

STATE OF MINNESOTA

SPECIAL SESSION — 2001

 SIXTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, JUNE 26, 2001

The House of Representatives convened at 2:00 p.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by Representative Gary W. Kubly, District 15B, Granite Falls, Minnesota.

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

The roll was called and the following members were present:

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

A quorum was present.

Jaros, Jennings and Tingelstad were excused.

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

CERTIFICATION PURSUANT TO RULE 4.03
ON FINANCE AND REVENUE BILLS

June 26, 2001

Edward A. Burdick
Chief Clerk of the House of Representatives
The State of Minnesota

Dear Mr. Burdick:

House Rule 4.03 requires the Chair of the Committee on Ways and Means to certify to the House of Representatives that any finance and revenue bills reconcile with the budget resolution and targets.

Please accept this letter as certification that S. F. No. 10 and S. F. No. 11 reconcile with the budget resolution, the Environment Finance budget target and the Higher Education budget target.

Sincerely,

REPRESENTATIVE DAVE BISHOP
Chair, House Ways and Means Committee

June 26, 2001

Edward A. Burdick
Chief Clerk of the House of Representatives
The State of Minnesota

Dear Mr. Burdick:

House Rule 4.03 requires the Chair of the Committee on Ways and Means to certify to the House of Representatives that any finance and revenue bills reconcile with the budget resolution and targets.

Please accept this letter as certification that H. F. No. 4 and H. F. No. 5 reconcile with the budget resolution, the Family and Early Childhood Finance budget target and the Jobs and Economic Development Finance budget target.

Sincerely,

REPRESENTATIVE DAVE BISHOP
Chair, House Ways and Means Committee

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Molnau, Holberg, Kuisle, Workman and Juhnke introduced:

H. F. No. 30, A bill for an act proposing an amendment to the Minnesota Constitution, article XIV, by adding a section; dedicating 75 percent of proceeds on transfer of motor vehicles for highway and transit purposes.

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

FISCAL CALENDAR

Pursuant to rule 1.22, Bishop requested immediate consideration of H. F. No. 4.

H. F. No. 4 was reported to the House.

Sykora moved to amend H. F. No. 4 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1**CHILDREN AND FAMILY SUPPORT PROGRAMS**

Section 1. Minnesota Statutes 2000, section 119B.011, subdivision 19, is amended to read:

Subd. 19. [PROVIDER.] "Provider" means ~~a child care license holder who operates a family child care home, a group family child care home, a child care center, a nursery school, a day nursery, a school age care program, a license-exempt school age care program operating under the auspices of a local school board or a park or recreation board of a city of the first class that has adopted school age care guidelines which meet or exceed guidelines recommended by the department, or a nonlicensed an individual or child care center or facility, either licensed or unlicensed, providing legal child care services as defined under section 245A.03. A legally unlicensed registered family child care provider who is must be at least 18 years of age, and who is not a member of the MFIP assistance unit or a member of the family receiving child care assistance under this chapter.~~

Sec. 2. Minnesota Statutes 2000, section 119B.011, is amended by adding a subdivision to read:

Subd. 23. [RECOUPMENT OF OVERPAYMENTS.] "Recoupment of overpayments" means the reduction of child care assistance payments to an eligible family in order to correct an overpayment to the family even when the overpayment is due to agency error or other circumstances outside the responsibility or control of the family.

Sec. 3. Minnesota Statutes 2000, section 119B.06, is amended by adding a subdivision to read:

Subd. 3. [CHILD CARE DEVELOPMENT FUND PLAN DEVELOPMENT; REVIEW.] In an effort to improve state legislative involvement in the development of the Minnesota child care and development fund plan, the commissioner must present a draft copy of the plan to the legislative finance committees that oversee child care assistance funding no less than 30 days prior to the required deadline for submission of the plan to the federal government. The legislature must submit any adjustments to the plan to the commissioner for consideration within ten business days of receiving the draft plan. The commissioner must present a copy of the final plan to the chairs of the legislative finance committees that oversee child care assistance funding no less than four days prior to the deadline for submission of the plan to the federal government.

Sec. 4. Minnesota Statutes 2000, section 119B.061, subdivision 4, is amended to read:

Subd. 4. [ASSISTANCE.] (a) A family is limited to a lifetime total of 12 months of assistance under ~~this section subdivision 2.~~ The maximum rate of assistance is equal to ~~75~~ 90 percent of the rate established under section 119B.13 for care of infants in licensed family child care in the applicant's county of residence. Assistance must be calculated to reflect the parent fee requirement under section 119B.12 for the family's actual income level and family size while the family is participating in the at-home infant child care program under this section.

(b) A participating family must report income and other family changes as specified in the county's plan under section 119B.08, subdivision 3. ~~The family must treat any assistance received under this section as unearned income.~~

(c) Persons who are admitted to the at-home infant care program retain their position in any basic sliding fee program or on any waiting list attained at the time of admittance. If they are on the waiting list, they must advance as if they had not been admitted to the program. Persons leaving the at-home infant care program re-enter the basic sliding fee program at the position they would have occupied or the waiting list at the position to which they would have advanced. Persons who would have attained eligibility for the basic sliding fee program must be given assistance or advance to the top of the waiting list when they leave the at-home infant care program. Persons admitted to the at-home infant care program who are not on a basic sliding fee waiting list may apply to the basic sliding fee program, and if eligible, be placed on the waiting list.

(d) The time that a family receives assistance under this section must be deducted from the one-year exemption from work requirements under the MFIP program.

(e) Assistance under this section does not establish an employer-employee relationship between any member of the assisted family and the county or state.

Sec. 5. Minnesota Statutes 2000, section 119B.11, subdivision 1, is amended to read:

Subdivision 1. [COUNTY CONTRIBUTIONS REQUIRED.] ~~Beginning July 1, 1997,~~ (a) In addition to payments from basic sliding fee child care program participants, each county shall contribute from county tax or other sources a fixed local match equal to its calendar year 1996 required county contribution reduced by the administrative funding loss that would have occurred in state fiscal year 1996 under section 119B.15. The commissioner shall recover funds from the county as necessary to bring county expenditures into compliance with this subdivision. The commissioner may accept county contributions, including contributions above the fixed local match, in order to make state payments.

(b) The commissioner may accept payments from counties to:

(1) fulfill the county contribution as required under subdivision 1;

(2) pay for services authorized under this chapter beyond those paid for with federal or state funds or with the required county contributions; or

(3) pay for child care services in addition to those authorized under this chapter, as authorized under other federal, state, or local statutes or regulations.

(c) The county payments must be deposited in an account in the special revenue fund. Money in this account is appropriated to the commissioner for child care assistance under this chapter and other applicable statutes and regulations and is in addition to other state and federal appropriations.

Sec. 6. Minnesota Statutes 2000, section 119B.13, subdivision 6, is amended to read:

Subd. 6. [PROVIDER PAYMENTS.] Counties or the state shall make vendor payments to the child care provider or pay the parent directly for eligible child care expenses. If payments for child care assistance are made to providers, the provider shall bill the county for services provided within ten days of the end of the month of service. If bills are submitted in accordance with the provisions of this subdivision, a county or the state shall issue payment to the provider of child care under the child care fund within 30 days of receiving an invoice from the provider. Counties or the state may establish policies that make payments on a more frequent basis. A county's payment policies must be included in the county's child care plan under section 119B.08, subdivision 3. If payments are made by the state, in addition to being in compliance with this subdivision, the payments must be made in compliance with section 16A.124.

Sec. 7. Minnesota Statutes 2000, section 119B.24, is amended to read:

119B.24 [DUTIES OF COMMISSIONER.]

In addition to the powers and duties already conferred by law, the commissioner of children, families, and learning shall:

(1) administer the child care fund, including the basic sliding fee program authorized under sections 119B.011 to 119B.16;

(2) monitor the child care resource and referral programs established under section 119B.19; and

(3) encourage child care providers to participate in a nationally recognized accreditation system for early childhood and school-age care programs. ~~The commissioner shall reimburse licensed~~ Subject to approval by the commissioner, family child care providers and early childhood and school-age care programs shall be reimbursed for one-half of the direct cost of accreditation fees, upon successful completion of accreditation.

Sec. 8. Minnesota Statutes 2000, section 124D.135, is amended by adding a subdivision to read:

Subd. 8. [RESERVE ACCOUNT LIMIT.] (a) Under this section, the average balance, during the most recent three-year period in a district's early childhood family education reserve account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the district's early childhood family education annual revenue for the prior year. If a district's adjusted average early childhood family education reserve over the three-year period is in excess of 25 percent of the prior year annual revenue, the district's early childhood family education state aid and levy authority for the current school year must be reduced by the excess reserve amount. The aid reduction equals the product of the excess reserve amount times the ratio of the district's aid for the prior year under subdivision 4 to the district's revenue for the prior year under subdivision 1. The levy reduction equals the excess reserve amount minus the aid reduction. The commissioner must reallocate aid and levy reduced under this subdivision to other eligible early childhood family education programs in proportion to each district's revenue for the prior year under subdivision 1.

(b) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balance in a district's early childhood family education reserve account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balance in a district's early childhood family education reserve account on June 30, 2002, and June 30, 2003.

Sec. 9. Minnesota Statutes 2000, section 124D.135, is amended by adding a subdivision to read:

Subd. 9. [WAIVER.] If a district anticipates that the reserve account may exceed the 25 percent limit established under subdivision 8 because of extenuating circumstances, prior approval to exceed the limit must be obtained in writing from the commissioner.

Sec. 10. Minnesota Statutes 2000, section 124D.16, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF AID.] (a) A district is eligible to receive school readiness aid if the program plan as required by subdivision 1 has been approved by the commissioner.

(b) For fiscal year ~~1998~~ 2002 and thereafter, a district must receive school readiness aid equal to:

(1) the number of eligible four-year old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of eligible four-year old children reported to the commissioner for ~~that~~ the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the second previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the second previous school year.

Sec. 11. Minnesota Statutes 2000, section 124D.16, is amended by adding a subdivision to read:

Subd. 5. [RESERVE ACCOUNT.] School readiness revenue, which includes aids, fees, grants, and all other revenues received by the district school readiness programs, must be maintained in a reserve account within the community service fund.

Sec. 12. Minnesota Statutes 2000, section 124D.16, is amended by adding a subdivision to read:

Subd. 6. [RESERVE ACCOUNT LIMIT.] (a) Under this section, the average balance, during the most recent three-year period, in a district's school readiness reserve account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the district's school readiness annual revenue for the prior year. If a district's adjusted average school readiness reserve over the three-year period is in excess of 25 percent of the prior year annual revenue, the district's current year school readiness state aid must be reduced by the excess reserve amount. The commissioner must reallocate aid reduced under this subdivision to other eligible school readiness programs in proportion to each district's aid for the prior year under subdivision 2.

(b) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balance in a district's school readiness reserve account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balance in a district's school readiness reserve account on June 30, 2002, and June 30, 2003.

Sec. 13. Minnesota Statutes 2000, section 124D.16, is amended by adding a subdivision to read:

Subd. 7. [WAIVER.] If a district anticipates that the reserve account may exceed the 25 percent limit established under subdivision 6 because of extenuating circumstances, prior approval to exceed the limit must be obtained in writing from the commissioner.

Sec. 14. Minnesota Statutes 2000, section 125A.28, is amended to read:

125A.28 [STATE INTERAGENCY COORDINATING COUNCIL.]

An interagency coordinating council of at least 17, but not more than 25 members is established, in compliance with Public Law Number 102-119, section 682. The members must be appointed by the governor. Council members must elect the council chair. The representative of the commissioner may not serve as the chair. The council must be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, local Head Start director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, children, families, and learning, health, human services, a representative from the state agency responsible for child care, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council must meet at least quarterly.

The council must address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

By ~~June~~ September 1, the council must recommend to the governor and the commissioners of children, families, and learning, health, human services, commerce, and economic security policies for a comprehensive and coordinated system.

Notwithstanding any other law to the contrary, the state interagency coordinating council expires on June 30, ~~2001~~ 2003.

Sec. 15. [INTERAGENCY AUTISM COORDINATING COMMITTEE.]

(a) The commissioner of children, families, and learning shall establish an interagency committee to coordinate state efforts related to serving children with autism. The committee shall include representatives of the departments of children, families, and learning and human services; parents or guardians of children with autism; pediatricians; local public health officials; and representatives of private or nonprofit organizations that advocate on behalf of children with autism.

(b) The interagency autism coordinating committee shall study and recommend by December 1, 2001, to the committees in the legislature charged with early childhood through grade 12 education policy and finance matters a plan for improving efforts at early assessment and identification of autism in young children. The plan must consider:

(1) all existing assessment program options;

(2) public and private funding sources including programmatic funding for early and periodic screening, diagnosis, and treatment; and

(3) current, research-based best practice models.

The plan must be designed to make optimal use of existing public resources.

(c) The committee expires June 30, 2003.

Sec. 16. [CHILD CARE REPORT.]

The commissioner of children, families, and learning must report to house and senate committees with jurisdiction over child care by November and February of each year with information on the number of families served and the cost of direct services per family for each child care assistance program administered by the commissioner. The report must include the number of families being served and the number that would be served if entry income eligibility was set at 120 percent of the federal poverty guidelines and 30 percent of the state median income and continuing at reasonable increments, with an exit level of both 250 percent and 300 percent of the federal poverty guidelines and 63 percent and 75 percent of the state median income.

The information must be provided for the same time periods for which the department of finance prepares the budget forecast.

Sec. 17. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated, unless otherwise indicated.

Subd. 2. [SCHOOL READINESS PROGRAM REVENUE.] For revenue for school readiness programs according to Minnesota Statutes, sections 124D.15 and 124D.16:

<u>\$10,395,000</u>	.....	<u>2002</u>
<u>\$10,395,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$1,039,000 for 2001 and \$9,356,000 for 2002.

The 2003 appropriation includes \$1,039,000 for 2002 and \$9,356,000 for 2003.

Any balance in the first year does not cancel but is available in the second year.

Subd. 3. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early childhood family education aid according to Minnesota Statutes, section 124D.135:

<u>\$20,758,000</u>	.....	<u>2002</u>
<u>\$20,663,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$2,036,000 for 2001 and \$18,722,000 for 2002.

The 2003 appropriation includes \$2,081,000 for 2002 and \$18,582,000 for 2003.

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [HEALTH AND DEVELOPMENTAL SCREENING AID.] For health and developmental screening aid according to Minnesota Statutes, sections 121A.17 and 121A.19:

<u>\$2,661,000</u>	.....	<u>2002</u>
<u>\$2,661,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$266,000 for 2001 and \$2,395,000 for 2002.

The 2003 appropriation includes \$266,000 for 2002 and \$2,395,000 for 2003.

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. [WAY TO GROW.] For grants for existing way to grow programs according to Minnesota Statutes, section 124D.17:

<u>\$475,000</u>	.....	<u>2002</u>
<u>\$475,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 6. [HEAD START PROGRAM.] For Head Start programs according to Minnesota Statutes, section 119A.52:

<u>\$18,375,000</u>	.....	<u>2002</u>
<u>\$18,375,000</u>	.....	<u>2003</u>

\$1,000,000 each year must be used for grants to local Head Start agencies for full-year programming for children ages 0 to 3.

Any balance in the first year does not cancel but is available in the second year.

