, the public authority shall remit to the obligee all amounts not assigned under section 256.741 as current support or maintenance. The public authority shall also serve a copy of the court's order and the provisions of section 518.6111 and this section on the obligor's employer or other payor of funds unless within 15 days after mailing of the notice of intent to implement income withholding the obligor ~~requests a hearing on the issue of whether payment was in default as of the date of the notice of default and serves notice of the request for hearing on the public authority and the obligee~~ makes a proper motion pursuant to section 484.702 and the rules of the expedited child support process. The public authority shall instruct the employer or payor of funds pursuant to section 518.6111 as to the effective date on which the next support or maintenance payment is due. The withholding process must begin on said date and shall reflect the total credits of principal and interest amounts received from the escrow account.

Sec. 19. Minnesota Statutes 2000, section 518.614, subdivision 4, is amended to read:

Subd. 4. [HEARING.] Within 30 days of the date of the notice of default under subdivision 2, clause (2), the court must hold a hearing ~~requested~~ if a motion is brought by the obligor as set forth in subdivision 2. If the court finds that there was a default, the court shall order the immediate withholding of support or maintenance from the obligor's income. If the court finds that there was no default, the court shall order the reestablishment of the escrow account by either the obligee or obligor and continue the stay of income withholding.

Sec. 20. Minnesota Statutes 2000, section 518.617, subdivision 2, is amended to read:

Subd. 2. [COURT OPTIONS.] (a) If a court cites a person for contempt under this section, and the obligor lives in a county that contracts with the commissioner of human services under section 256.997, the court may order the performance of community service work up to 32 hours per week for six weeks for each finding of contempt if the obligor:

(1) is able to work full time;

(2) works an average of less than 32 hours per week; and

(3) has actual weekly gross income averaging less than 40 times the federal minimum hourly wage under United States Code, title 29, section 206(a)(1), or is voluntarily earning less than the obligor has the ability to earn, as determined by the court.

An obligor is presumed to be able to work full time. The obligor has the burden of proving inability to work full time.

(b) A person ordered to do community service work under paragraph (a) may, during the six-week period, apply to the court, ~~an administrative law judge~~ a child support magistrate, or the public authority to be released from the community service work requirement if the person:

(1) provides proof to the court, ~~an administrative law judge~~ a child support magistrate, or the public authority that the person is gainfully employed and submits to an order for income withholding under section 518.6111;

(2) enters into a written payment plan regarding both current support and arrearages approved by the court, ~~an administrative law judge~~ a child support magistrate, or the public authority; or

(3) provides proof to the court, ~~an administrative law judge~~ a child support magistrate, or the public authority that, subsequent to entry of the order, the person's circumstances have so changed that the person is no longer able to fulfill the terms of the community service order.

Sec. 21. Minnesota Statutes 2001 Supplement, section 518.6196, is amended to read:

518.6196 [COLLECTION; REVENUE RECAPTURE.]

The public authority may submit debt under chapter 270A only if the obligor is in arrears in court-ordered child support or maintenance payments, or both, in an amount greater than the obligor's total monthly support and maintenance payments or if the debt has been entered and docketed as a judgment ~~under section 548.091, subdivision 2a~~.

Sec. 22. Minnesota Statutes 2000, 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 by the court administrator when ordered by the court or shall be entered and docketed by the court administrator when the following conditions are met:

(1) the obligee determines that the obligor is at least 30 days in arrears;

(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;

(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

(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. 23. Minnesota Statutes 2001 Supplement, 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 260B.331 or 260C.331, 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, 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~~ state court administrator 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;

(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; or

(3) institutionalized or incarcerated for at least 30 days for an offense other than nonsupport of the child or children involved, and is otherwise financially unable to pay support.

Sec. 24. Minnesota Statutes 2000, 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:

(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 260B.331 or 260C.331, 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 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. 25. Laws 2001, chapter 202, section 19, is amended to read:

Sec. 19. [NONCUSTODIAL PARENT PROGRAM.]

Notwithstanding Minnesota Statutes, section 13.46, until August 1, ~~2002~~ 2005, the public authority responsible for child support enforcement and an agency administering the noncustodial parent employment and support services program under contract with the department of human services in Hennepin county may exchange data on current and former program participants for purposes of evaluating the program. Any private agency administering the program must agree to be bound by Minnesota Statutes, chapter 13."

Delete the title and insert:

"A bill for an act relating to child support; permitting the issuance of a limited license under certain circumstances to a person whose driver's license is suspended for nonpayment of support; clarifying requirements relating to payment agreements; modifying certain bonus incentives; changing child medical support requirements and procedures; changing support enforcement provisions; providing for continued exchange of certain data; amending

Minnesota Statutes 2000, sections 171.186, subdivisions 1, 3, by adding a subdivision; 171.30, subdivision 1; 518.171, subdivision 3, by adding a subdivision; 518.551, subdivisions 12, 13, 14, 15; 518.553; 518.6111, subdivision 8; 518.614, subdivisions 3, 4; 518.617, subdivision 2; 548.091, subdivisions 1, 2a; Minnesota Statutes 2001 Supplement, sections 256.979, subdivisions 5, 6; 518.171, subdivisions 1, 4, 5; 518.6196; 548.091, subdivision 1a; Laws 2001, chapter 202, section 19."

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

The report was adopted.

Mares from the Committee on Education Policy to which was referred:

H. F. No. 3394, A bill for an act relating to higher education; requiring a study of teacher persistence.

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

The report was adopted.

Finseth from the Committee on Agriculture Policy to which was referred:

H. F. No. 3406, A bill for an act relating to agriculture; modifying limits on the sale of prepared foods at community events or farmers' markets; amending Minnesota Statutes 2000, section 28A.15, subdivision 9.

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

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 3425, A bill for an act relating to insurance; regulating certain credit scoring procedures; proposing coding for new law in Minnesota Statutes, chapter 60K.

Reported the same back with the following amendments:

Page 1, line 7, delete everything before "Every"

Page 1, delete lines 14 to 18

With the recommendation that when so amended the bill pass.

The report was adopted.

Ozment from the Committee on Environment and Natural Resources Policy to which was referred:

H. F. No. 3432, A bill for an act relating to the environment; amending provisions of the Dry Cleaner Environmental Response and Reimbursement Law; amending Minnesota Statutes 2000, sections 115B.48, subdivision 5; 115B.49, subdivision 4; 115B.51.

Reported the same back with the following amendments:

Page 1, line 11, strike "a"

Page 1, line 16, after "perchloroethylene" insert "and its degradation products"

Page 1, line 17, delete everything after "and" and insert "their degradation products"

Page 1, line 18, delete everything before the period

Page 3, line 6, delete "to" and insert "and"

Page 3, line 7, after the period, insert "Section 2 is effective April 1, 2002."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Environment and Natural Resources Finance.

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 3445, A bill for an act relating to nonprofit corporations; neighborhood organizations; providing options regarding the election of directors, voting rights, and meeting notice requirements; amending Minnesota Statutes 2000, sections 317A.435, by adding a subdivision; 317A.437, by adding a subdivision; 317A.439, by adding a subdivision; 317A.441.

Reported the same back with the following amendments:

Page 1, line 24, delete the colon

Page 1, delete lines 25 to 27

Page 2, delete lines 1 to 6 and insert "given in a manner designed to notify all members with voting rights to the extent practicable."

Page 2, line 11, after the period, insert ""Neighborhood organization" does not include a unit owners' association under chapter 515B or a planned unit development or homeowners' association that consists exclusively of property owners within a defined geographic area."

Page 2, line 34, after "who" insert "are on a preexisting membership list or who"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 3455, A bill for an act relating to family law; enacting the Marital Agreement Act; proposing coding for new law in Minnesota Statutes, chapter 519; repealing Minnesota Statutes 2000, section 519.11.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 519.11, subdivision 1a, is amended to read:

Subd. 1a. [POSTNUPTIAL CONTRACT.] (a) Spouses who are legally married under the laws of this state may enter into a postnuptial contract or settlement which is valid and enforceable if it:

(1) complies with the requirements for antenuptial contracts or settlements in this section and in the law of this state, including, but not limited to, the requirement that it be procedurally and substantively fair and equitable both at the time of its execution and at the time of its enforcement; and

(2) complies with the requirements for postnuptial contracts or settlements in this section.

(b) A postnuptial contract or settlement that conforms with this section may determine all matters that may be determined by an antenuptial contract or settlement under the law of this state, except that a postnuptial contract or settlement may not determine the rights of any child of the spouses to child support from either spouse or rights of child custody or parenting time.

(c) A postnuptial contract or settlement is valid and enforceable only if at the time of its execution each spouse is represented by separate legal counsel.

(d) A postnuptial contract or settlement is ~~valid and enforceable only if at the time of its execution each of the spouses entering into the contract or settlement has marital property titled in that spouse's name, nonmarital property, or a combination of marital property titled in that spouse's name and nonmarital property with a total net value exceeding $1,200,000~~ presumed to be unenforceable if either party commences an action for a legal separation or dissolution within two years of the date of its execution, unless the spouse seeking to enforce the postnuptial contract or settlement can establish that the postnuptial contract or settlement is fair and equitable.

(e) ~~A postnuptial contract or settlement is not valid or enforceable if either party commences an action for a legal separation or dissolution within two years of the date of its execution.~~

~~(f)~~ Nothing in this section shall impair the validity or enforceability of a contract, agreement, or waiver which is entered into after marriage and which is described in chapter 524, article 2, part 2, further, a conveyance permitted by section 500.19 is not a postnuptial contract or settlement under this section."

Delete the title and insert:

"A bill for an act relating to family law; changing certain postnuptial contract provisions; amending Minnesota Statutes 2000, section 519.11, subdivision 1a."

With the recommendation that when so amended the bill pass.

The report was adopted.

Dempsey from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 3467, A bill for an act relating to the city of St. Paul; authorizing the creation of a library agency; modifying notice of proposed property taxes; amending Minnesota Statutes 2001 Supplement, section 275.065, subdivision 3.

Reported the same back with the following amendments:

Page 5, delete section 2

Page 5, line 20, delete "3" and insert "2"

Page 6, line 2, delete "4" and insert "3"

Page 6, line 22, delete "5" and insert "4"

Page 7, line 22, delete "6" and insert "5"

Page 7, line 23, delete "5" and insert "4"

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

The report was adopted.

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

H. F. No. 3473, A bill for an act relating to health; distributing funds for medical education; amending Minnesota Statutes 2000, section 62J.692, subdivision 4; Minnesota Statutes 2001 Supplement, section 62J.694, subdivision 2a.

Reported the same back with the following amendments:

Page 2, delete lines 20 to 25 and insert:

"(e) The commissioner shall distribute $4,900,000 to the University of Minnesota board of regents for the costs of the academic health center as specified under section 62J.694, subdivision 2a, paragraph (a), no later than June 30 of each year."

Page 3, line 3, after "health" insert "no later than April 15 of each year"

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

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 3492, A bill for an act relating to insurance; making certain changes involving the joint underwriting association's procedures; amending Minnesota Statutes 2000, section 62F.04, by adding a subdivision; repealing Minnesota Statutes 2000, section 62F.04, subdivision 1a.