Subd. 7. [SCHOOL AGE CARE AID.] For school age care aid according to Minnesota Statutes, section 124D.22:

<u>\$221,000</u>	.....	<u>2002</u>
<u>\$133,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$30,000 for 2001 and \$191,000 for 2002.

The 2003 appropriation includes \$21,000 for 2002 and \$112,000 for 2003.

Any balance in the first year does not cancel but is available in the second year.

Subd. 8. [BASIC SLIDING FEE.] For child care assistance according to Minnesota Statutes, section 119B.03:

<u>\$51,999,000</u>	.....	<u>2002</u>
<u>\$51,999,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 9. [MFIP CHILD CARE.] For child care assistance according to Minnesota Statutes, section 119B.05:

<u>\$82,253,000</u>	.....	<u>2002</u>
<u>\$78,606,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 10. [CHILD CARE INTEGRITY.] For the administrative costs of program integrity and fraud prevention for child care assistance under chapter 119B:

<u>\$175,000</u>	.....	<u>2002</u>
<u>\$175,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 11. [CHILD CARE SERVICE GRANTS.] For child care development activities under child care service grants according to Minnesota Statutes, section 119B.21:

<u>\$1,865,000</u>	.....	<u>2002</u>
<u>\$1,865,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Sec. 18. [SPECIAL REVENUE; CHILD SUPPORT COLLECTIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] Appropriations in this section are from child support collection payments in the special revenue fund pursuant to Minnesota Statutes, section 119B.074. The sums indicated are appropriated to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [CHILD CARE ASSISTANCE.] For child care assistance according to Minnesota Statutes, section 119B.03:

<u>\$2,441,439</u>	.....	<u>2002</u>
<u>\$2,340,251</u>	.....	<u>2003</u>

Sec. 19. [FEDERAL TANF TRANSFERS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, and LEARNING.] The sums indicated in this section are transferred from the federal TANF fund to the child care and development fund and appropriated to the department of children, families, and learning for the fiscal years designated.

The commissioner shall ensure that all transferred funds are expended in accordance with the child care and development fund regulations and that the maximum allowable transferred funds are used for the program in this section.

Subd. 2. [BASIC SLIDING FEE.] For child care assistance according to Minnesota Statutes, section 119B.03:

<u>\$16,838,000</u>	.....	<u>2002</u>
<u>\$16,339,000</u>	.....	<u>2003</u>

Any balance the first year does not cancel but is available in the second year.

Subd. 3. [TRANSITION YEAR FAMILIES.] To provide uninterrupted assistance under Minnesota Statutes, section 119B.03, for families completing transition year child care assistance:

<u>\$3,620,000</u>	.....	<u>2002</u>
<u>\$4,040,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [MFIP CHILD CARE.] For child care assistance according to Minnesota Statutes, section 119B.05:

<u>\$1,718,000</u>	.....	<u>2002</u>
<u>\$1,794,000</u>	.....	<u>2003</u>

Any balance the first year does not cancel but is available in the second year.

Subd. 5. [MFIP SOCIAL SERVICES CHILD CARE.] For social services child care costs of eligible MFIP participants under Minnesota Statutes, section 119B.05, subdivision 1, clause (5):

<u>\$3,297,000</u>	.....	<u>2002</u>
<u>\$2,865,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Sec. 20. [EFFECTIVE DATE.]

Sections 8 and 12 are effective for revenue for fiscal year 2003.

ARTICLE 2

PREVENTION

Section 1. Minnesota Statutes 2000, section 119A.12, is amended by adding a subdivision to read:

Subd. 4. [AUTHORITY TO DISBURSE FUNDS.] The commissioner may disburse trust fund money to any public or private nonprofit agency to fund a child abuse prevention program. State funds appropriated for child maltreatment prevention grants may be transferred to the children's trust fund special revenue account and are available to carry out this section.

Sec. 2. Minnesota Statutes 2000, section 119A.12, is amended by adding a subdivision to read:

Subd. 5. [PLAN FOR DISBURSEMENT OF FUNDS.] The commissioner shall develop a plan to disburse money from the trust fund. The plan must ensure that all geographic areas of the state have an equal opportunity to establish prevention programs and receive trust fund money.

Sec. 3. Minnesota Statutes 2000, section 119A.12, is amended by adding a subdivision to read:

Subd. 6. [OPERATIONAL COSTS.] \$120,000 each year is appropriated from the children's trust fund to the special revenue fund for administration and indirect costs of the children's trust fund program.

Sec. 4. Minnesota Statutes 2000, section 119A.13, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF COMMISSIONER.] (a) The commissioner shall:

(1) provide for the coordination and exchange of information on the establishment and maintenance of prevention programs;

(2) develop and publish criteria for receiving trust fund money by prevention programs;

(3) review, approve, and monitor the spending of trust fund money by prevention programs;

(4) provide statewide educational and public informational seminars to develop public awareness on preventing child abuse; to encourage professional persons and groups to recognize instances of child abuse and work to prevent them; to make information on child abuse prevention available to the public and to organizations and agencies; and to encourage the development of prevention programs, including programs that provide support for adolescent parents, fathering education programs, and other prevention activities designed to prevent teen pregnancy;

(5) establish a procedure for an annual, internal evaluation of the functions, responsibilities, and performance of the commissioner in carrying out Laws 1986, chapter 423;

(6) provide technical assistance to local councils and agencies working in the area of child abuse prevention; and

(7) accept and review grant applications beginning June 1, 1987.

(b) The commissioner shall recommend to the governor changes in state programs, statutes, policies, budgets, and standards that will reduce the problems of child abuse, improve coordination among state agencies that provide prevention services, and improve the condition of children, parents, or guardians in need of prevention program services.

Sec. 5. Minnesota Statutes 2000, section 119A.21, is amended to read:

119A.21 [GRANTS TO SERVICE PROVIDER PROGRAMS.]

Subdivision 1. [GRANTS AWARDED.] The commissioner shall award grants to programs ~~which~~ that provide ~~abused children services to abused or neglected children.~~ Grants shall be awarded in a manner that ensures that they are equitably distributed to programs serving metropolitan and nonmetropolitan populations.

Subd. 2. [APPLICATIONS.] Any public or private nonprofit agency may apply to the commissioner for a grant ~~to provide abused children services.~~ The application shall be submitted ~~in~~ on a form ~~approved~~ prescribed by the commissioner ~~after consultation with the abused children advisory council and shall include:~~

~~(1) a proposal for the provision of abused children services to, or on behalf of, abused children, children at risk, and their families;~~

~~(2) a proposed budget;~~

~~(3) evidence of ability to represent the interests of abused children and their families to local law enforcement agencies and courts, social services, and health agencies;~~

~~(4) evidence of ability to do outreach to unserved and underserved populations and to provide culturally and linguistically appropriate services, and~~

~~(5) any other information the commissioner may require by policy or by rule adopted under chapter 14, after considering the recommendations of the abused children advisory council.~~

~~Programs which have been approved for grants in prior years may submit materials which indicate changes in items listed in clauses (1) to (5), in order to qualify for renewal funding. Nothing in this subdivision may be construed to require programs to submit complete applications for each year of funding.~~

Subd. 3. [DUTIES.] Every public or private nonprofit agency which receives a grant under this section ~~to provide abused children services~~ shall comply with all requirements of the commissioner related to the administration of the grants.

Subd. 4. [CLASSIFICATION OF DATA COLLECTED BY GRANTEEES.] Personal history information and other information collected, used, or maintained by a grantee from which the identity of any abused child or family members may be determined is private data on individuals as defined in section 13.02, subdivision 12, and the grantee shall maintain the data in accordance with provisions of chapter 13.

Sec. 6. Minnesota Statutes 2000, section 119A.22, is amended to read:

119A.22 [DUTIES OF THE COMMISSIONER.]

The commissioner shall:

~~(1) review applications and award grants to programs pursuant to section 119A.21 after considering the recommendation of the abused children advisory council;~~

~~(2) appoint members of the abused children advisory council created under section 119A.23 and provide consultative staff and other administrative services to the council;~~

~~(3) after considering the recommendation of the abused children advisory council, appoint a program director to perform the duties set forth in this clause. In appointing the program director the commissioner shall give due consideration to the list of applicants submitted to the commissioner pursuant to this section. The program director shall administer the funds appropriated for sections 119A.20 to 119A.23, consult with and provide staff to the advisory council and perform other duties related to abused children's programs as the commissioner may assign;~~

(4) design a uniform method of collecting data on abused children's programs to be used to monitor and assure compliance of the programs funded under section 119A.21;

(5) (3) provide technical ~~aid~~ assistance to applicants in the development of grant requests and to ~~programs grantees~~ grantees in meeting the data collection requirements established by the commissioner; and

(6) (4) adopt, under chapter 14, all rules necessary to implement the provisions of sections 119A.20 to 119A.23.

Sec. 7. [119A.35] [ADVISORY COUNCIL.]

Subdivision 1. [GENERALLY.] The advisory council is established under section 15.059 to advise the commissioner on the implementation and continued operations of sections 119A.10 to 119A.16 and 119A.20 to 119A.22. The council shall expire June 30, 2005.

Subd. 2. [COUNCIL MEMBERSHIP.] The council shall consist of a total of 22 members. The governor shall appoint 18 of these members. The commissioners of human services and health shall each appoint one member. The senate shall appoint one member from the senate committee with jurisdiction over family and early childhood education and the house of representatives shall appoint one member from the house committee with jurisdiction over family and early childhood education.

Council members shall have knowledge in the areas of child abuse and neglect prevention and intervention and knowledge of the risk factors that can lead to child abuse and neglect. Council members shall be representative of: local government, criminal justice, parents, consumers of services, health and human services professionals, faith community, professional and volunteer providers of child abuse and neglect prevention and intervention services, racial and ethnic minority communities, and the demographic and geographic composition of the state. Ten council members shall reside in the seven-county metropolitan area and eight shall reside in nonmetropolitan areas.

Subd. 3. [RESPONSIBILITIES.] The council shall:

(1) advise the commissioner on planning, policy development, data collection, rulemaking, funding, and evaluation of the programs under the sections listed in subdivision 1;

(2) coordinate and exchange information on the establishment and ongoing operation of the programs listed in subdivision 1;

(3) develop and publish criteria and guidelines for receiving grants relating to child abuse and neglect prevention and safety and support of child victims, including, but not limited to, funds dedicated to the children's trust fund and abused children program;

(4) provide guidance in the development of statewide education and public information activities that increase public awareness in the prevention and intervention of child abuse and neglect and encourage the development of prevention and intervention programs, which includes the safety of child victims;

(5) guide, analyze, and disseminate results in the development of appropriate evaluation procedures for all programs receiving funds under subdivision 1; and

(6) assist the commissioner in identifying service gaps or duplication in services including geographic dispersion of resources, programs reflecting the cycle of child abuse, and the availability of culturally appropriate intervention and prevention services.

Sec. 8. Minnesota Statutes 2000, section 124D.19, is amended by adding a subdivision to read:

Subd. 12. [YOUTH AFTER-SCHOOL ENRICHMENT PROGRAMS.] Each district operating a community education program under this section may establish a youth after-school enrichment program to maintain and expand participation by school-age youth in supervised activities during nonschool hours. The youth after-school enrichment

programs must include activities that support development of social, mental, physical, and creative abilities of school-age youth; provide structured youth programs during high-risk times; and design programming to promote youth leadership development and improved academic performance.

Sec. 9. Minnesota Statutes 2000, section 124D.19, is amended by adding a subdivision to read:

Subd. 13. [YOUTH AFTER-SCHOOL ENRICHMENT PROGRAM GOALS.] The goals of youth after-school enrichment programs are to:

- (1) collaborate with and leverage existing community resources that have demonstrated effectiveness;
- (2) reach out to children and youth, including at-risk youth, in the community;
- (3) increase the number of children participating in adult-supervised programs during nonschool hours;
- (4) support academic achievement; and
- (5) increase skills in technology, the arts, sports, and other activities.

Sec. 10. Minnesota Statutes 2000, section 124D.19, is amended by adding a subdivision to read:

Subd. 14. [COMMUNITY EDUCATION; ANNUAL REPORT.] Each district offering a community education program under this section must annually report to the department information regarding the cost per participant and cost per contact hour for each community education program, including youth after-school enrichment programs, that receives aid or levy. The department must include cost per participant and cost per contact hour information by program in the community education annual report.

Sec. 11. Minnesota Statutes 2000, section 124D.20, subdivision 1, is amended to read:

Subdivision 1. [TOTAL COMMUNITY EDUCATION REVENUE.] Total community education revenue equals the sum of a district's general community education revenue and youth service program revenue, and youth after-school enrichment revenue.

Sec. 12. Minnesota Statutes 2000, section 124D.20, is amended by adding a subdivision to read:

Subd. 4a. [YOUTH AFTER-SCHOOL ENRICHMENT REVENUE.] In fiscal year 2003 and thereafter, youth after-school enrichment revenue for a district operating a youth after-school enrichment program under section 124D.19, subdivision 12, equals:

- (1) \$1.85 times the greater of 1,335 or the population of the district, as defined in section 275.14, not to exceed 10,000; and
- (2) \$0.43 times the population of the district, as defined in section 275.14, in excess of 10,000. Youth after-school enrichment revenue must be reserved for youth after-school enrichment programs.

Sec. 13. Minnesota Statutes 2000, section 124D.20, subdivision 5, is amended to read:

Subd. 5. [TOTAL COMMUNITY EDUCATION LEVY.] To obtain total community education revenue, a district operating a youth after-school enrichment program under section 124D.19, subdivision 12, may levy the amount raised by a maximum tax rate of ~~.4795~~ .7431 percent times the adjusted net tax capacity of the district. To obtain total community education revenue, a district not operating a youth after-school enrichment program may levy the amount raised by a maximum tax rate of .4795 percent times the adjusted net tax capacity of the district. If the amount of the total community education levy would exceed the total community education revenue, the total community education levy shall be determined according to subdivision 6.

Sec. 14. [RETROACTIVITY.]

A contract encumbered or a grant awarded by a state agency before September 1, 2001, may be made retroactive to July 1, 2001.

Sec. 15. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [FAMILY SERVICES COLLABORATIVES.] For family services collaboratives according to Minnesota Statutes, section 124D.23:

<u>\$1,477,000</u>	.....	<u>2002</u>
<u>\$863,000</u>	.....	<u>2003</u>

No new family services collaboratives shall be funded with this appropriation.

Any balance in the first year does not cancel but is available in the second year.

Subd. 3. [COMMUNITY EDUCATION AID.] For community education aid according to Minnesota Statutes, section 124D.20:

<u>\$14,209,000</u>	.....	<u>2002</u>
<u>\$13,111,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$1,528,000 for 2001 and \$12,681,000 for 2002.

The 2003 appropriation includes \$1,409,000 for 2002 and \$11,702,000 for 2003.

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [ADULTS WITH DISABILITIES PROGRAM AID.] For adults with disabilities programs according to Minnesota Statutes, section 124D.56:

<u>\$639,000</u>	.....	<u>2002</u>
<u>\$710,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$0 for 2001 and \$639,000 for 2002.

The 2003 appropriation includes \$71,000 for 2002 and \$639,000 for 2003.

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. [HEARING-IMPAIRED ADULTS.] For programs for hearing-impaired adults according to Minnesota Statutes, section 124D.57:

<u>\$70,000</u>	.....	<u>2002</u>
<u>\$70,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 6. [VIOLENCE PREVENTION EDUCATION GRANTS.] For violence prevention education grants according to Minnesota Statutes, section 120B.23:

<u>\$1,305,000</u>	.....	<u>2002</u>
<u>\$1,450,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$0 for 2001 and \$1,305,000 for 2002.

The 2003 appropriation includes \$145,000 for 2002 and \$1,305,000 for 2003.

Any balance in the first year does not cancel but is available in the second year.

Subd. 7. [ABUSED CHILDREN.] For abused children programs according to Minnesota Statutes, section 119A.21:

<u>\$945,000</u>	.....	<u>2002</u>
<u>\$945,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 8. [CHILDREN'S TRUST FUND.] For children's trust fund according to Minnesota Statutes, sections 119A.12 and 119A.13:

<u>\$875,000</u>	.....	<u>2002</u>
<u>\$875,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 9. [FAMILY VISITATION CENTERS.] (a) For family visitation centers according to Minnesota Statutes, section 119A.37:

<u>\$200,000</u>	.....	<u>2002</u>
<u>\$200,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

(b) An additional \$96,000 in fiscal year 2002 and \$96,000 in fiscal year 2003 are appropriated from the special revenue fund under Minnesota Statutes, section 517.08, subdivision 1c, for family visitation centers. Any balance in the first year does not cancel but is available for the second year.

Subd. 10. [AFTER-SCHOOL ENRICHMENT GRANTS.] For after-school enrichment grants according to Minnesota Statutes, section 124D.221:

<u>\$5,510,000</u>	.....	<u>2002</u>
<u>\$5,510,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 11. [CHEMICAL ABUSE PREVENTION GRANTS.] (a) For grants with funds received under Minnesota Statutes, section 171.29, subdivision 2, paragraph (b), clause (4):

<u>\$200,000</u>	<u>.....</u>	<u>2002</u>
<u>\$200,000</u>	<u>.....</u>	<u>2003</u>

(b) These appropriations are from the alcohol-impaired driver account of the special revenue fund for chemical abuse prevention grants.

(c) \$25,000 in each year is for a grant to the city of St. Louis Park for the Meadowbrook Collaborative Housing Project to continue cooperative activities that support at-risk children and youth programming and to provide advice to the after-school substance abuse prevention program and other grantees that seek to replicate the Meadowbrook Collaborative Housing Project program model.

(d) \$175,000 in each year is to establish an after-school substance abuse prevention grant program to provide eligible community and nonprofit organizations with grants of up to \$20,000 per year for after-school substance abuse prevention programs.

Sec. 16. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF MILITARY AFFAIRS.] The sums indicated in this section are appropriated from the general fund to the department of military affairs for the fiscal years designated.

Subd. 2. [GUARD OUR YOUTH.] For the guard our youth program sponsored by the department of military affairs to serve at-risk and underserved youth ages nine to 16 years:

<u>\$191,000</u>	<u>.....</u>	<u>2002</u>
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This is a one-time appropriation.

Any balance in the first year does not cancel but is available in the second year.

Sec. 17. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall renumber Minnesota Statutes, section 119A.13, subdivision 4, as Minnesota Statutes, section 119A.12, subdivision 4, and make necessary cross-reference changes consistent with the renumbering.

Sec. 18. [REPEALER.]

Minnesota Statutes 2000, sections 119A.13, subdivisions 1, 2, and 3; 119A.14, subdivision 2; 119A.23; 124D.33; and 124D.331, are repealed.

Sec. 19. [EFFECTIVE DATE.]

Sections 12 and 13 are effective for revenue for fiscal year 2003.

ARTICLE 3

SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2000, section 124D.518, subdivision 5, is amended to read:

Subd. 5. [UNREIMBURSED EXPENSES.] "Unreimbursed expenses" means allowable adult basic education expenses of a program, in the current program year, that are not covered by payments from federal or private for-profit sources.

Sec. 2. Minnesota Statutes 2000, section 124D.52, subdivision 2, is amended to read:

Subd. 2. [PROGRAM APPROVAL.] (a) To receive aid under this section, a district, a consortium of districts, the department of corrections, or a private nonprofit organization must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of different levels of learning will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;
- (5) participation in a consortium, if any, and money available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;
- (8) staff development services;
- (9) program sites and schedules;
- (10) program expenditures that qualify for aid;
- (11) program ability to provide data related to learner outcomes as required by law; and
- (12) a copy of the memorandum of understanding described in subdivision 1 submitted to the commissioner.

(b) Adult basic education programs may be approved under this subdivision for up to five years. Five-year program approval must be granted to an applicant who has demonstrated the capacity to:

- (1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;
- (2) provide a participatory and experiential learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:
 - (i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;

(ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;

(iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and

(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, flexible course scheduling, convenient class locations, and child care;

(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations;

(7) submit accurate and timely performance and fiscal reports;

(8) submit accurate and timely reports related to program outcomes and learner follow-up information; and

(9) spend adult basic education aid on adult basic education purposes only, which are specified in sections 124D.518 to 124D.531.

(c) The commissioner shall require each district to provide notification by February 1, 2001, of its intent to apply for funds under this section as a single district or as part of an identified consortium of districts. A district receiving funds under this section must notify the commissioner by February 1 of its intent to change its application status for applications due the following June 1.

Sec. 3. Minnesota Statutes 2000, section 124D.522, is amended to read:

124D.522 [ADULT BASIC EDUCATION SUPPLEMENTAL SERVICE GRANTS.]

(a) The commissioner, in consultation with the policy review task force under section 124D.521, may make grants to nonprofit organizations to provide services that are not offered by a district adult basic education program or that are supplemental to either the statewide adult basic education program, or a district's adult basic education program. The commissioner may make grants for: staff development for adult basic education teachers and administrators; training for volunteer tutors; training, services, and materials for serving disabled students through adult basic education programs; statewide promotion of adult basic education services and programs; development and dissemination of instructional and administrative technology for adult basic education programs; programs which primarily serve communities of color; adult basic education distance learning projects, including television instruction programs; and other supplemental services to support the mission of adult basic education and innovative delivery of adult basic education services.

(b) The commissioner must establish eligibility criteria and grant application procedures. Grants under this section must support services throughout the state, focus on educational results for adult learners, and promote outcome-based achievement through adult basic education programs. Beginning in fiscal year 2002, the

commissioner may make grants under this section from ~~funds specifically appropriated~~ the state total adult basic education aid set aside for supplemental service grants under section 124D.531. Up to ~~one-third~~ one-fourth of the appropriation for supplemental service grants must be used for grants for adult basic education programs to encourage and support innovations in adult basic education instruction and service delivery. A grant to a single organization cannot exceed \$100,000. Nothing in this section prevents an approved adult basic education program from using state or federal aid to purchase supplemental services.

Sec. 4. Minnesota Statutes 2000, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. [STATE TOTAL ADULT BASIC EDUCATION AID.] (a) The state total adult basic education aid for fiscal year 2001 equals \$30,157,000. The state total adult basic education aid for later years equals:

(1) the state total adult basic education aid for the preceding fiscal year; times

(2) the lesser of:

(i) 1.08, or

(ii) the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year. Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

Sec. 5. Minnesota Statutes 2000, section 124D.531, subdivision 3, is amended to read:

Subd. 3. [PROGRAM REVENUE.] Adult basic education programs established under section 124D.52 and approved by the commissioner are eligible for revenue under this subdivision. For fiscal year 2001 and later, adult basic education revenue for each approved program equals the sum of:

(1) the basic population aid under subdivision 2 for districts participating in the program during the current program year; plus

(2) 84 percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the contact hours for students participating in the program during the first prior program year to the state total contact hours during the first prior program year; plus

(3) eight percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the enrollment of students with limited English proficiency during the second prior school year in districts participating in the program during the current program year to the state total enrollment of students with limited English proficiency during the second prior school year in districts participating in adult basic education programs during the current program year; plus

(4) eight percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the latest federal census count of the number of adults aged 20 or older with no diploma residing in the districts participating in the program during the current program year to the latest federal census count of the state total number of adults aged 20 or older with no diploma residing in the districts participating in adult basic education programs during the current program year.

Sec. 6. Minnesota Statutes 2000, section 124D.531, subdivision 7, is amended to read:

Subd. 7. [PROGRAM AUDITS.] Programs that receive aid under this section must maintain records that support the aid payments. The commissioner may audit these records upon request. The commissioner must establish procedures for conducting fiscal audits of adult basic education programs according to the schedule in this subdivision. In calendar year ~~2002~~ 2003, the commissioner must audit one-half of approved adult basic education programs that received aid for fiscal year ~~2001~~ 2002, and in calendar year ~~2003~~ 2004, the commissioner must audit the remaining unaudited programs for aid received in fiscal year ~~2002~~ 2003. Beginning with fiscal year ~~2004~~ 2005, the commissioner must, at a minimum, audit each adult basic education program once every five years. The commissioner must establish procedures to reconcile any discrepancies between aid payments based on information reported to the commissioner and aid estimates based on a program audit.

Sec. 7. [ADULT BASIC EDUCATION POLICY TASK FORCE.]

The adult basic education policy task force, under Laws 2000, chapter 489, article 1, section 42, must recommend to the legislative finance committees with responsibility for adult basic education an equitable funding formula for nondistrict programs based on an evaluation of costs and revenues. The task force must report to the legislature by February 1, 2002.

Sec. 8. [DIRECTION TO COMMISSIONER.]

The commissioner of children, families, and learning must hire a state adult basic education director who is a different employee than the federal adult basic education director to oversee the state adult basic education program. The duties of the state adult basic education director include, but are not limited to:

- (1) oversight of the supplemental service grants;
- (2) coordination of the adult basic education policy task force;
- (3) working with adult basic education directors around the state; and
- (4) providing information to the legislative finance committees that oversee the adult basic education program.

Sec. 9. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [MINNESOTA ECONOMIC OPPORTUNITY GRANTS.] For Minnesota economic opportunity grants, Minnesota Statutes, sections 119A.374 to 119A.376:

<u>\$8,514,000</u>	. . . . .	<u>2002</u>
<u>\$8,514,000</u>	. . . . .	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 3. [TRANSITIONAL HOUSING PROGRAMS.] For transitional housing programs according to Minnesota Statutes, section 119A.43:

<u>\$1,988,000</u>	. . . . .	<u>2002</u>
<u>\$1,988,000</u>	. . . . .	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [EMERGENCY SERVICES.] For emergency services according to Minnesota Statutes, section 119A.43:

<u>\$350,000</u>	.....	<u>2002</u>
<u>\$350,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. [ADULT BASIC EDUCATION AID.] For adult basic education aid according to Minnesota Statutes, section 124D.531:

<u>\$32,150,000</u>	.....	<u>2002</u>
<u>\$34,731,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$3,019,000 for 2001 and \$29,131,000 for 2002.

The 2003 appropriation includes \$3,237,000 for 2002 and \$31,494,000 for 2003.

Subd. 6. [ADULT BASIC EDUCATION AUDITS; STATE DIRECTOR.]

For adult basic education audits under Minnesota Statutes, section 124D.531, and for a state adult basic education director:

<u>\$100,000</u>	.....	<u>2002</u>
<u>\$275,000</u>	.....	<u>2003</u>

The fiscal year 2004 appropriation is \$275,000. In fiscal year 2005 and thereafter, the base is \$170,000 from the general fund each year.

Any balance in the first year does not cancel but is available in the second year.

Subd. 7. [ADULT GRADUATION AID.] For adult graduation aid according to Minnesota Statutes, section 124D.54:

<u>\$3,195,000</u>	.....	<u>2002</u>
<u>\$3,356,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$305,000 for 2001 and \$2,890,000 for 2002.

The 2003 appropriation includes \$321,000 for 2002 and \$3,035,000 for 2003.

Subd. 8. [GED TESTS.] For GED tests according to Minnesota Statutes, section 124D.55:

<u>\$125,000</u>	.....	<u>2002</u>
<u>\$125,000</u>	.....	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 9. [FOODSHELF PROGRAM.] For foodshelf programs according to Minnesota Statutes, section 119A.44:

<u>\$1,278,000</u>	<u>.....</u>	<u>2002</u>
<u>\$1,278,000</u>	<u>.....</u>	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 10. [FAMILY ASSETS FOR INDEPENDENCE.]

<u>\$500,000</u>	<u>.....</u>	<u>2002</u>
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Any balance in the first year does not cancel but is available in the second year.

Subd. 11. [LEAD ABATEMENT.] For lead abatement according to Minnesota Statutes, section 119A.46:

<u>\$100,000</u>	<u>.....</u>	<u>2002</u>
<u>\$100,000</u>	<u>.....</u>	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Sec. 10. [TANF APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated to the commissioner of children, families, and learning from the federal Temporary Assistance for Needy Families block grant for the fiscal years designated. These amounts are available for expenditure until June 30, 2003. Appropriations under this section are one-time appropriations and are not added to the base for fiscal years 2004 and 2005.

Subd. 2. [INTENSIVE ENGLISH AS A SECOND LANGUAGE.] For intensive English as a second language for eligible MFIP participants under Laws 2000, chapter 489, article 1, section 39:

<u>\$1,100,000</u>	<u>.....</u>	<u>2002</u>
<u>\$1,100,000</u>	<u>.....</u>	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 3. [TRANSITIONAL HOUSING.] For reimbursement grants to transitional housing programs under Minnesota Statutes, section 119A.43:

<u>\$1,900,000</u>	<u>.....</u>	<u>2002</u>
<u>\$1,950,000</u>	<u>.....</u>	<u>2003</u>

Any balance in the first year does not cancel but is available in the second year.

These appropriations must be used for up to four months of transitional housing for families with incomes below 200 percent of the federal poverty guidelines. Payment must be made to programs on a reimbursement basis.

Sec. 11. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor must replace all references to the "Minnesota Foodshelf Association" with "Hunger Solutions."

ARTICLE 4

LIBRARIES

Section 1. Minnesota Statutes 2000, section 125B.20, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSE.] The purpose of developing a statewide school district telecommunications network is to expand the availability of a broad range of courses and degrees to students throughout the state, to share information resources to improve access, quality, and efficiency, to improve learning, and distance cooperative learning opportunities, and to promote the exchange of ideas among students, parents, teachers, media generalists, librarians, and the public. In addition, through the development of this statewide telecommunications network emphasizing cost-effective, competitive connections, all Minnesotans will benefit by enhancing access to telecommunications technology throughout the state. Network connections for school districts and public libraries are coordinated and fully integrated into the existing state telecommunications and interactive television networks to achieve comprehensive and efficient interconnectivity of school districts and libraries to higher education institutions, state agencies, other governmental units, agencies, and institutions throughout Minnesota. A school district may apply to the commissioner for a grant under subdivision 2, ~~and a regional public library may apply under subdivision 3.~~ The Minnesota education telecommunications council established in Laws 1995, First Special Session chapter 3, article 12, section 7, shall establish priorities for awarding grants, making grant awards, and being responsible for the coordination of networks.

Sec. 2. Minnesota Statutes 2000, section 134.31, subdivision 5, is amended to read:

Subd. 5. [ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee of five members to advise the staff of the Minnesota library for the blind and physically handicapped on long-range plans and library services. Members shall be people who use the library. Section 15.059 governs this committee except that the committee shall expire on June 30, ~~2001~~ 2003.

Sec. 3. [134.47] [REGIONAL LIBRARY TELECOMMUNICATIONS AID.]