Reported the same back with the following amendments:

Page 1, after line 7, insert:

"ARTICLE 1

JOINT UNDERWRITING ASSOCIATION"

Page 1, after line 22, insert:

"ARTICLE 2

OTHER INSURANCE CHANGES

Section 1. Minnesota Statutes 2000, section 61A.092, subdivision 6, is amended to read:

Subd. 6. [APPLICATION.] This section applies to a policy, certificate of insurance, or similar evidence of coverage issued to a Minnesota resident or issued to provide coverage to a Minnesota resident. This section does not apply to: (1) a certificate of insurance or similar evidence of coverage that meets the conditions of section 61A.093, subdivision 2; or (2) a group life insurance policy that contains a provision permitting the certificate holder, upon termination or layoff from employment, to retain the coverage provided under the group policy by paying premiums directly to the insurer, provided that the employer shall give the employee notice of the employee's and each related certificate holder's right to continue the insurance by paying premiums directly to the insurer. The insurer may reserve the right to increase premium rates after the first 18 months of continued coverage provided for under clause (2). A related certificate holder is an insured spouse or dependent child of the employee. Upon termination of this group policy or at the option of the insured who has continued coverage under clause (2), each covered employee, spouse, and dependent child is entitled to have issued to them a life conversion policy as prescribed in section 61A.09, subdivision 1, paragraph (h).

Sec. 2. Minnesota Statutes 2000, section 62J.51, subdivision 19, is amended to read:

Subd. 19. [UNIFORM DENTAL BILLING FORM.] "Uniform dental billing form" means the ~~1990~~ most current version uniform dental claim form developed by the American Dental Association.

Sec. 3. Minnesota Statutes 2000, section 62J.535, is amended by adding a subdivision to read:

Subd. 1a. [ELECTRONIC CLAIM TRANSACTIONS.] Group purchasers, including government programs, not defined as covered entities under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, and the rules promulgated under those sections, that voluntarily agree with providers to accept electronic claim transactions, must accept them in the ANSI X12N 837 standard electronic format as established by federal law. Nothing in this section requires acceptance of electronic claim transactions by entities not covered under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, and the rules promulgated under those sections. Notwithstanding the above, nothing in this section or other state law prohibits group purchasers not defined as covered entities under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, and the rules promulgated under those sections, from requiring, as authorized by Minnesota law or rule, additional information associated with a claim submitted by a provider.

Sec. 4. Minnesota Statutes 2000, section 62J.535, is amended by adding a subdivision to read:

Subd. 1b. [PAPER CLAIM TRANSACTIONS.] All group purchasers that accept paper claim transactions must accept, and health care providers submitting paper claim transactions must submit, such transactions with use of the applicable medical and nonmedical data code sets specified in the federal electronic claim transaction standards adopted under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, and the rules promulgated under those sections. The paper claim transaction must also be conducted using the uniform billing forms as specified in section 62J.52 and the identifiers specified in section 62J.54, on and after the compliance date required by law. Notwithstanding the above, nothing in this section or other state law prohibits group purchasers not defined as covered entities under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, and the rules promulgated under those sections, from requiring, as authorized by Minnesota law or rule, additional information associated with a claim submitted by a provider.

Sec. 5. Minnesota Statutes 2000, section 62J.535, subdivision 2, is amended to read:

Subd. 2. [COMPLIANCE.] ~~(a)~~ Subdivision 1a is effective concurrent with the date of required compliance for covered entities 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. 6. Minnesota Statutes 2000, section 62J.581, is amended to read:

62J.581 [STANDARDS FOR MINNESOTA UNIFORM HEALTH CARE REIMBURSEMENT DOCUMENTS.]

Subdivision 1. [MINNESOTA UNIFORM REMITTANCE ADVICE REPORT.] All group purchasers ~~and payers~~ shall provide a uniform remittance advice report to health care providers when a claim is adjudicated. The uniform remittance advice report shall comply with the standards prescribed in this section. Notwithstanding the above, this section does not apply to group purchasers not included as covered entities under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, and the rules promulgated under those sections.

Subd. 2. [MINNESOTA UNIFORM EXPLANATION OF BENEFITS DOCUMENT.] All group purchasers ~~and payers~~ shall provide a uniform explanation of benefits document to health care patients when ~~a claim is adjudicated~~ an explanation of benefits document is provided as otherwise required or permitted by law. The uniform explanation of benefits document shall comply with the standards prescribed in this section. Notwithstanding the above, this section does not apply to group purchasers not included as covered entities under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, and the rules promulgated under those sections.

Subd. 3. [SCOPE.] For purposes of sections 62J.50 to 62J.61, the uniform remittance advice report and the uniform explanation of benefits document format specified in subdivision 4 shall apply to all health care services delivered by a health care provider or health care provider organization in Minnesota, regardless of the location of the payer. Health care services not paid on an individual claims basis, such as capitated payments, are not included in this section. A health plan company is excluded from the requirements in subdivisions 1 and 2 if they comply with section 62A.01, subdivisions 2 and 3.

Subd. 4. [SPECIFICATIONS.] The uniform remittance advice report and the uniform explanation of benefits document shall be provided by use of a paper document conforming to the specifications in this section or by use of the ANSI X12N 835 standard electronic format as established under United States Code, title 42, sections 1320d to 1320d-8, and as amended from time to time for the remittance advice. The commissioner, after consulting with the administrative uniformity committee, shall specify the data elements and definitions for the uniform remittance advice report and the uniform explanation of benefits document. The commissioner and the administrative uniformity committee must consult with the Minnesota Dental Association and Delta Dental Plan of Minnesota before requiring under this section the use of a paper document for the uniform explanation of benefits document or the uniform remittance advice report for dental care services.

Subd. 5. [EFFECTIVE DATE.] The requirements in subdivisions 1 and 2 are effective ~~12 months after the date of required compliance with the standards for the electronic remittance advice transaction under United States Code, title 42, sections 1320d to 1320d-8, and as amended from time to time~~ October 16, 2004. The requirements in subdivisions 1 and 2 apply regardless of when the health care service was provided to the patient.

Sec. 7. [REVISOR INSTRUCTION.]