Subdivision 1. [ELIGIBILITY.] (a) A regional public library system may apply for regional library telecommunications aid. The aid must be used for data and video access costs and other related costs to improve or maintain electronic access and connect the library system with the state information infrastructure administered by the department of administration under section 16B.465. Priority shall be given to public libraries that have not received access. To be eligible, a regional public library system must be officially designated by the commissioner of children, families, and learning as a regional public library system as defined in section 134.34, subdivision 3, and each of its participating cities and counties must meet local support levels defined in section 134.34, subdivision 1. A public library building that receives aid under this section must be open a minimum of 20 hours per week.

(b) Aid received under this section may not be used to substitute for any existing local funds allocated to provide electronic access, equipment for library staff or the public, or local funds dedicated to other library operations.

(c) An application for regional library telecommunications aid must, at a minimum, contain information to document the following:

(1) the connections are adequate and employ an open network architecture that will ensure interconnectivity and interoperability with school districts, post-secondary education, or other governmental agencies;

(2) that the connection is established through the most cost-effective means and that the regional library has explored and coordinated connections through school districts, post-secondary education, or other governmental agencies;

(3) that the regional library system has filed an e-rate application; and

(4) other information, as determined by the commissioner of children, families, and learning, to ensure that connections are coordinated, efficient, and cost-effective, take advantage of discounts, and meet applicable state standards.

The library system may include costs associated with cooperative arrangements with post-secondary institutions, school districts, and other governmental agencies.

Subd. 2. [AWARD OF FUNDS.] The commissioner of children, families, and learning shall develop an application and a reporting form and procedures for regional library telecommunications aid. Aid shall be based on actual costs of connections and funds available for this purpose. The commissioner shall make payments directly to the regional public library system.

Subd. 3. [EXPIRATION.] This section expires on July 1, 2003.

Sec. 4. Laws 2000, chapter 489, article 5, section 23, is amended to read:

Sec. 23. [COMMISSIONER RECOMMENDATION.]

By February 1, 2002, the commissioner of children, families, and learning, in cooperation with the commissioner of administration and the Minnesota education telecommunication council, shall recommend to the legislature a permanent method for funding telecommunications access as part of the general education revenue formula under Minnesota Statutes, section 126C.10, for school districts and charter schools and a permanent method for funding telecommunications access as part of the basic support grants for public libraries. The commissioner shall consider the following in making the recommendation:

(1) the range of costs for providing a minimum level of telecommunications access for all students and library users;

(2) the flexibility that is necessary to accommodate emerging technological advances in the telecommunications field; and

(3) other related efforts within the state, including the state's higher education and public library systems.

Sec. 5. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [BASIC SUPPORT GRANTS.] For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

<u>\$8,570,000</u>	.....	<u>2002</u>
<u>\$8,570,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$857,000 for 2001 and \$7,713,000 for 2002.

The 2003 appropriation includes \$857,000 for 2002 and \$7,713,000 for 2003.

Base level funding for fiscal year 2004 is \$9,723,000 and \$9,722,000 for fiscal year 2005.

Subd. 3. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

<u>\$903,000</u>	<u>-----</u>	<u>2002</u>
<u>\$903,000</u>	<u>-----</u>	<u>2003</u>

The 2002 appropriation includes \$90,000 for 2001 and \$813,000 for 2002.

The 2003 appropriation includes \$90,000 for 2002 and \$813,000 for 2003.

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [REGIONAL LIBRARY TELECOMMUNICATIONS AID.] For aid to regional public library systems under Minnesota Statutes, section 134.47:

<u>\$1,200,000</u>	<u>-----</u>	<u>2002</u>
<u>\$1,200,000</u>	<u>-----</u>	<u>2003</u>

This is a one-time appropriation. Any balance in the first year does not cancel but is available in the second year.

Sec. 6. [REPEALER.]

(a) Minnesota Statutes 2000, section 125B.20, subdivision 3, is repealed.

(b) Minnesota Rules, parts 3530.2610; 3530.2612; 3530.2614; 3530.2616; 3530.2618; 3530.2620; 3530.2622; 3530.2624; 3530.2626; 3530.2628; 3530.2630; 3530.2632; 3530.2634; 3530.2636; 3530.2638; 3530.2640; 3530.2642; and 3530.2644, are repealed."

Delete the title and insert:

"A bill for an act relating to family and early childhood education; providing for children and family support programs, prevention and intervention, self-sufficiency and lifelong learning, and libraries; appropriating money; amending Minnesota Statutes 2000, sections 119A.12, by adding subdivisions; 119A.13, subdivision 4; 119A.21; 119A.22; 119B.011, subdivision 19, by adding a subdivision; 119B.06, by adding a subdivision; 119B.061, subdivision 4; 119B.11, subdivision 1; 119B.13, subdivision 6; 119B.24; 124D.135, by adding subdivisions; 124D.16, subdivision 2, by adding subdivisions; 124D.19, by adding subdivisions; 124D.20, subdivisions 1, 5, by adding a subdivision; 124D.518, subdivision 5; 124D.52, subdivision 2; 124D.522; 124D.531, subdivisions 1, 3, 7; 125A.28; 125B.20, subdivision 1; 134.31, subdivision 5; Laws 2000, chapter 489, article 5, section 23; proposing coding for new law in Minnesota Statutes, chapters 119A; 134; repealing Minnesota Statutes 2000, sections 119A.13, subdivisions 1, 2, 3; 119A.14, subdivision 2; 119A.23; 124D.33; 124D.331; 125B.20, subdivision 3; Minnesota Rules, parts 3530.2610; 3530.2612; 3530.2614; 3530.2616; 3530.2618; 3530.2620; 3530.2622; 3530.2624; 3530.2626; 3530.2628; 3530.2630; 3530.2632; 3530.2634; 3530.2636; 3530.2638; 3530.2640; 3530.2642; 3530.2644."

The motion prevailed and the amendment was adopted.

H. F. No. 4, A bill for an act relating to family and early childhood education; providing for children and family support programs, prevention and intervention, self-sufficiency and lifelong learning, and libraries; appropriating money; amending Minnesota Statutes 2000, sections 119A.12, by adding subdivisions; 119A.13, subdivision 4; 119A.21; 119A.22; 119B.011, subdivision 19, by adding a subdivision; 119B.06, by adding a subdivision; 119B.061,

subdivision 4; 119B.11, subdivision 1; 119B.13, subdivision 6; 119B.24; 124D.135, by adding subdivisions; 124D.16, subdivision 2, by adding subdivisions; 124D.19, by adding subdivisions; 124D.20, subdivisions 1, 5, by adding a subdivision; 124D.518, subdivision 5; 124D.52, subdivision 2; 124D.522; 124D.531, subdivisions 1, 3, 7; 125A.28; 125B.20, subdivision 1; 134.31, subdivision 5; Laws 2000, chapter 489, article 5, section 23; proposing coding for new law in Minnesota Statutes, chapters 119A; 134; repealing Minnesota Statutes 2000, sections 119A.13, subdivisions 1, 2, 3; 119A.14, subdivision 2; 119A.23; 124D.33; 124D.331; 125B.20, subdivision 3; Minnesota Rules, parts 3530.2610; 3530.2612; 3530.2614; 3530.2616; 3530.2618; 3530.2620; 3530.2622; 3530.2624; 3530.2626; 3530.2628; 3530.2630; 3530.2632; 3530.2634; 3530.2636; 3530.2638; 3530.2640; 3530.2642; 3530.2644.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 69 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Harder	Lipman	Pawlenty	Tuma
Abrams	Dorman	Holberg	Mares	Penas	Vandever
Anderson, B.	Eastlund	Holsten	McElroy	Rhodes	Walz
Bishop	Erhardt	Howes	Molnau	Rifenberg	Westerberg
Boudreau	Erickson	Jacobson	Mulder	Ruth	Westrom
Bradley	Finseth	Johnson, J.	Ness	Seagren	Wilkin
Buesgens	Fuller	Kielkucki	Nornes	Seifert	Wolf
Cassell	Gerlach	Knoblach	Olson	Smith	Workman
Clark, J.	Goodno	Krinkie	Osskopp	Stanek	Spk. Sviggum
Daggett	Gunther	Kuisle	Otremba	Stang	
Davids	Haas	Leppik	Ozment	Swenson	
Dehler	Hackbarth	Lindner	Paulsen	Sykora	

Those who voted in the negative were:

Anderson, I.	Evans	Johnson, S.	Luther	Paymar	Swapinski
Bakk	Folliard	Juhnke	Mahoney	Pelowski	Thompson
Bernardy	Gleason	Kahn	Mariani	Peterson	Wagenius
Biernat	Goodwin	Kalis	Marko	Pugh	Walker
Carlson	Gray	Kelliher	Marquart	Rukavina	Wasiluk
Clark, K.	Greiling	Koskinen	McGuire	Schumacher	Wenzel
Davnie	Hausman	Kubly	Milbert	Sertich	Winter
Dawkins	Hilstrom	Larson	Mullery	Skoe	
Dibble	Hilty	Leighton	Murphy	Skoglund	
Dorn	Huntley	Lenczewski	Opatz	Slawik	
Entenza	Johnson, R.	Lieder	Osthoff	Solberg	

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

FISCAL CALENDAR

Pursuant to rule 1.22, Bishop requested immediate consideration of H. F. No. 5.

H. F. No. 5 was reported to the House.

Pursuant to rule 2.05, the Speaker excused Kelliher from voting on the passage of H. F. No. 5 and any amendments to H. F. No. 5 that relate to the Minnesota Historical Society.

Pursuant to rule 2.05, the Speaker excused Slawik from voting on the passage of H. F. No. 5 and any amendments to H. F. No. 5 that relate to the Department of Economic Security.

McElroy moved to amend H. F. No. 5 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. [ECONOMIC DEVELOPMENT; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2002" and "2003," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2002, or June 30, 2003, respectively. The term "first year" means the fiscal year ending June 30, 2002, and "second year" means the fiscal year ending June 30, 2003.

SUMMARY BY FUND

	2002	2003	TOTAL
General	\$192,471,000	\$192,612,000	\$385,083,000
Petroleum Tank Cleanup	1,064,000	1,084,000	2,148,000
Environmental Fund	700,000	700,000	1,400,000
TANF Block Grant	15,198,000	14,302,000	29,500,000
Workers' Compensation	23,216,000	23,765,000	46,981,000
Special Revenue Fund	11,849,000	10,942,000	22,791,000
TOTAL	\$244,498,000	\$243,405,000	\$487,903,000

APPROPRIATIONS
Available for the Year
Ending June 30
2002 2003

Sec. 2. TRADE AND ECONOMIC DEVELOPMENT

Subdivision 1. Total Appropriation \$41,965,000 \$39,591,000

Summary by Fund

General	38,453,000	37,426,000
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APPROPRIATIONS
Available for the Year
Ending June 30
2002 2003

TANF Block Grant	1,750,000	1,000,000
Environmental Fund	700,000	700,000
Special Revenue Fund	1,062,000	465,000

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

Subd. 2. Business and Community Development	13,149,000	11,167,000
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Summary by Fund

General	11,852,000	10,467,000
Environmental Fund	700,000	700,000
Special Revenue Fund	597,000	-0-

(a) \$3,867,000 the first year and \$3,867,000 the second year are for Minnesota investment fund grants. It is the intention of the legislature that the base funding for the Minnesota investment fund in the 2004-2005 biennium be \$4,017,000 each year.

(b) \$150,000 the first year and \$150,000 the second year are for one-time grants to the rural policy and development center at Minnesota State University, Mankato. The grant shall be used for research and policy analysis on emerging economic and social issues in rural Minnesota, to serve as a policy resource center for rural Minnesota communities, to encourage collaboration across higher education institutions to provide interdisciplinary team approaches to research and problem solving in rural communities, and to administer overall operations of the center.

The grant shall be provided upon the condition that each state-appropriated dollar be matched with a non-state-appropriated dollar. Acceptable matching funds are non-state-appropriated contributions that the center has received after July 1, 2000, and have not been used to match previous state grants. The funds not spent the first year are available the second.

APPROPRIATIONS
Available for the Year
Ending June 30
2002 2003

(c) \$155,000 the first year and \$155,000 the second year are for one-time grants to the metropolitan economic development association for continuing minority business development programs in the metropolitan area.

(d) \$300,000 the first year is for one-time grants to nonprofit organizations to provide technical assistance to individuals to support the start-up and growth of self-employment and microenterprise businesses. Eligible businesses are microenterprises employing fewer than five people plus the owner and requiring under \$35,000 or no capital to start or expand the business.

Nonprofit organizations must apply for grants under this subdivision following procedures established by the commissioner. To be eligible for a grant, an organization must demonstrate to the commissioner that it has the appropriate expertise. The commissioner shall give preference for grants to organizations that target nontraditional entrepreneurs such as women, members of a minority, low-income individuals, or persons seeking work who are currently on or recently removed from welfare assistance or who have recently been laid off from their previous employment.

An application must include:

- (1) the local need for microenterprise support;
- (2) proposed criteria for business eligibility;
- (3) a proposal for identifying and serving eligible businesses;
- (4) a description of technical assistance to be provided to eligible businesses;
- (5) a proposal to coordinate technical assistance with financial assistance;
- (6) demonstration of an ability to collaborate with other agencies including educational and financial institutions; and
- (7) project goals identifying the number of eligible businesses to be assisted with the state funds awarded under the grant.

Grant recipients must report to the commissioner by February 1 in each of the two years after the year of receipt of the grant. The report must detail the number of customers served; the number of

APPROPRIATIONS
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2002 2003

businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates. The commissioner shall report to the legislature on the microenterprise entrepreneurial assistance. The report shall contain an evaluation of the results.

(e) \$35,000 the first year is for a one-time grant for a pilot project incubated by Blue Earth county named the Rural Advanced Business Facilitation Program. The grant shall be provided on the condition that the funds be matched on a one-to-one basis from nonstate sources. This appropriation is available until June 30, 2003.

(f) \$500,000 the first year is for a one-time grant to the city of St. Paul for the planning, predesign, and design of the new Roy Wilkins auditorium and exhibit hall. This appropriation is available until June 30, 2003.

(g) \$50,000 the first year is for a one-time grant to Minnesota rural partners. This grant must be used only for the Minnesota rural summit and shall be provided on the condition that funds be matched on a one-to-one basis from nongovernmental sources. This appropriation is available until June 30, 2003.

(h) \$100,000 the first year is for a one-time grant to the Albert Lea Port Authority to remodel a building in the Northaire Industrial Park. Of this amount, \$50,000 is from the Minnesota investment fund. This appropriation is available until June 30, 2003. This grant must be matched on a two-for-one basis by nonstate funds.

(i) \$300,000 the first year is for a one-time grant to the St. Paul port authority for the 33-acre Trillium site that is part of the Trout Brook greenway corridor in St. Paul.

(j) Notwithstanding the limit in Minnesota Statutes, section 116J.8731, subdivision 5, a grant of up to \$1,000,000 may be made to a political subdivision that is chosen as a site for a soybean oilseed processing facility constructed by a Minnesota-based cooperative. The grant may be used for site preparation, predevelopment, and other infrastructure improvements, including public and private utility improvements that are necessary for development of the oilseed processing facility. The grant may be made any time until June 30, 2003.

(k) \$500,000 the first year is from the workforce development fund for a grant to the city of Duluth to support the development of the Duluth Technology Village. This is a one-time expenditure, and funds not spent the first year are available the second year.