The revisor of statutes is instructed to amend the headnote of Minnesota Statutes, section 62J.535, to read "Uniform Billing Requirements for Claim Transactions."

Sec. 8. [REPEALER.]

Minnesota Statutes 2000, section 62J.535, subdivision 1, is repealed.

Sec. 9. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to insurance; making certain changes involving the joint underwriting association's procedures; providing continuation coverage for certain life insurance; providing for health care administrative simplification; amending Minnesota Statutes 2000, sections 61A.092, subdivision 6; 62F.04, by adding a subdivision; 62J.51, subdivision 19; 62J.535, subdivision 2, by adding subdivisions; 62J.581; repealing Minnesota Statutes 2000, sections 62F.04, subdivision 1a; 62J.535, subdivision 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

Davids from the Committee on Commerce, Jobs and Economic Development to which was referred:

H. F. No. 3497, A bill for an act relating to commerce; establishing a division of insurance fraud prevention within the department of commerce to investigate and prosecute insurance fraud; providing new grounds for revocation of a chiropractic license for the employment of runners, cappers, or steerers; requiring chiropractors to disclose their financial interest before referrals to any health care provider; establishing removal from arbitration for allegations of fraud; appropriating money; prescribing criminal penalties; amending Minnesota Statutes 2000, sections 60A.951, subdivisions 1, 2, by adding subdivisions; 60A.952, subdivisions 1, 2, by adding subdivisions; 60A.953; 65B.525, by adding a subdivision; 168A.40, subdivisions 3, 4; Minnesota Statutes 2001 Supplement, section 148.10, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 45; 60A; 609; repealing Minnesota Statutes 2000, sections 175.16, subdivision 2; 299A.75.

Reported the same back with the following amendments:

Page 2, line 4, after the semicolon, insert "and"

Page 2, line 11, delete "; and" and insert a period

Page 2, delete lines 12 and 13

Page 3, line 16, delete everything after "of"

Page 3, line 17, delete "section 60A.957 and"

Page 3, line 20, delete "60A.957" and insert "60A.956"

Pages 3 to 6, delete section 2

Page 6, line 12, delete "60A.957" and insert "60A.956"

Page 6, delete section 5

Page 8, delete sections 11 and 12

Page 10, lines 34 and 36, delete "60A.957" and insert "60A.956"

Page 11, line 2, delete "60A.957" and insert "60A.956"

Pages 11 to 21, delete sections 19 to 24

Page 21, line 28, delete everything before "The"

Page 21, line 30, after the second comma, insert "subdivision 2,"

Page 21, delete lines 34 to 36

Page 22, delete lines 1 to 3

Page 22, line 5, delete "sections " and insert "section" and delete ";" and insert a comma

Page 22, line 6, delete everything before "repealed" and insert "is"

Renumber the sections in sequence

Amend the title as follows:

Page 1, delete lines 5 to 9

Page 1, line 10, delete "allegations of fraud;"

Page 1, line 14, delete everything after the second semicolon

Page 1, delete lines 15 and 16

Page 1, line 17, delete "1;"

Page 1, line 18, delete "609;"

Page 1, line 19, delete "sections" and insert "section" and delete "; 299A.75"

With the recommendation that when so amended the bill pass.

The report was adopted.

Workman from the Committee on Transportation Policy to which was referred:

H. F. No. 3512, A bill for an act relating to state lands; providing for a land exchange with city of Garfield.

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

The report was adopted.

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

H. F. No. 3513, A bill for an act relating to the military; providing education-related protections for certain persons called to active military service; proposing coding for new law in Minnesota Statutes, chapter 192.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Higher Education Finance.

The report was adopted.

Dempsey from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 3518, A bill for an act relating to the building code; providing the method for inspection of certain residential buildings; proposing coding for new law in Minnesota Statutes, chapter 16B.

Reported the same back with the following amendments:

Page 1, line 13, after the period, insert "This section does not apply to fire or other life safety inspections."

Page 1, line 14, delete "A municipality" and insert "The commissioner"

Page 1, line 16, after "and" insert "a municipality"

Page 1, line 17, after the period, insert "The commissioner may require a certified inspector to post a bond in an amount determined by the commissioner."

With the recommendation that when so amended the bill pass.

The report was adopted.

Workman from the Committee on Transportation Policy to which was referred:

H. F. No. 3528, A bill for an act relating to highways; providing for issuance by road authorities in the metropolitan area of permits for certain vehicles during certain periods in which seasonal weight restrictions are in effect; amending Minnesota Statutes 2000, section 169.87, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 14, delete "a" and insert "an annual"

Page 2, after line 7, insert:

"(d) Nothing in this subdivision supersedes any provision of law or local ordinance that makes highway users responsible financially for damages caused to highways and bridges."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 3537, A bill for an act relating to public employment labor relations; extending the expiration of an interest arbitration provision governing firefighters; amending Minnesota Statutes 2000, section 179A.16, subdivision 7a.

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

The report was adopted.

Tuma from the Committee on Crime Prevention to which was referred:

H. F. No. 3550, A bill for an act relating to crime prevention; expanding the scope of the DNA collection law; amending Minnesota Statutes 2000, section 299C.155, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 609.117.

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

The report was adopted.

Tuma from the Committee on Crime Prevention to which was referred:

H. F. No. 3592, A bill for an act relating to extended jurisdiction juveniles; requiring the revocation of a stayed sentence in certain circumstances; amending Minnesota Statutes 2000, section 260B.130, subdivision 5.

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

The report was adopted.

Workman from the Committee on Transportation Policy to which was referred:

H. F. No. 3602, A bill for an act relating to transportation; creating a local road improvement fund; providing for standing appropriation of money in the fund to the commissioner of transportation; specifying criteria for expenditures from the fund; authorizing bonds; proposing coding for new law in Minnesota Statutes, chapter 174.

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

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 94, 856, 1025, 1189, 1224, 1517, 1620, 1885, 2168, 2618, 2647, 2706, 2708, 2755, 2792, 2814, 2882, 2894, 2899, 2961, 2965, 2991, 3013, 3025, 3030, 3034, 3041, 3057, 3058, 3061, 3079, 3086, 3092, 3112, 3117, 3163, 3183, 3189, 3193, 3223, 3241, 3257, 3274, 3278, 3291, 3319, 3344, 3348, 3362, 3394, 3406, 3425, 3445, 3455, 3492, 3497, 3512, 3518, 3528 and 3537 were read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Holsten and Bakk introduced:

H. F. No. 3607, A bill for an act relating to natural resources; modifying timber permit and lease provisions; creating a prairie chicken hunting license; modifying requirements for taking turtles; modifying requirements for a firearms safety certificate; providing for enforcement authority and restoration requirements related to gathering

or destroying aquatic plants; eliminating certain experimental trout stream restrictions; providing criminal penalties; appropriating money; amending Minnesota Statutes 2000, sections 90.151, subdivision 1; 90.162; 97A.475, subdivisions 2, 41; 97B.020; 97B.601, subdivision 4; 97C.605; 97C.611; 103G.615, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 97A; 97B; repealing Minnesota Statutes 2000, sections 90.50; 97C.003; 97C.605, subdivision 4.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Holsten introduced:

H. F. No. 3608, A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money for flood hazard mitigation to the city of Stillwater.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance.

Abeler, Mares, Carlson, Jennings, Koskinen, Sykora and Tingelstad introduced:

H. F. No. 3609, A bill for an act relating to education; authorizing school districts to pursue additional revenue sources; proposing coding for new law in Minnesota Statutes, chapter 123B.

The bill was read for the first time and referred to the Committee on K-12 Education Finance.

Dibble introduced:

H. F. No. 3610, A bill for an act relating to real property; eliminating junior creditor redemption rights under certain circumstances; amending Minnesota Statutes 2000, section 580.24.

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

Haas and Davids introduced:

H. F. No. 3611, A bill for an act relating to insurance; regulating public adjusters; amending Minnesota Statutes 2000, section 72B.14.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Schumacher, Opatz, Knoblach, Stang and Dehler introduced:

H. F. No. 3612, A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money for land acquisition to enable increased operations at the St. Cloud Regional Airport.

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

Tuma and Stanek introduced:

H. F. No. 3613, A bill for an act relating to crimes; requiring a ten-year conditional release period when a person has a previous sex offense conviction regardless of the state in which it occurred; making it a ten-year felony when a person commits certain prohibited acts when the act is committed with sexual or aggressive intent; defining

aggravated harassing conduct to include acts of criminal sexual conduct as predicate offenses for a pattern of harassing conduct; prescribing penalties; amending Minnesota Statutes 2000, sections 609.109, subdivision 7; 609.749, subdivision 3; Minnesota Statutes 2001 Supplement, section 609.749, subdivisions 4, 5.

The bill was read for the first time and referred to the Committee on Crime Prevention.

Mullery and Gunther introduced:

H. F. No. 3614, A bill for an act relating to landlords and tenants; providing for residential tenant reports; increasing a penalty; amending Minnesota Statutes 2000, sections 504B.173, subdivision 4; 504B.245; proposing coding for new law in Minnesota Statutes, chapter 504B.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Peterson, Juhnke, Kubly, Skoe, Schumacher, Winter and Otremba introduced:

H. F. No. 3615, A bill for an act relating to capital improvements; authorizing the sale of state bonds; appropriating money for a swine farrowing demonstration facility at the University of Minnesota at Morris.

The bill was read for the first time and referred to the Committee on Agriculture and Rural Development Finance.

Knoblach introduced:

H. F. No. 3616, A bill for an act relating to state lands; requiring an inventory of state-owned land; prohibiting any net increase in the acreage of state-owned land; modifying disposition of certain fees from the sale of tax-forfeited lands; amending Minnesota Statutes 2000, sections 282.09, subdivision 1; 282.36; proposing coding for new law in Minnesota Statutes, chapter 16B.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Penas introduced:

H. F. No. 3617, A bill for an act relating to capital improvements; providing for a grant to the city of Roseau to renovate the municipal building; authorizing issuance of bonds; appropriating money.

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

Knoblach introduced:

H. F. No. 3618, A bill for an act relating to capital improvements; providing for grants to greater Minnesota public regional parks organizations; authorizing issuance of bonds; appropriating money.

The bill was read for the first time and referred to the Committee on Capital Investment.

Blaine introduced:

H. F. No. 3619, A bill for an act relating to capital improvements; providing for a grant to the city of Little Falls for capital improvements and betterments at the Pine Grove Park Zoo; authorizing issuance of bonds; appropriating money.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance.

Dawkins introduced:

H. F. No. 3620, A bill for an act relating to taxation; extending the sales and use tax to pesticides; amending Minnesota Statutes 2001 Supplement, section 297A.69, subdivision 2.

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

Sviggum introduced:

H. F. No. 3621, A bill for an act relating to health; eliminating the tobacco use prevention and local public health endowment fund; amending Minnesota Statutes 2000, section 144.395, subdivision 3; Minnesota Statutes 2001 Supplement, section 16A.87, subdivision 3; repealing Minnesota Statutes 2000, sections 144.395, as amended; 144.396.

The bill was read for the first time and referred to the Committee on Ways and Means.

Lieder, Skoe, Marquart, Kubly and Nornes introduced:

H. F. No. 3622, A bill for an act relating to agriculture; providing for grants for the farm wrap network and rural help network; appropriating money.

The bill was read for the first time and referred to the Committee on Agriculture and Rural Development Finance.