APPROPRIATIONS
Available for the Year
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2002 2003

(l) \$75,000 in fiscal year 2002 is for a grant to the West Central Growth Alliance to establish a regional marketing plan, economic development pilot project in Big Stone, Chippewa, Kandiyohi, Lac Qui Parle, Meeker, Renville, Stevens, Swift, and Yellow Medicine counties. The grant must be matched by \$75,000 in nonstate money. This is a one-time appropriation. This appropriation is available until June 30, 2003.

(m) \$150,000 the first year is for a one-time grant to the city of Ironton to be applied to planning for the Cuyuna Range Technology Center. This appropriation is available until June 30, 2003. The grant must be matched by \$150,000 in nonstate money.

(n) \$97,000 the first year from the workforce development fund is for a one-time grant to Neighborhood Development Center, Inc. The funds not spent the first year are available the second.

Subd. 3. Minnesota Trade Office

2,466,000	2,614,000
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On or before July 10, 2001, the commissioner of finance shall transfer the following amounts from the unencumbered balance in the export finance authority working capital account created by Minnesota Statutes, section 116J.9673: to the workforce development fund, \$350,000; and to the general fund, \$771,000.

Subd. 4. Workforce Development	11,045,000	10,295,000
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Summary by Fund

General	8,830,000	8,830,000	
Special Revenue	465,000	465,000	
TANF Block Grant	1,750,000	1,000,000	

(a) \$8,500,000 the first year and \$8,500,000 the second year are for the job skills partnership and pathways programs. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation does not cancel.

(b) \$450,000 the first year and \$450,000 the second year are for one-time grants to Lifetrack Resources for its immigrant/refugee collaborative programs, including those related to job-seeking

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2002 2003

skills and workplace orientation, intensive job development, functional work English, and on-site job coaching. Of this amount, \$200,000 each year is from the workforce development fund and \$250,000 each year is from the state's federal TANF block grant under Title I of Public Law Number 104-193 to the commissioner of human services, to be transferred to the commissioner of trade and economic development.

(c) \$330,000 the first year and \$330,000 the second year are from the general fund for one-time grants to Twin Cities Rise to provide training to hard-to-train individuals. Twin Cities Rise must report to the commissioner by October 1 after the close of each fiscal year. The report must detail the number of participants served, the cost per participant, the number of participants placed, the number of participants who otherwise successfully completed the program, and any other information requested by the commissioner.

(d) \$750,000 the first year is for the job skills partnership board to operate the pilot program provided by article 2, section 30. This is a one-time appropriation and is from the state's federal TANF block grant under Title I of Public Law Number 104-193 to the commissioner of human services, to be transferred to the commissioner of trade and economic development. This appropriation is available until June 30, 2003.

(e) \$265,000 the first year and \$265,000 the second year from the workforce development fund are for one-time grants to WomenVenture for women's business development programs.

Subd. 5. Office of Tourism

10,219,000	10,111,000
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To develop maximum private sector involvement in tourism, \$3,500,000 the first year and \$3,500,000 the second year of the amounts appropriated for marketing activities are contingent on receipt of an equal contribution from nonstate sources that have been certified by the commissioner. Up to one-half of the match may be given in in-kind contributions.

In order to maximize marketing grant benefits, the commissioner must give priority for joint venture marketing grants to organizations with year-round sustained tourism activities. For programs and projects submitted, the commissioner must give priority to those that encompass two or more areas or that attract nonresident travelers to the state.

	APPROPRIATIONS	
	Available for the Year	
	Ending June 30	
	2002	2003
Subd. 7. Administrative Support	3,455,000	3,736,000
Sec. 3. MINNESOTA TECHNOLOGY, INC.	5,930,000	6,105,000

\$5,005,000 the first year and \$6,105,000 the second year are for transfer from the general fund to the Minnesota Technology, Inc. fund. It is the intention of the legislature that the base funding for the Minnesota Technology, Inc. fund in the 2004-2005 biennium be \$6,105,000 each year.

\$875,000 the first year is for a grant to Minnesota Project Innovation. This is a one-time appropriation and is not added to the agency's budget base.

\$50,000 the first year is for grants to Minnesota Inventors Congress. This is a one-time appropriation and is not added to the agency's budget base.

On or before July 10, 2001, the commissioner of finance shall transfer \$900,000 from the Minnesota technology account created in Minnesota Statutes, section 116O.12, to the general fund.

Notwithstanding the provisions of Minnesota Statutes, section 116O.12, the legislature does not approve the industry cluster initiative proposed by Minnesota Technology, Inc., in the governor's 2002-2003 biennial budget.

Sec. 4. ECONOMIC SECURITY

Subdivision 1. Total Appropriation		40,443,000	39,977,000
Summary by Fund			
General	29,376,000	29,381,000	
TANF Block Grant	1,073,000	927,000	
Special Revenue Fund	9,994,000	9,669,000	
Subd. 2. Workforce Services		12,046,000	11,944,000
Summary by Fund			
General	9,194,000	9,092,000	

APPROPRIATIONS
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2002 2003

TANF Block Grant	927,000	927,000
Special Revenue	1,925,000	1,925,000

(a) \$1,827,000 the first year and \$1,827,000 the second year are for displaced homemaker programs under Minnesota Statutes, section 268.96. Of this amount, \$1,000,000 each year is from the workforce development fund and \$827,000 each year is a one-time appropriation from the state's federal TANF block grant under title I of Public Law Number 104-193 to the commissioner of human services, to be transferred to the commissioner of economic security. The commissioner of economic security shall report to the legislature by February 15, 2003, on the outcome of grants under this paragraph.

(b) \$111,000 the first year is for youth violence prevention programs to match the federal juvenile accountability incentive block grant. This is a one-time appropriation and is not added to the agency's budget base.

(c) No appropriation is made for the youth curfew and truancy prevention program established in Laws 1999, chapter 216, article 1, section 20.

(d) No appropriation is made for asset preservation and facility repair.

(e) \$1,025,000 the first year and \$1,025,000 the second year are for the opportunities industrialization center programs. Of this amount, \$150,000 each year is a one-time appropriation from the workforce development fund and \$100,000 each year is a one-time appropriation from the state's federal TANF block grant under Title I of Public Law Number 104-193 to the commissioner of human services, to be transferred to the commissioner of economic security.

(f) \$300,000 each year is added to the base for youth intervention programs under Minnesota Statutes, section 268.30. Of this appropriation, \$15,000 is for a grant to the Minnesota Youth Intervention Programs Association (YIPA) to provide collaborative training and technical assistance to community-based grantees of the program.

(g) \$150,000 each year is added to the base for grants to Youthbuild programs under Minnesota Statutes, sections 268.361 to 268.3661.

		APPROPRIATIONS Available for the Year Ending June 30	
		2002	2003
Subd. 3. Rehabilitation Services		23,422,000	22,966,000
Summary by Fund			
General	15,207,000	15,222,000	
TANF	146,000	-0-	
Special Revenue Fund	8,069,000	7,744,000	

\$11,927,000 in the first year and \$11,940,000 in the second year are for extended employment services for persons with severe disabilities or related conditions under Minnesota Statutes, section 268A.15. Of this amount, \$7,719,000 the first year and \$7,719,000 the second year are from the workforce development fund; of which \$400,000 each year is to increase the reimbursement rates for extended employment services. It is the intention of the legislature that the funding for extended employment from the workforce development fund shall be \$6,920,000 each year in the 2004-2005 biennium.

\$146,000 the first year is from the state's TANF block grant under Title I of Public Law Number 104-193 to the commissioner of human services, to be transferred to the commissioner of economic security for extended employment services for the continuation of efforts to provide extended employment training through the welfare-to-work extended employment partnership program to welfare recipients with severe impairments to employment as provided for under Minnesota Statutes, section 268A.15. Of this appropriation, up to five percent may be used for administrative costs. This is a one-time appropriation and is not added to the agency's budget base.

\$50,000 the first year and \$50,000 the second year are for grants to fund the eight centers for independent living. This appropriation shall be added to the agency's base level funding for the 2004-2005 biennium.

\$500,000 the first year and \$500,000 the second year are added to the base for grants for programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

\$175,000 the first year is appropriated from the workforce development fund for purposes of workplace HIV education. This is a one-time appropriation.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2002 2003

\$25,000 each year from the workforce development fund is for grants to the Minnesota employment center for people who are deaf or hard-of-hearing. This appropriation is added to the base level funding for the 2002-2003 biennium for the Minnesota employment center for people who are deaf or hard-of-hearing. Funds not expended in the first year are available in the second.

\$150,000 the first year is from the workforce development fund for the purpose of the vocational rehabilitation brain injury pilot program to be available until June 30, 2003. This is a one-time appropriation.

Subd. 4. State Services for the Blind

4,940,000	5,067,000
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Subd. 5. Workforce Wage Assistance

\$35,000 in the first year is to prepare a report to the legislature by February 1, 2002, on the costs and benefits of providing paid or insured wage replacement during parental leave. The report must include (1) estimates of the percent of employees who currently have the option of taking paid parental leave, including the nature and extent of the benefits, (2) the impact on employers of offering paid parental leave, including wage replacement costs, and the impact on overall employment, retention, and recruitment costs, and (3) an estimate of the public health costs of not providing wage replacement during parental leave, including the impact on infant care and maternal health. The commissioners of health and children, families, and learning shall assist in the report's preparation, as needed.

Subd. 6. Economic Security Contingent Account

Beginning in the 2002-2003 biennium, the first \$2,000,000 deposited in each year of the biennium into the economic security contingent account created under Minnesota Statutes, section 268.196, subdivision 3, shall be transferred upon deposit to the workforce development fund. Deposits in excess of the \$2,000,000 shall be used for purposes of the economic security contingent account. It is the intent of the legislature that in future years, \$2,000,000 each year will be transferred in this manner.

Sec. 5. HOUSING FINANCE AGENCY	65,057,000	64,457,000
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Summary by Fund

General	52,932,000	52,332,000
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APPROPRIATIONS
Available for the Year
Ending June 30
2002 2003

TANF	12,125,000	12,125,000
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Subdivision 1. Total Appropriation

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

This appropriation is for transfer to the housing development fund for the programs specified. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

Subd. 2. Challenge Program

\$12,004,000 the first year and \$12,004,000 the second year are for the economic development and housing challenge program under Minnesota Statutes, section 462A.33. Until January 1, 2002, the agency may administer the appropriations under this subdivision in the same manner as appropriations for Minnesota Statutes, section 462A.21, subdivision 8b, 15, 21, or 24. In funding proposals with money appropriated under this subdivision, the agency shall give priority to no more than three proposals for pilot projects encouraging homeowners to make improvements to the exteriors of deteriorating properties or assisting homeowners with interior lead hazard reduction in targeted neighborhoods. Eligible proposals must meet the following criteria:

- (1) the funds will be used to discount the interest rate on the community fix-up fund program for home improvement loans provided through the agency;
- (2) matching funds are provided from either a local unit of government or a private philanthropic, religious, or charitable organization; and
- (3) the discounted interest rate loans will be targeted to households based on need, as determined by the housing finance agency in consultation with the community.

Communities receiving funds under a proposal for this purpose shall report to the agency on the outcomes of the pilot project, including the number of households served, the cost per household, the changes in property values, if any, in the targeted neighborhood, and improvements, if any, made in the targeted neighborhoods without government subsidy during the same time period as the pilot project.

APPROPRIATIONS
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2002 2003

Of this amount, \$200,000 each year is for a grant to a nonprofit organization currently operating the CLEARCorps lead hazard reduction project. The grant must be used as a match for federal funds for mitigation and rehabilitation to reduce lead hazards. This is a one-time allocation.

Subd. 3. Rental Assistance for Mentally Ill

\$1,700,000 the first year and \$1,700,000 the second year are for a rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097.

Subd. 4. Family Homeless Prevention

\$3,750,000 the first year and \$3,750,000 the second year are for the family homeless prevention and assistance program under Minnesota Statutes, section 462A.204, and are available until June 30, 2003. Of this amount, \$125,000 the first year and \$125,000 the second year are one-time appropriations from the state's federal TANF block grant under Title I of Public Law Number 104-193 to the commissioner of human services, to reimburse the housing development fund for assistance under this program for families receiving TANF assistance under the MFIP program. The commissioner of human services shall make monthly reimbursements to the housing development fund. The commissioner of human services shall not make any reimbursement which the commissioner determines would be subject to a penalty under Code of Federal Regulations, section 262.1. If the appropriation in either year is insufficient, the appropriation for the other year is available. It is the intention of the legislature that the general fund base funding to this program be \$7,250,000 for the 2004-2005 biennium.

Subd. 5. Home Ownership Education, Counseling, and Training

\$983,000 the first year and \$983,000 the second year are for the home ownership education, counseling, and training program under Minnesota Statutes, section 462A.209.

Of this amount, \$125,000 the first year and \$125,000 the second year are one-time appropriations for full-cycle home ownership services for non-English-speaking persons, recent immigrants, and historically underserved populations.

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Subd. 6. Housing Trust Fund

\$4,623,000 the first year and \$4,623,000 the second year are for the housing trust fund to be deposited in the housing trust fund account created under Minnesota Statutes, section 462A.201, and used for the purposes provided in that section. Until January 1, 2002, the agency may administer the appropriations under this subdivision in the same manner as appropriations for Minnesota Statutes 2000, sections 462A.201, 462A.205, and 462A.21, subdivision 8b. Among comparable rehabilitation proposals, the agency may give a priority for projects that include lead hazard reduction.

Subd. 7. Affordable Rental Investment Fund

\$22,000,000 the first year and \$22,000,000 the second year are for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b. Of this amount, \$12,000,000 in each year is a one-time appropriation and is not added to the agency's base budget.

(a) Of this amount, \$10,000,000 the first year and \$10,000,000 the second year are to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39. The owner of the federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable properties to properties with the longest remaining term under an agreement for federal rental assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

(b) Of this appropriation, \$12,000,000 the first year and \$12,000,000 the second year are to be used by the agency to finance permanent and supportive rental housing units and necessary operating cost subsidies related to the units financed and to provide rental assistance. The appropriation under this paragraph must be used to finance units or provide assistance for families whose household income, at the time of initial occupancy,

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does not exceed 30 percent of the HUD established median income for the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. The median family income may be adjusted for families of five or more persons. The owner of units financed with the appropriation under this paragraph must agree to maintain affordability of the units financed under this paragraph for a 30-year period.

Housing units financed in the metropolitan area with the appropriation under paragraph (b) must be located near public transit that provides regular service and access to jobs, schools, and other services that support self-sufficiency.

Housing units financed outside the metropolitan area with the appropriation under paragraph (b) must be located near jobs, schools, and other services that support self-sufficiency.

The commissioner shall utilize strategies to: (1) promote occupancy of the units financed by the appropriation under paragraph (b) by households most in need of subsidized housing and (2) encourage households to move into homeownership or unsubsidized housing as the household achieves economic self-sufficiency.

The appropriation under paragraph (b) shall be jointly administered by the commissioners of the Minnesota housing finance agency and the department of human services and the director of the strategic and long-range planning office.

[WORKING FAMILY CREDIT.] (a) On a regular basis, the commissioner of revenue, with the assistance of the commissioner of human services, shall calculate the value of the refundable portion of the Minnesota working family credits provided under Minnesota Statutes, section 290.0671, that qualifies for federal reimbursement from the temporary assistance to needy families block grant. The commissioner of revenue shall provide the commissioner of human services with such expenditure records and information as are necessary to support draw down of federal funds.

(b) Federal TANF funds, as specified in this paragraph, are appropriated to the commissioner of housing finance based on calculations under paragraph (a) of working family tax credit expenditures that qualify for reimbursement from the TANF block grant for income tax refunds payable in federal fiscal years beginning October 1, 2001. The draw down of federal TANF funds shall be made on a regular basis based on calculations of credit expenditures by the commissioner of revenue.

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\$12,000,000 in fiscal year 2002 and \$12,000,000 in fiscal year 2003 are appropriated to the commissioner of the housing finance agency. These funds shall be transferred to the commissioner of revenue to deposit into the general fund. These funds shall not become part of the 2004-2005 base budget.

Subd. 8. Urban Indian Housing Program

\$187,000 the first year and \$187,000 the second year are for the urban Indian housing program under Minnesota Statutes, section 462A.07, subdivision 15.

Subd. 9. Tribal Indian Housing Program

\$1,683,000 the first year and \$1,683,000 the second year are for the tribal Indian housing program under Minnesota Statutes, section 462A.07, subdivision 14.

Subd. 10. Capacity Building Grants

\$340,000 the first year and \$340,000 the second year are for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b.

Subd. 11. Housing Rehabilitation and Accessibility

\$4,287,000 the first year and \$4,287,000 the second year are for the housing rehabilitation and accessibility program under Minnesota Statutes, section 462A.05, subdivisions 14a and 15a.

Subd. 12. Home Ownership Assistance Fund

\$900,000 the first year and \$900,000 the second year are for the home ownership assistance fund under Minnesota Statutes, section 462A.21, subdivision 8.

Subd. 13. Manufactured Home Park Redevelopment

\$400,000 is for the manufactured home park redevelopment program created by Minnesota Statutes, section 462A.2035, and is available until June 30, 2003. This is a one-time appropriation and is not added to the agency's permanent budget base.

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Subd. 16. Cancellations

(a) [TRANSFER OF DISASTER RELIEF FUNDS.] The unobligated and unencumbered balance appropriated to the affordable rental investment fund account and the community rehabilitation fund account under Laws 1997, Second Special Session chapter 2, section 4, is transferred on July 1, 2001, to the housing development fund under Minnesota Statutes, section 462A.20. The unobligated and unencumbered balance appropriated to the affordable rental investment fund account and the community rehabilitation fund account under Laws 1998, chapter 383, section 2, is transferred on July 1, 2001, to the housing development fund under Minnesota Statutes, section 462A.20.

(b) [RENTAL HOUSING PILOT PROGRAM.] Up to \$257,000 of the amount transferred under paragraph (a) is for the rental housing pilot program under subdivision 14. This is a one-time appropriation and is not added to the agency's permanent budget base.

(c) [SECTION 8 HOME OWNERSHIP.] Up to \$250,000 of the amount transferred under paragraph (a) is for grants to agencies administering the federal section 8 housing program for administrative costs associated with the establishment and operation of section 8 home ownership programs and for grants to public or nonprofit section 8 administering agencies or collaboratives of those agencies to acquire and rehabilitate or construct homes for resale to households eligible for section 8 assistance using section 8 vouchers and certificates to finance the home purchases including gap financing. The administering agencies shall set guidelines for the sale of homes under this subdivision to ensure that a home buyer who later loses eligibility for section 8 assistance due to increased income will have an opportunity to purchase the home and to retain any equity built up in the home. For purposes of this subdivision, "section 8" means section 8 of the United States Housing Act of 1937. This is a one-time appropriation and is not added to the agency's permanent budget base.

(d) [HOMELESS VETERANS HOUSING.] \$420,000 of the unobligated and unencumbered balance in the local government unit housing account under Minnesota Statutes, section 462A.202, is transferred to the housing trust fund under Minnesota Statutes, section 462A.201, for loans and grants to assist in the development, construction, acquisition, or rehabilitation of

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supportive and permanent housing to serve veterans and single adults who are homeless or at risk of becoming homeless. The loans or grants must be used for at least two housing projects that:

(1) are located on property owned by the United States Department of Veterans Affairs or other property that could be obtained at no cost;

(2) provide or coordinate health and social services needed by the residents; and

(3) are a collaborative partnership between community agencies and local units of government or the federal government.

Sec. 6. CHILDREN, FAMILIES, AND LEARNING	500,000	500,000
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Summary by Fund

General	250,000	250,000
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TANF	250,000	250,000
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[EMERGENCY SERVICES.] \$500,000 the first year and \$500,000 the second year are one-time appropriations for emergency services grants according to Laws 1997, chapter 162, article 3, section 7.

Of this amount, \$250,000 the first year and \$250,000 the second year are one-time appropriations from the state's federal TANF block grant under Title I of Public Law Number 104-193 to the commissioner of human services.

Sec. 7. INVESTMENT BOARD	100,000	100,000
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\$100,000 in each year is for the purpose of paying staff costs related to focusing efforts on investing in Minnesota-based startup businesses under new Minnesota Statutes, section 11A.26. This is a one-time appropriation for this pilot project.

Sec. 8. COMMERCE

Subdivision 1. Total Appropriation	27,061,000	27,728,000
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Summary by Fund

General	25,398,000	26,029,000
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Petroleum Cleanup	1,064,000	1,084,000
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Workers' Compensation	599,000	615,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Financial Examinations

6,379,000	6,555,000
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Subd. 3. Petroleum Tank Release Cleanup Board

1,064,000	1,084,000
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This appropriation is from the petroleum tank release cleanup fund.

Subd. 4. Administrative Services

5,852,000	6,003,000
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Subd. 5. Enforcement and Compliance

5,685,000	5,836,000
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Summary by Fund

General	5,086,000	5,221,000
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Workers' Compensation	599,000	615,000
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Subd. 6. Energy

3,809,000	3,884,000
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\$588,000 each year is for transfer to the energy and conservation account established in Minnesota Statutes, section 216B.241, subdivision 2a, for programs administered by the commissioner of economic security to improve the energy efficiency of residential oil-fired heating plants in low-income households and, when necessary, to provide weatherization services to the homes.

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		2002	2003
Subd. 7. Telecommunication			
	986,000	1,008,000	
Subd. 8. Weights and Measurement			
	3,286,000	3,358,000	
Sec. 9. BOARD OF ACCOUNTANCY		683,000	721,000
Sec. 10. BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN		951,000	981,000
Sec. 11. BOARD OF BARBER EXAMINERS		153,000	159,000
Sec. 12. LABOR AND INDUSTRY			
Subdivision 1. Total Appropriation		25,413,000	26,001,000
Summary by Fund			
General	3,572,000	3,661,000	
Workers' Compensation	21,048,000	21,532,000	
Special Revenue Fund	793,000	808,000	
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.			
Subd. 2. Workers' Compensation			
	10,912,000	11,178,000	
This appropriation is from the workers' compensation fund.			
\$125,000 the first year and \$125,000 the second year are for grants to the Vinland Center for rehabilitation service.			
Subd. 3. Workplace Services		7,468,000	7,644,000

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Summary by Fund

General	2,493,000	2,555,000
Workers' Compensation	4,182,000	4,281,000
Special Revenue Fund	793,000	808,000

\$204,000 the first year and \$204,000 the second year are for labor education and advancement program grants. This appropriation is from the workforce development fund.

Subd. 4. General Support	7,033,000	7,179,000
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Summary by Fund

General	1,079,000	1,106,000
Workers' Compensation	5,954,000	6,073,000

\$5,000 in the first year is a one-time appropriation for a study and report to the legislature by January 15, 2002, on:

(1) the extent of wage disparities, both in the public and private sector, between men and women, and between minorities and nonminorities;

(2) those factors that cause, or tend to cause, such disparities, including segregation between women and men, and between minorities and nonminorities across and within occupations; payment of lower wages for work in female-dominated occupations; child-rearing responsibilities; and education and training;

(3) the consequences of such disparities on the economy and families affected; and

(4) actions, including proposed legislation, that are likely to lead to the elimination and prevention of such disparities.

Sec. 13. BUREAU OF MEDIATION SERVICES

Subdivision 1. Total Appropriation	2,259,000	2,307,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Mediation Services	1,957,000	2,005,000
Subd. 3. Labor Management Cooperation Grants	302,000	302,000

\$302,000 each year is for grants to area labor-management committees. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

Sec. 14. WORKERS' COMPENSATION COURT OF APPEALS	1,569,000	1,618,000
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This appropriation is from the workers' compensation fund.

Sec. 15. PUBLIC UTILITIES COMMISSION	3,994,000	4,163,000
Sec. 16. MINNESOTA HISTORICAL SOCIETY		
Subdivision 1. Total Appropriation	26,865,000	27,395,000

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

Subd. 2. Education and Outreach	14,935,000	15,412,000
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\$150,000 the first year and \$200,000 the second year are for operating expenses at the Northwest Fur Company Post.

\$150,000 the first year and \$250,000 the second year are for operating expenses at the Mill City Museum, St. Anthony Falls.

Subd. 3. Preservation and Access	11,384,000	11,635,000
Subd. 4. Fiscal Agent	546,000	348,000

(a) Sibley House Association

88,000	88,000
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This appropriation is available for operation and maintenance of the Sibley House and related buildings on the Old Mendota state historic site operated by the Sibley House Association.

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(b) Minnesota International Center

	50,000	50,000
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(c) Minnesota Air National Guard Museum

	19,000	-0-
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(d) Institute for Learning and Teaching - Project 120

	110,000	110,000
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(e) Minnesota Military Museum

	79,000	-0-
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(f) Farmamerica

	150,000	100,000
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Notwithstanding any other law, this appropriation may be used for operations.

(g) Little Elk Heritage Preserve

	50,000	-0-
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This appropriation is to assist the Institute for Minnesota Archaeology in site research and preservation, economic and infrastructure development, public outreach, and education programming. The appropriated funds may be matched by nonstate sources. This is a one-time appropriation.

(h) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Subd. 5. Fund Transfer

The society may reallocate funds appropriated in and between subdivisions 2 and 3 for any program purposes.

Sec. 17. COUNCIL ON BLACK MINNESOTANS

342,000

352,000

	APPROPRIATIONS	
	Available for the Year	
	Ending June 30	
	2002	2003
Sec. 18. COUNCIL ON CHICANO-LATINO AFFAIRS	334,000	344,000
Sec. 19. COUNCIL ON ASIAN-PACIFIC MINNESOTANS	295,000	304,000
Sec. 20. INDIAN AFFAIRS COUNCIL	584,000	602,000
Sec. 21. [FEDERAL FUND APPROVAL.]		

Requests to spend federal grants and aids as shown in the biennial budget document and its supplements for the departments of trade and economic development, economic security, commerce, and labor and industry; the Minnesota housing finance agency; and Minnesota Technology, Inc., for which further review was requested under Minnesota Statutes, section 3.3005, subdivision 2a, in January or February 2001, are approved and the amounts shown in the budget documents are appropriated for the purpose indicated in the request.

ARTICLE 2

POLICY PROVISIONS

Section 1. Minnesota Statutes 2000, section 3.922, is amended by adding a subdivision to read:

Subd. 10. [RULEMAKING.] Notwithstanding section 116J.64, subdivision 7, or other law, the council does not have authority to adopt, amend, or repeal rules or to adjudicate contested cases or appeals. Rules adopted before the effective date of this subdivision may continue in effect until amended or repealed by law.

Sec. 2. Minnesota Statutes 2000, section 116J.8731, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The Minnesota investment fund is created to provide financial assistance, through partnership with communities, for the creation of new employment or to maintain existing employment, and for business start-up, expansions, and retention. It shall accomplish these goals by the following means:

(1) creation or retention of permanent private-sector jobs in order to create above-average economic growth consistent with environmental protection, which includes investments in technology and equipment that increase productivity and provide for a higher wage;

(2) stimulation or leverage of private investment to ensure economic renewal and competitiveness;

(3) increasing the local tax base, based on demonstrated measurable outcomes, to guarantee a diversified industry mix;

(4) improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living, consistent with federal and state guidelines on low- to moderate-income persons; and

(5) stimulation of productivity growth through improved manufacturing or new technologies, including cold weather testing.

Sec. 3. Minnesota Statutes 2000, section 116L.03, is amended to read:

116L.03 [BOARD.]

Subdivision 1. [MEMBERS.] The partnership shall be governed by a board of ~~12~~ 13 directors.

Subd. 2. [APPOINTMENT.] The Minnesota job skills partnership board consists of: ~~nine~~ seven members appointed by the governor, the chair of the governor's workforce development council, the commissioner of trade and economic development, ~~the commissioner of economic security, and~~ the chancellor, or the chancellor's designee, of the Minnesota state colleges and universities, the president, or the president's designee, of the University of Minnesota, and two nonlegislator members, one appointed by the subcommittee on committees of the senate committee on rules and administration and one appointed by the speaker of the house. If the chancellor or the president of the university makes a designation under this subdivision, the designee must have experience in technical education. ~~Two~~ Four of the appointed members must be ~~representatives from~~ members of the governor's workforce development council, of whom two must represent organized labor and two must represent business and industry. One of the appointed members must be a representative of a nonprofit organization that provides workforce development or job training services.

Subd. 3. [QUALIFICATIONS.] Members must have expertise in, and be representative of the following fields of education, job skills training, labor, business, and government.

Subd. 4. [CHAIR.] The chair shall be appointed by the governor.

Subd. 5. [TERMS.] The terms of appointed members shall be for four years except for the initial appointments. The initial appointments of the governor shall have the following terms: two members each for one, two, three, and four years. No member shall serve more than two terms, and no person shall be appointed after December 31, 2001, for any term that would cause that person to serve a total of more than eight years on the board. Compensation for board members is as provided in section 15.0575, subdivision 3.

Subd. 7. [OFFICES.] ~~The department of trade and economic development shall provide staff and administrative services for the board. The department of trade and economic development shall provide office space and staff to the job skills partnership board for the execution of its duties. The board shall hire an executive director to assist in carrying out its duties.~~

Sec. 4. Minnesota Statutes 2000, section 116L.04, is amended by adding a subdivision to read:

Subd. 4. [PERFORMANCE STANDARDS AND REPORTING.] By January 15, 2002, the board must develop performance standards for workforce development and job training programs receiving state funding. The standards may vary across program types. The board may contract with a consultant to develop the performance standards. The board must consult with stakeholder advocacy groups, nonprofit service providers, and local workforce councils in the development of both performance standards and reporting requirements. The adult standards must at a minimum measure:

(1) the employability levels of individuals as defined by basic skill level, the amount of work experience, and barriers to employment prior to program entry;

(2) the individual's annual income and employability level for the 12 months prior to entering the program, the starting annual income upon placement after completing the program, employability level and annual income one year after completion of the program, and the individual's reported satisfaction;

(3) the program completion rate, placement rate, employability level upon placement, and one-year retention rate; and

(4) the governmental cost per placement and per job retained at one year and the percentage of program funding coming from the state and other levels of government.

After January 15, 2002, all workforce development programs receiving state funds must submit an annual performance report to the board. The board may develop a uniform format for the report and prescribe the manner in which the report is required to be submitted.

Sec. 5. Minnesota Statutes 2000, section 116L.05, is amended by adding a subdivision to read:

Subd. 4. [LEGISLATIVE RECOMMENDATIONS.] By January 15 of each odd-numbered year, the board must submit recommendations to the house and senate committees with jurisdiction over workforce development programs, regarding modifications to, or elimination of, existing workforce development programs and the potential implementation of new programs. The recommendations must include recommendations regarding funding levels and sources.