Goodno introduced:

H. F. No. 3623, A bill for an act relating to health; modifying access to health records; amending Minnesota Statutes 2000, section 144.335, subdivisions 2, 4, 5; Minnesota Statutes 2001 Supplement, section 144.335, subdivision 1; repealing Minnesota Statutes 2000, section 144.335, subdivision 3.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Kielkucki introduced:

H. F. No. 3624, A bill for an act relating to education; repealing the profile of learning; establishing local academic achievement testing; establishing local testing revenue; appropriating money; amending Minnesota Statutes 2000, sections 120B.02; 120B.31, subdivision 3; Minnesota Statutes 2001 Supplement, sections 120B.30, subdivision 1; 120B.35; proposing coding for new law in Minnesota Statutes, chapter 120B; repealing Minnesota Statutes 2000, sections 120B.031; 120B.31, subdivisions 1, 2, 4; Minnesota Rules, parts 3501.0300; 3501.0310; 3501.0320; 3501.0330; 3501.0340; 3501.0350; 3501.0370; 3501.0380; 3501.0390; 3501.0400; 3501.0410; 3501.0420; 3501.0440; 3501.0441; 3501.0442; 3501.0443; 3501.0444; 3501.0445; 3501.0446; 3501.0447; 3501.0448; 3501.0449; 3501.0450; 3501.0460; 3501.0461; 3501.0462; 3501.0463; 3501.0464; 3501.0465; 3501.0466; 3501.0467; 3501.0468; 3501.0469.

The bill was read for the first time and referred to the Committee on Education Policy.

Pawlenty introduced:

H. F. No. 3625, A bill for an act relating to data privacy; regulating electronic mail solicitations; protecting privacy of Internet consumers; regulating use of information about Internet users; providing penalties; proposing coding for new law in Minnesota Statutes, chapters 325F; 325M.

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

Tuma introduced:

H. F. No. 3626, A bill for an act relating to crimes; changing controlled substance offenses to include six degrees; imposing penalties; amending Minnesota Statutes 2000, sections 152.021; 152.022, as amended; 152.023, as amended; 152.024; 152.025; proposing coding for new law in Minnesota Statutes, chapter 152.

The bill was read for the first time and referred to the Committee on Crime Prevention.

Sviggum introduced:

H. F. No. 3627, A bill for an act relating to taxes; local sales and use; authorizing the city of Medford to impose a local sales and use tax.

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

Abrams introduced:

H. F. No. 3628, A bill for an act relating to taxation; exempting certain utility attached machinery from the property tax; exempting the purchase of construction materials used in constructing certain hydroelectric generating facilities from the sales tax; amending Minnesota Statutes 2000, sections 272.02, by adding a subdivision; 297A.71, by adding a subdivision.

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

Marquart introduced:

H. F. No. 3629, A bill for an act relating to taxation; requiring property taxes be paid before title to manufactured homes can be transferred; notifying taxpayers on certain property tax statements; amending Minnesota Statutes 2000, sections 168A.05, by adding a subdivision; 273.125, subdivision 3.

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

Koskinen, Otremba and Huntley introduced:

H. F. No. 3630, A bill for an act relating to courts; requesting the supreme court to study and make recommendations regarding tracking of civil actions involving sexual abuse.

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

Gunther introduced:

H. F. No. 3631, A bill for an act relating to taxes; sales and use taxes; exempting the purchase of construction materials used in constructing a wastewater collection and treatment system for the city of Lewisville; amending Minnesota Statutes 2000, section 297A.71, by adding a subdivision.

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

Greiling, Evans and Wasiluk introduced:

H. F. No. 3632, A bill for an act relating to education finance; restoring voter-approved referendum amounts in certain circumstances; amending Minnesota Statutes 2001 Supplement, section 126C.17, subdivision 1.

The bill was read for the first time and referred to the Committee on K-12 Education Finance.

Holberg introduced:

H. F. No. 3633, A bill for an act relating to civil actions; regulating limitation periods of certain actions; enacting a Uniform Conflict of Laws-Limitations Act; proposing coding for new law in Minnesota Statutes, chapter 541.

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

## 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. 351, A bill for an act relating to the operation of state government; crime prevention and judiciary finance; appropriating money for the judicial branch, public defense, human rights, corrections, public safety, crime victims, and related purposes; establishing and expanding grant programs, task forces, and pilot projects; requiring reports and studies; transferring, modifying, and expanding responsibility for various governmental responsibilities; providing procedures and policies for integrated criminal justice information systems; adopting various provisions relating to corrections; imposing, clarifying, and expanding certain criminal and civil provisions and penalties; regulating dangerous dogs; providing for protection of public safety in bail determinations; making certain changes related to sex offenders and sex offender registration; providing for state funding of certain programs and personnel; abolishing the office of the ombudsman for corrections; eliminating the Camp Ripley weekend camp program; increasing certain fees and modifying the allocation of certain fees; establishing a theft prevention advisory board; establishing a felony-level penalty for driving while impaired; modifying certain policies and procedures relating to domestic violence; making technical changes to the driving while impaired laws; reforming and recodifying the law relating to marriage dissolution, child custody, child support, maintenance, and property division; clarifying certain medical support bonus incentive provisions; making style and form changes; amending Minnesota Statutes 2000, sections 2.724, subdivision 3; 8.16, subdivision 1; 13.87, by adding a subdivision; 15A.083, subdivision 4; 169A.03, subdivision 12, by adding subdivisions; 169A.20, subdivision 3; 169A.25; 169A.26; 169A.27; 169A.275, subdivisions 3, 5; 169A.277, subdivision 2; 169A.28, subdivision 2; 169A.283, subdivision 1; 169A.37, subdivision 1; 169A.40, subdivision 3; 169A.41, subdivision 2; 169A.51, subdivision 7; 169A.54, subdivision 6; 169A.60, subdivisions 1, 13, 14; 169A.63, subdivision 1; 171.09; 171.186, by adding a subdivision; 171.29, subdivision 2; 171.30, subdivision 1; 241.272, subdivision 6; 242.192; 243.166, subdivisions 1, 3, 4a, 6; 243.167, subdivision 1; 243.51, subdivisions 1, 3; 256.9791; 299A.75, subdivision 1, by adding subdivisions; 299C.10, subdivision 1; 299C.11; 299C.147, subdivision 2; 299C.65, subdivisions 1, 2; 299F.058, subdivision 2; 343.20, by adding subdivisions; 343.21, subdivisions 9, 10; 518.002; 518.003, subdivisions 1, 3; 518.005; 518.01; 518.02; 518.03; 518.04; 518.05; 518.055; 518.06; 518.07; 518.09; 518.10; 518.11; 518.12; 518.13; 518.131; 518.14, subdivision 1; 518.148; 518.155; 518.156; 518.157, subdivisions 1, 2, 3, 5, 6; 518.158, subdivisions 2, 4; 518.165; 518.166; 518.167, subdivisions 3, 4, 5; 518.168; 518.1705, subdivision 6; 518.175, subdivisions 1, 1a, 2, 3, 5, 6, 7, 8; 518.1751, subdivisions 1b, 2, 2a, 2b, 2c, 3; 518.176; 518.177; 518.178; 518.179, subdivision 1; 518.18; 518.24;