Sec. 6. Minnesota Statutes 2000, section 116L.16, is amended to read:

116L.16 [DISTANCE-WORK GRANTS.]

The job skills partnership board may make grants-in-aid for distance-work projects. The purpose of the grants is to promote distance-work projects involving technology in rural areas and may include a consortium of organizations partnering in the development of rural technology industry. Grants may be used to identify and train rural workers in technology, act as a catalyst to bring together employers and rural employees to perform distance work, and provide rural workers with physical connections to telecommunications infrastructure, where necessary, in order to be self-employed or employed from their homes or satellite offices. Grants must be made according to sections 116L.02 and 116L.04, except that:

(1) the business match may include, but is not limited to, office space; additional management or technology staff costs; start-up equipment costs such as telecommunications infrastructure, additional software, or computer upgrades; consulting fees for implementation of distance-work policies or identification and skill assessment of potential employees; and the joint financial contribution of two or more businesses acting as a consortium;

(2) cash or in-kind contributions by partnering organizations may be used as a match;

(3) eligible grantees may be educational or nonprofit educational training organizations; ~~and~~

(4) grants-in-aid may be packaged with loans under section 116L.06, subdivision 6; and

(5) with respect to grants serving as a catalyst to bring together employers and rural employees to perform distance work, the match must be at least one-to-two.

The board shall, to the extent there are sufficient applications, make grant awards to as many parts of the state as possible. Subject to the requirement for geographic distribution of grants, preference shall be given to grant applications that provide the most cost-effective training proposals, that provide the best prospects for high-paying jobs with high retention rates, or that are from more economically distressed rural areas or communities.

Grantees must meet reporting and evaluation requirements established by the board.

Sec. 7. [116L.17] [STATE DISLOCATED WORKER PROGRAM.]

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

(b) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been terminated or has received a notice of termination from public or private sector employment, is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been terminated or has received a notice of termination of employment as a result of any plant closing or any substantial layoff at a plant, facility, or enterprise;

(3) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters, subject to rules to be adopted by the commissioner;

(5) has been self-employed as a farmer or rancher and, even though that employment has not ceased, has experienced a significant reduction in income due to inadequate crop or livestock prices, crop failures, or significant loss in crop yields due to pests, disease, adverse weather, or other natural phenomenon. This clause expires July 31, 2003; or

(6) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and now due to divorce, separation, death, or disability of that person, must find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support.

To be eligible under this clause, the support must have ceased while the worker resided in Minnesota.

(c) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(d) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(e) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

Subd. 2. [GRANTS.] The board shall make grants to workforce service areas or other eligible organizations to provide services to dislocated workers. The board shall allocate funds available for the purposes of this section in its discretion to respond to large layoffs. The board shall regularly allocate funds to provide services to individual dislocated workers or small groups. The allocation for this purpose must be no less than 35 percent and no more than 50 percent of the projected collections, interest and other earnings of the workforce development fund during the period for which the allocation is made, less any collection costs paid out of the fund. The board shall consider the need for services to individual workers and workers in small layoffs in comparison to those in large layoffs relative to the needs in previous years when making this allocation. The board may, in its discretion, allocate funds carried forward from previous years under subdivision 9 for large, small, or individual layoffs.

Subd. 3. [ALLOCATION OF FUNDS.] The board, in consultation with local workforce councils and local elected officials, shall develop a method of distributing funds to provide services for dislocated workers who are dislocated as a result of small or individual layoffs. The board shall consider current requests for services and the likelihood

of future layoffs when making this allocation. The board shall consider factors for determining the allocation amounts that include, but are not limited to, the previous year's obligations and projected layoffs. After the first quarter of the program year, the board shall evaluate the obligations by workforce service areas for the purpose of reallocating funds to workforce service areas with increased demand for services. Periodically throughout the program year, the board shall consider making additional allocations to the workforce service areas with a demonstrated need for increased funding. The board shall make an initial determination regarding allocations under this subdivision by July 15, 2001, and in subsequent years shall make a determination by April 15.

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

Subd. 4. [USE OF FUNDS.] Funds granted by the board under this section may be used for any combination of the following, except as otherwise provided in this section:

(1) employment transition services such as developing readjustment plans for individuals; outreach and intake; early readjustment; job or career counseling; testing; orientation; assessment of skills and aptitudes; provision of occupational and labor market information; job placement assistance; job search; job development; prelayoff assistance; relocation assistance; and programs provided in cooperation with employers or labor organizations to provide early intervention in the event of plant closings or substantial layoffs;

(2) services that will allow the participant to become reemployed by retraining for a new occupation or industry, enhancing current skills, or relocating to employ existing skills, including classroom training; occupational skill training; on-the-job training; out-of-area job search; relocation; basic and remedial education; literacy and English for training non-English speakers; entrepreneurial training; and other appropriate training activities directly related to appropriate employment opportunities in the local labor market; and

(3) support services, including family care assistance, including child care; commuting assistance; housing and rental assistance; counseling assistance, including personal and financial; health care; emergency health assistance; emergency financial assistance; work-related tools and clothing; and other appropriate support services that enable a person to participate in an employment and training program.

Subd. 5. [COST LIMITATIONS.] Funds allocated to a grantee are subject to the following cost limitations:

(1) no more than 10 percent may be allocated for administration;

(2) at least 50 percent must be allocated for training assistance as provided in subdivision 4, clause (2); and

(3) no more than 15 percent may be allocated for support services as provided in subdivision 4, clause (3).

A waiver of the training assistance minimum in clause (2) may be sought, but no waiver shall allow less than 30 percent of the grant to be spent on training assistance. A waiver of the support services maximum in clause (3) may be sought, but no waiver shall allow more than 20 percent of the grant to be spent on support services.

Subd. 6. [PERFORMANCE STANDARDS.] (a) The board, in consultation with representatives of local workforce councils and local elected officials, shall establish performance standards for the programs and activities administered or funded under this section. The board may use, when appropriate, existing federal performance standards or, if the commissioner determines that federal standards are inadequate or not suitable, may formulate new performance standards to ensure that the programs and activities of the dislocated worker program are effectively administered.

(b) The board shall, at a minimum, establish performance standards that appropriately gauge the program's effectiveness at placing dislocated workers in employment, replacing lost income resulting from dislocation, early intervention with workers shortly after dislocation, and retraining of workers from one industry or occupation to another.

Subd. 7. [REPORTS.] (a) Grantees receiving funds under this section shall report to the board information on program participants, activities funded, and utilization of funds in a form and manner prescribed by the board.

(b) The board shall report quarterly to the workforce development council information on grants awarded, activities funded, and plant closings and substantial layoffs. Specific information to be reported shall be by agreement between the board and the workforce development council.

Subd. 8. [ADMINISTRATIVE COSTS.] No more than three percent of the funds appropriated to the board for the purposes of this section may be spent by the board for its administrative costs.

Subd. 9. [CARRY FORWARD.] Any funds not allocated, obligated, or expended in a fiscal year shall be available for allocation, obligation, and expenditure in the following fiscal year.

Sec. 8. Minnesota Statutes 2000, section 138.664, is amended by adding a subdivision to read:

Subd. 50a. Little Elk Heritage Preserve, Morrison county.

Sec. 9. [181.9455] [LEAVE FOR ORGAN DONATION.]

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

(b) "Employee" means a person who performs services for hire for a public employer, for an average of 20 or more hours per week, and includes all individuals employed at any site owned or operated by a public employer. Employee does not include an independent contractor.

(c) "Employer" means a state, county, city, town, school district, or other governmental subdivision that employs 20 or more employees.

Subd. 2. [LEAVE.] An employer must grant paid leaves of absence to an employee who seeks to undergo a medical procedure to donate an organ or partial organ to another person. The combined length of the leaves shall be determined by the employee, but may not exceed 40 work hours for each donation, unless agreed to by the employer. The employer may require verification by a physician of the purpose and length of each leave requested by the employee for organ donation. If there is a medical determination that the employee does not qualify as an organ donor, the paid leave of absence granted to the employee prior to that medical determination is not forfeited.

Subd. 3. [NO EMPLOYER SANCTIONS.] An employer shall not retaliate against an employee for requesting or obtaining a leave of absence as provided by this section.

Subd. 4. [RELATIONSHIP TO OTHER LEAVE.] This section does not prevent an employer from providing leave for organ donations in addition to leave allowed under this section. This section does not affect an employee's rights with respect to any other employment benefit.

Subd. 5. [REPORT.] The commissioner of employee relations must report to the legislature on the use and costs of the leave under this section. The report must be made by February 15, 2003.

Subd. 6. [SUNSET.] This section expires on June 30, 2004.

Sec. 10. Minnesota Statutes 2000, section 184.29, is amended to read:

184.29 [FEES.]

Before a license is granted to an applicant, the applicant shall pay the following fee:

(a) An employment agent shall pay an annual license fee of \$250 for each license.

(b) ~~A search firm exempt under section 184.22, subdivision 2, shall pay an annual registration fee of \$250, accompanying the annual statement to the commissioner.~~

(e) An applicant for a counselor's license shall pay a license fee of \$20 and a renewal fee of \$10.

~~(d)~~ (c) An applicant for an employment agency manager's license shall pay a license fee of \$20 and a renewal fee of \$10.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 11. Minnesota Statutes 2000, section 184.30, subdivision 1, is amended to read:

Subdivision 1. Every application for an employment agency's license, ~~and every annual report required to be filed under section 184.22, subdivision 2,~~ must be accompanied by a surety bond approved by the department in the amount of \$10,000 for each location; ~~except, that for a search firm, the bond is required only for the first five years of registration. For a search firm that was previously licensed as an employment agency, the bond is required only until the firm has met the bond requirement as an agency or as a search firm for a total of at least five years.~~ The bond must be filed in the office of the secretary of state and conditioned that the employment agency and each member, shareholder, director, or officer of a firm, partnership, corporation, or association operating as an employment agency will comply with the provisions of sections 184.21 to 184.40 and any contract made by the employment agent in the conduct of the business. A person damaged by a breach of any condition of the bond may bring an action on the bond, and successive actions may be maintained on it.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 12. Minnesota Statutes 2000, section 184.38, subdivision 6, is amended to read:

Subd. 6. (a) No employment agent ~~or search firm~~ shall send out any applicant for employment without having obtained a job order, and if no employment of the kind applied for existed at the place to which the applicant was directed, the employment agent ~~or search firm~~ shall refund to the applicant, within 48 hours of demand, any sums paid by the applicant for transportation in going to and returning from the place.

(b) Nothing in this chapter shall be construed to prevent an employment agent ~~or search firm~~ from directing an applicant to an employer where the employer has previously requested interviews with applicants of certain types and qualifications, even though no actual vacancy existed in the employer's organization at the time the applicant was so directed; nor shall it prevent the employment agent ~~or search firm~~ from attempting to sell the services of an applicant to the employer even though no order has been placed with the employment agent ~~or search firm~~; provided, that prior to scheduling an interview with an employer, when no opening currently exists with that employer, the applicant is clearly informed that no opening exists at that time.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 13. Minnesota Statutes 2000, section 184.38, subdivision 8, is amended to read:

Subd. 8. No employment agent ~~or search firm~~ shall knowingly cause to be printed or published a false or fraudulent notice or advertisement for help or for obtaining work or employment. For purposes of this subdivision the phrase "false or fraudulent notice or advertisement" shall include the following:

(a) The advertisement of any job for which there is no bona fide oral or written job order and completed job order form in existence at the time the advertisement is placed;

(b) The inclusion in any advertisement of any information concerning the identity, availability, features, or requirements of any advertised job when such information is not substantiated by, and included in, the supporting job order form;

(c) The advertisement of any job opening of the type described in subdivision 6, clause (b);

(d) The advertisement of any job without the inclusion in the advertisement of the "job order number" required in subdivision 18;

(e) If an applicant appears at any agency ~~or search firm~~ in response to the advertisement of a particular job, the failure to attempt placement of the applicant in the advertised job; provided however, that the agency ~~or search firm~~ may refuse to attempt such placement if the reason(s) for the refusal are clearly and truthfully disclosed to the applicant either orally or in writing.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 14. Minnesota Statutes 2000, section 184.38, subdivision 9, is amended to read:

Subd. 9. No employment agent ~~or search firm~~ shall place or assist in placing any person in unlawful employment.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 15. Minnesota Statutes 2000, section 184.38, subdivision 10, is amended to read:

Subd. 10. No employment agent ~~or search firm~~ shall fail to state in any advertisement, proposal, or contract for employment, that there is a strike or lockout at the place of proposed employment, if the agent ~~or firm~~ has knowledge that such condition exists.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 16. Minnesota Statutes 2000, section 184.38, subdivision 11, is amended to read:

Subd. 11. No employment agency or its employee may split, divide, or share, directly or indirectly, any fee, charge, or compensation received from any employer or applicant with any employer, or person in any way connected with the employer's business. ~~No search firm or its employee may split, divide, or share, directly or indirectly, any fee, charge, or compensation received from any employer with any person connected in any way with the employer's business.~~ A violation of this subdivision shall be punished by a fine of not less than \$100, and not more than \$3,000, or on failure to pay the fine by imprisonment for a period not to exceed one year, or both, at the discretion of the court.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 17. Minnesota Statutes 2000, section 184.38, subdivision 17, is amended to read:

Subd. 17. Except for applicant information given in the course of normal agency ~~or firm~~ operations, no employment agent ~~or search firm~~ shall voluntarily sell, give, or otherwise transfer any files, records, or other information relating to its employment agency ~~or search firm~~ applicants and employers to any person other than a licensed employment agent ~~or registered search firm~~ or a person who agrees to obtain an employment agency license ~~or register as a search firm~~. Every employment agent ~~or search firm~~ who ceases to engage in the business of or act as an employment agent ~~or search firm~~ shall notify the department of such fact within 30 days thereof, and shall advise the department as to the disposition of all files and other records relating to its employment agency ~~or search firm~~ business.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 18. Minnesota Statutes 2000, section 184.38, subdivision 18, is amended to read:

Subd. 18. Every job order communicated to an agency ~~or search firm~~ shall be recorded by the agency ~~or search firm~~ on a job order form which form shall contain specific information as prescribed by the department. A job order form shall be filled out for each job order prior to any attempt to advertise the job opening or to place persons in said job. Such forms shall each be assigned a separate number and shall be maintained by the agency ~~or search firm~~ for a period of one year.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 19. Minnesota Statutes 2000, section 184.38, subdivision 20, is amended to read:

Subd. 20. No employment agent ~~or search firm~~ shall knowingly misrepresent to any employer the educational background, skills, or qualifications of any job candidate; or knowingly misrepresent to a job candidate the responsibilities, salary, or other features of any position of employment.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 20. Minnesota Statutes 2000, section 184.41, is amended to read:

184.41 [VIOLATIONS.]

Any person who engages in the business of or acts as an employment agent or counselor without first procuring a license as required by section 184.22, and any employment agent, manager, or counselor who violates the provisions of this chapter, ~~and any exempt firm which violates any of the applicable provisions of this chapter,~~ is guilty of a misdemeanor.