518.25; 518.54, subdivisions 1, 5, 6, 7, 8; 518.55; 518.552; 518.58; 518.581; 518.582; 518.612; 518.619; 518.62; 518.64, subdivisions 1, 2; 518.641; 518.642; 518.646; 518.65; 518B.01, subdivisions 2, 3, 6, 14; 609.02, by adding a subdivision; 609.035, subdivision 2; 609.117; 609.224, subdivisions 2, 4; 609.2242, subdivisions 2, 4; 609.343, subdivision 2; 609.487, subdivision 4; 609.495, subdivisions 1, 3; 609.521; 609.748, subdivisions 6, 8; 609.749, subdivisions 4, 5; 611.23; 611.272; 611A.201, subdivision 2; 611A.32, by adding a subdivision; 611A.74, subdivisions 1, 1a; 617.247, subdivisions 3, 4; 626.55, subdivision 1; 629.471, subdivision 2; 629.72; Laws 1996, chapter 408, article 2, section 16; proposing coding for new law in Minnesota Statutes, chapters 8; 169A; 299A; 299C; 347; 518; 518B; 609; 626; proposing coding for new law as Minnesota Statutes, chapters 517A; 517B; 517C; repealing Minnesota Statutes 2000, sections 169A.275, subdivision 4; 241.41; 241.42; 241.43; 241.44; 241.441; 241.45; 243.166, subdivision 10; 518.111; 518.17; 518.171; 518.185; 518.255; 518.54, subdivisions 2, 4a, 13, 14; 518.551; 518.5513; 518.553; 518.57; 518.575; 518.585; 518.5851; 518.5852; 518.5853; 518.61; 518.6111; 518.614; 518.615; 518.616; 518.617; 518.618; 518.6195; 518.64, subdivisions 4, 4a, 5; 518.66; 609.2244, subdivision 4; 626.55, subdivision 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 that the Senate has reconsidered the vote whereby S. F. No. 1495 was repassed and has also reconsidered the vote whereby the recommendations and the Conference Committee report were adopted on May 21, 2001.

As requested by the House the Senate has re-referred the subject matter of said bill to the Conference Committee, as formerly constituted, for further consideration.

S. F. No. 1495, A bill for an act relating to agriculture; modifying provisions of the value-added agricultural product processing and marketing grant program; eliminating the late fee for the license to use the Minnesota grown label; clarifying the term "private contributions" for the Minnesota grown matching account; modifying provisions of the shared savings loan program and the sustainable agriculture demonstration grant program; modifying provisions of the agriculture best management practices loan program; regulating pesticide application in certain schools; modifying financing limitations for the administration of the state meat inspection program; authorizing the state agricultural society to establish a nonprofit corporation for charitable purposes; modifying provisions relating to the rural finance authority; extending the sunset date and providing for designation of replacement members of the Minnesota agriculture education leadership council; modifying the definition of "agricultural land" for the purpose of recreational trespass; extending the sunset of the dairy producers board, and conditionally voiding its repeal; providing for pesticide application on golf courses; changing certain membership provisions on the state agricultural society; defining biodiesel fuel and requiring it in diesel fuel oil; requiring reports on it; allowing natural gasoline as a petroleum component in E85 fuel; extending the sunset date for the farmer-lender mediation program; providing a temporary waiver of board of animal health rules for use of biological products on poultry; adding cultivated wild rice to the agricultural commodities promotion act provision; repealing obsolete agricultural statutes; amending Minnesota Statutes 2000, sections 17.101, subdivision 5; 17.102, subdivision 3; 17.109, subdivision 3; 17.115; 17.116; 17.117; 17.53, subdivisions 2, 8, 13; 17.63; 17.76, subdivision 2; 18B.01, by adding a subdivision; 31A.21, subdivision 2; 37.03, subdivision 1; 41B.025, subdivision 1; 41B.03, subdivision 2; 41B.043, subdivisions 1b, 2; 41B.046, subdivision 2; 41D.01, subdivisions 1, 3, 4; 97B.001, subdivision 1; 116O.09, subdivision 1a; 296A.01, subdivision 19; Laws 1986, chapter 398, article 1, section 18, as amended; proposing coding for new law in Minnesota Statutes, chapters 18B; 37; 239; repealing Minnesota Statutes 2000, sections 17.987; 24.001; 24.002; 24.12; 24.131; 24.135; 24.141; 24.145; 24.151; 24.155; 24.161; 24.171; 24.175; 24.18; 24.181; 33.09; 33.111.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONSENT CALENDAR

H. F. No. 3196, A bill for an act relating to state government; department of administration; clarifying ethical provisions in state procurement law; authorizing the commissioner of administration to adopt rules relating to state archaeology; repealing obsolete technology authority; repealing statutory authority for the citizens council on Voyageurs National Park; amending Minnesota Statutes 2000, sections 16C.04, subdivisions 1, 2; 138.31, by adding a subdivision; 138.36, by adding a subdivision; 138.38; 138.39; 138.41, subdivision 1; repealing Minnesota Statutes 2000, sections 13.6401, subdivision 3; 16B.415; 84B.11.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 2 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|---|---|---|---|---|---|
| Abeler | Dibble | Hilstrom | Leighton | Osthoff | Smith |
| Anderson, B. | Dorman | Hilty | Lenczewski | Otremba | Solberg |
| Anderson, I. | Dorn | Holberg | Leppik | Ozment | Stanek |
| Bakk | Eastlund | Holsten | Lieder | Paulsen | Stang |
| Bernardy | Entenza | Howes | Lindner | Pawlenty | Swapinski |
| Biernat | Erhardt | Huntley | Lipman | Paymar | Swenson |
| Bishop | Erickson | Jacobson | Mahoney | Pelowski | Sykora |
| Blaine | Evans | Jaros | Mares | Penas | Thompson |
| Boudreau | Finseth | Jennings | Mariani | Peterson | Tingelstad |
| Bradley | Folliard | Johnson, R. | Marko | Pugh | Tuma |
| Buesgens | Fuller | Johnson, S. | Marquart | Rhodes | Vandeveer |
| Carlson | Gerlach | Juhnke | McElroy | Rifenberg | Wagenius |
| Cassell | Gleason | Kahn | McGuire | Rukavina | Walker |
| Clark, J. | Goodno | Kalis | Milbert | Ruth | Walz |
| Clark, K. | Goodwin | Kelliher | Molnau | Schumacher | Westerberg |
| Daggett | Greiling | Kielkucki | Mulder | Seagren | Westrom |
| Davids | Gunther | Knoblach | Mullery | Seifert | Wilkin |
| Davnie | Haas | Koskinen | Murphy | Sertich | Winter |
| Dawkins | Hackbarth | Kubly | Ness | Skoe | Wolf |
| Dehler | Harder | Kuisle | Nornes | Skoglund | Workman |
| Dempsey | Hausman | Larson | Opatz | Slawik | Spk. Sviggum |

Those who voted in the negative were:

| | |
|---|---|
| Krinkie | Osskopp |

The bill was passed and its title agreed to.

Pawlenty moved that the remaining bills on the Consent Calendar be continued. The motion prevailed.

## MOTIONS AND RESOLUTIONS

Hilstrom moved that her name be stricken as an author on H. F. No. 351. The motion prevailed.

Skoglund moved that his name be stricken as an author on H. F. No. 351. The motion prevailed.

Leppik moved that the name of Ruth be added as an author on H. F. No. 1524. The motion prevailed.

Gleason moved that his name be stricken as an author on H. F. No. 1689. The motion prevailed.

Leighton moved that his name be stricken as an author on H. F. No. 2912. The motion prevailed.

Olson moved that the names of Seifert, Eastlund and Molnau be added as authors on H. F. No. 3007. The motion prevailed.

Pugh moved that the name of Stang be added as chief author on H. F. No. 3058. The motion prevailed.

Evans moved that the name of Kelliher be added as an author on H. F. No. 3126. The motion prevailed.

Seifert moved that the names of Thompson and Jaros be added as authors on H. F. No. 3314. The motion prevailed.

Holsten moved that the name of Gleason be added as an author on H. F. No. 3340. The motion prevailed.

Swapinski moved that his name be stricken as an author on H. F. No. 3360. The motion prevailed.

Seagren moved that the name of Erhardt be added as an author on H. F. No. 3375. The motion prevailed.

Hausman moved that the name of Kelliher be added as an author on H. F. No. 3385. The motion prevailed.

Daggett moved that the names of Swenson and Westrom be added as authors on H. F. No. 3503. The motion prevailed.

Tingelstad moved that the names of Abeler and Slawik be added as authors on H. F. No. 3508. The motion prevailed.

Dorman moved that the name of Otremba be added as an author on H. F. No. 3522. The motion prevailed.

Evans moved that the name of Goodwin be added as an author on H. F. No. 3567. The motion prevailed.

Evans moved that the name of Goodwin be added as an author on H. F. No. 3572. The motion prevailed.

Bishop moved that the name of Biernat be added as an author on H. F. No. 3575. The motion prevailed.

Dempsey moved that H. F. No. 3288 be recalled from the Committee on Local Government and Metropolitan Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

Boudreau moved that H. F. No. 3393 be recalled from the Committee on Transportation Policy and be re-referred to the Committee on Transportation Finance. The motion prevailed.

Dempsey moved that H. F. No. 3426 be recalled from the Committee on Local Government and Metropolitan Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

Ozment moved that H. F. No. 3506 be recalled from the Committee on Environment and Natural Resources Policy and be re-referred to the Committee on Local Government and Metropolitan Affairs. The motion prevailed.

Mulder moved that H. F. No. 3013 be returned to its author. The motion prevailed.

Fuller moved that H. F. No. 3542 be returned to its author. The motion prevailed.

Fuller moved that H. F. No. 3546 be returned to its author. The motion prevailed.

## ADJOURNMENT

Pawlenty moved that when the House adjourns today it adjourn until 9:00 a.m., Tuesday, February 26, 2002. The motion prevailed.

Pawlenty moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 9:00 a.m., Tuesday, February 26, 2002.

EDWARD A. BURDICK, Chief Clerk, House of Representatives