In addition to the penalties for commission of a misdemeanor, the department may bring an action for an injunction against any person who engages in the business of or acts as an employment agent or counselor without first procuring the license required under section 184.22, ~~or who engages in the business of or acts as a search firm without first filing the registration required under section 184.22, subdivision 3;~~ and against any employment agent, manager, ~~or counselor, or search firm~~ who violates the applicable provisions of this chapter. If an agency, manager, ~~or counselor, or search firm~~ is found guilty of a misdemeanor in any action relevant to the operation of an agency, ~~or search firm~~ the department may suspend or revoke the license ~~or registration~~ of the agency, manager, ~~or counselor, or search firm~~.

[EFFECTIVE DATE.] This section is effective July 1, 2003.

Sec. 21. Minnesota Statutes 2000, section 216C.41, as amended by Laws 2001, chapter 212, article 5, section 1, is amended to read:

216C.41 [RENEWABLE ENERGY PRODUCTION INCENTIVE.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Qualified hydroelectric facility" means a hydroelectric generating facility in this state that:

(1) is located at the site of a dam, if the dam was in existence as of March 31, 1994; and

(2) begins generating electricity after July 1, 1994, or generates electricity after substantial refurbishing of a facility that begins after July 1, 2001.

(c) "Qualified wind energy conversion facility" means a wind energy conversion system that:

(1) produces two megawatts or less of electricity as measured by nameplate rating and begins generating electricity after ~~June 30, 1997~~ December 31, 1996, and before July 1, 1999;

(2) begins generating electricity after June 30, 1999, produces two megawatts or less of electricity as measured by nameplate rating, and is:

(i) located within one county and owned by a natural person who owns the land where the facility is sited;

(ii) owned by a Minnesota small business as defined in section 645.445;

(iii) owned by a nonprofit organization; or

(iv) owned by a tribal council if the facility is located within the boundaries of the reservation; or

(3) begins generating electricity after June 30, 1999, produces seven megawatts or less of electricity as measured by nameplate rating, and:

(i) is owned by a cooperative organized under chapter 308A; and

(ii) all shares and membership in the cooperative are held by natural persons or estates, at least 51 percent of whom reside in a county or contiguous to a county where the wind energy production facilities of the cooperative are located.

(d) "Qualified on-farm biogas recovery facility" means an anaerobic digester system that:

(1) is located at the site of an agricultural operation;

(2) is owned by a natural person who owns or rents the land where the facility is located; and

(3) begins generating electricity after July 1, 2001.

(e) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas used to generate electricity.

Subd. 2. [INCENTIVE PAYMENT; APPROPRIATION.] (a) Incentive payments ~~shall~~ must be made according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility or, for, (3) a publicly owned hydropower facility; for electric energy that is generated by the facility and used by the owner of the facility outside the facility, or (4) the owner of a publicly owned dam that is in need of substantial repair, for electric energy that is generated by a hydropower facility at the dam and the annual incentive payments will be used to fund the structural repairs and replacement of structural components of the dam, or to retire debt incurred to fund those repairs.

(b) Payment may only be made upon receipt by the commissioner of finance of an incentive payment application that establishes that the applicant is eligible to receive an incentive payment and that satisfies other requirements the commissioner deems necessary. The application ~~shall~~ must be in a form and submitted at a time the commissioner establishes.

(c) There is annually appropriated from the general fund sums sufficient to make the payments required under this section.

Subd. 3. [ELIGIBILITY WINDOW.] Payments may be made under this section only for electricity generated:

(1) from a qualified hydroelectric facility that is operational and generating electricity before December 31, ~~2002~~ 2005; ~~or~~

(2) from a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2005; ~~or~~

(3) from a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2015.

Subd. 4. [PAYMENT PERIOD.] (a) A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

(1) by a qualified hydroelectric facility after December 31, ~~2010~~ 2015; ~~or~~

(2) by a qualified wind energy conversion facility after December 31, 2015; ~~or~~

(3) by a qualified on-farm biogas recovery facility after December 31, 2015.

(b) The payment period begins and runs consecutively from the first year in which electricity generated from the facility is eligible for incentive payment or after substantial repairs to the hydropower facility dam funded by the incentive payments are initiated.

Subd. 5. [AMOUNT OF PAYMENT.] An incentive payment is based on the number of kilowatt hours of electricity generated. The amount of the payment is:

(1) for a facility described under subdivision 2, paragraph (a), clause (4), 1.0 cents per kilowatt hour; and

(2) for all other facilities, 1.5 cents per kilowatt hour.

For electricity generated by qualified wind energy conversion facilities, the incentive payment under this section is limited to no more than 100 megawatts of nameplate capacity. During any period in which qualifying claims for incentive payments exceed 100 megawatts of nameplate capacity, the payments must be made to producers in the order in which the production capacity was brought into production.

Sec. 22. Minnesota Statutes 2000, section 268.022, subdivision 2, is amended to read:

Subd. 2. [DISBURSEMENT OF SPECIAL ASSESSMENT FUNDS.] (a) The money collected under this section shall be deposited in the state treasury and credited to the workforce development fund to provide for employment and training programs. The workforce development fund is created as a special account in the state treasury.

(b) All money in the fund not otherwise appropriated or transferred is appropriated to the ~~commissioner who~~ job skills partnership board for the purposes of section 116L.17. ~~The board~~ must act as the fiscal agent for the money and must disburse that money for the purposes of ~~this~~ section 116L.17, not allowing the money to be used for any other obligation of the state. All money in the workforce development fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for the other special accounts in the state treasury, except that all interest or net income resulting from the investment or deposit of money in the fund shall accrue to the fund for the purposes of the fund.

~~(c) No more than five percent of the funds collected in each fiscal year may be used by the department of economic security for its administrative costs.~~

~~(d)~~ Reimbursement for costs related to collection of the special assessment shall be in an amount negotiated between the commissioner and the United States Department of Labor.

~~(e) The funds appropriated to the commissioner, less amounts under paragraphs (c) and (d) shall be allocated as follows:~~

~~(1) 40 percent to be allocated annually to substate grantees for provision of expeditious response activities under section 268.9771 and worker adjustment services under section 268.9781; and~~

~~(2) 60 percent to be allocated to activities and programs authorized under sections 268.975 to 268.98.~~

~~(f) Any funds not allocated, obligated, or expended in a fiscal year shall be available for allocation, obligation, and expenditure in the following fiscal year.~~

Sec. 23. Minnesota Statutes 2000, section 268.145, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION.] (a) Upon filing an application for unemployment benefits, the applicant shall be informed that:

(1) unemployment benefits are subject to federal and state income tax;

(2) there are requirements for filing estimated tax payments;

(3) the applicant may elect to have federal income tax withheld from unemployment benefits;

(4) if the applicant elects to have federal income tax withheld, the applicant may, in addition, elect to have Minnesota state income tax withheld; and

(5) at any time during the benefit year the applicant may change a prior election.

(b) If an applicant elects to have federal income tax withheld, the commissioner shall deduct ~~15~~ ten percent for federal income tax, rounded to the nearest whole dollar. If an applicant also elects to have Minnesota state income tax withheld, the commissioner shall make an additional five percent deduction for state income tax. Any amounts deducted or offset pursuant to sections 268.155, 268.156, 268.18, and 268.184 have priority over any amounts deducted under this section. Federal income tax withholding has priority over state income tax withholding.

(c) An election to have income tax withheld shall not be retroactive and shall only apply to unemployment benefits paid after the election.

[EFFECTIVE DATE.] This section is effective August 1, 2001.

Sec. 24. Minnesota Statutes 2000, section 268.665, is amended by adding a subdivision to read:

Subd. 3a. [EXECUTIVE COMMITTEE DUTIES.] The executive committee must, with advice and input of local workforce councils and other stakeholders as appropriate, develop performance standards for the state workforce centers. By January 15, 2002, and each odd-numbered year thereafter, the executive committee shall submit a report to the senate and house committees with jurisdiction over workforce development programs regarding the performance and outcomes of the workforce centers. The report must provide recommendations regarding workforce center funding levels and sources, program changes, and administrative changes.

Sec. 25. Minnesota Statutes 2000, section 473.195, is amended by adding a subdivision to read:

Subd. 5. [HRA GOVERNING BOARD.] For the purposes of exercising the authority granted to it under this section, the council may, at its sole discretion, establish within the council's existing organizational structure a separate governing body to which the council may delegate any or all of the authority granted to the council under this section. The resolution establishing the separate governing body must:

(1) set out the powers and duties delegated to the separate governing body;

(2) prescribe the number, qualifications, and terms of its members; and

(3) provide for any other terms and conditions that are deemed appropriate by the council.

The council shall appoint the members of the separate governing body in accordance with a process established by the council. No fewer than 75 percent of the members of the separate governing body must be council members. For purposes of compliance with United State Code, title 42, section 1437(b), and implementing federal regulations, at least one member of the separate governing body members must be a resident directly assisted by the council. Members are entitled to reimbursement for all actual and necessary expenses incurred in the performance of governing body business, and a member other than a council member is entitled to payment of \$50 for each day the member attends one or more meetings of the separate governing body or performs other services authorized by the body. The council shall provide administrative and staff support to the separate governing body. The council may, at its sole discretion, abolish the separate governing body or limit or expand its delegated authority. Nothing in this section impairs existing contracts to which the council is a party or limits the council's ability to enter into contracts when the council exercises any of the functions, rights, powers, duties, privileges, immunities, and limitations granted to the council by this section.

Sec. 26. Laws 1993, chapter 301, section 1, subdivision 4, as amended by Laws 1999, chapter 47, section 1, is amended to read:

Subd. 4. [WAIVER.] (a) Upon receipt of the committee report required by subdivision 3, each entity head shall submit the list of recommended waivers to the commissioner of employee relations. The commissioner shall then grant the waivers requested by each entity, effective for the requesting entity, for a period ending June 30, 1997, except the waivers granted for the Minnesota housing finance agency shall extend to June 30, ~~2001~~ 2003, subject to the restrictions in paragraph (b) and to revision in accordance with subdivision 5. The commissioner shall waive a rule by granting a variance under Minnesota Statutes, section 14.05, subdivision 4.

(b) The commissioner may not grant a waiver if it would result in the layoff of classified employees or unclassified employees covered by a collective bargaining agreement except as provided in a plan negotiated under Minnesota Statutes, chapter 179A, that provides options to layoff for employees who would be affected. If a proposed waiver would violate the terms of a collective bargaining agreement reached under Minnesota Statutes, chapter 179A, the waiver may not be granted without the consent of the exclusive representative that is a party to the agreement.

[EFFECTIVE DATE.] This section is effective July 1, 2001.

Sec. 27. Laws 1995, chapter 248, article 12, section 2, as amended by Laws 1999, chapter 47, section 2, is amended to read:

Sec. 2. [TERMINATION.]

Section 1 and the civil service pilot project in the housing finance agency as authorized by Laws 1993, chapter 301, terminate June 30, ~~2001~~ 2003, or at any earlier time by a method agreed upon by the commissioners of employee relations and housing finance and the affected exclusive bargaining representative of state employees.

[EFFECTIVE DATE.] This section is effective July 1, 2001.

Sec. 28. Laws 1995, chapter 248, article 13, section 2, subdivision 2, as amended by Laws 1997, chapter 97, section 13, is amended to read:

Subd. 2. [PILOT PROJECT.] During the biennium ending June 30, ~~2001~~ 2005, the governor shall designate an executive agency that will conduct a pilot civil service project. The pilot program must adhere to the policies expressed in subdivision 1 and in Minnesota Statutes, section 43A.01. For the purposes of conducting the pilot project, the commissioner of the designated agency is exempt from the provisions that relate to employment in

Minnesota Statutes, chapter 43A, Minnesota Rules, chapter 3900, and administrative procedures and policies of the department of employee relations. If a proposed exemption from the provisions that relate to employment in Minnesota Statutes, chapter 43A, Minnesota Rules, chapter 3900, and administrative procedures and policies of the department of employee relations would violate the terms of a collective bargaining agreement effective under Minnesota Statutes, chapter 179A, the exemption is not effective without the consent of the exclusive representative that is a party to the agreement. Upon request of the commissioner carrying out the pilot project, the commissioner of employee relations shall provide technical assistance in support of the pilot project. This section does not exempt an agency from compliance with Minnesota Statutes, sections 43A.19 and 43A.191, or from rules adopted to implement those sections.

[EFFECTIVE DATE.] This section is effective July 1, 2001.

Sec. 29. [WORKFORCE CENTERS STRATEGIC PLAN.]

The executive committee of the governor's workforce development council shall develop a strategic plan regarding the appropriate placement and number of workforce centers within the state. The executive committee must consult with local workforce boards when determining the placement and number of workforce centers in their area. The plan must recognize the differing employment needs of various regions, the workforce population within proximity of a center, and the potential for colocation of the workforce centers with available educational institutions. By January 15, 2002, the executive committee shall submit the plan and recommendations for closure or consolidation of workforce centers to the senate and house committees with jurisdiction over workforce development programs.

Sec. 30. [TRAINING FOR LOW-INCOME WORKERS.]

The job skills partnership board may operate a pilot project to provide vouchers for individuals who are training-ready, have incomes at or below 200 percent of the federal poverty line, and have dependent children, but are not eligible for training services under the Minnesota family investment program. The board may grant funds to eligible recipients to pay for vouchers for board-certified training. Training funded with grants provided under this section should be flexible and responsive in order to maximize the ability of funded programs to adapt to changes in economic and business conditions. Eligible recipients of grants may include:

(1) public, private, or nonprofit entities that provide employment services to low-income individuals; and

(2) partnerships of two or more eligible recipients under clause (1), or partnerships of one or more eligible recipients and the council on Black Minnesotans, the Chicano-Latino affairs council, the council on Asian-Pacific Minnesotans, the Indian affairs council, the Minneapolis community development agency, or the St. Paul port authority.

The job skills partnership board shall report to the legislature on the performance and progress of the pilot project on or before September 1, 2003.

Sec. 31. [WORKFORCE ENHANCEMENT FEE.]

Subdivision 1. [FEE.] Notwithstanding Minnesota Statutes, section 268.022, effective January 1, 2002, the special assessment under that section on taxable wages as defined in Minnesota Statutes, section 268.035, subdivision 24, is suspended until December 31, 2005. Effective January 1, 2002, there shall be assessed, in addition to unemployment taxes due under Minnesota Statutes, section 268.051, a workforce enhancement fee of .09 percent on taxable wages. This fee shall be due and be paid on the same schedule and in the same manner as unemployment taxes under Minnesota Statutes, section 268.051. Any amount past due under this section shall be subject to the same interest and collection provisions as unemployment taxes. This fee shall expire on December 31, 2005.

Subd. 2. [USE OF FUNDS COLLECTED.] An amount equal to .07 percent on taxable wages shall be deposited in the workforce development fund provided for under Minnesota Statutes, section 268.022, subdivision 2. An amount equal to .02 percent on taxable wages, less reimbursement for collection costs of the total amount of the fee, shall be deposited in the unemployment insurance technology initiative account provided for in section 32.

Sec. 32. [UNEMPLOYMENT INSURANCE TECHNOLOGY INITIATIVE.]

Subdivision 1. [PURPOSE; SET-ASIDE.] The unemployment insurance technology initiative involves a set-aside of a portion of the money that would otherwise go into the unemployment insurance trust fund. This money shall be used on technology to substantially enhance unemployment insurance services to both applicants for benefits and employers.

Subd. 2. [TAX REDUCTION.] Notwithstanding Minnesota Statutes, section 268.051, subdivision 2, paragraph (b), effective January 1, 2002, the base unemployment tax on all taxable wages shall be reduced by .02 percent. This subdivision expires December 31, 2005.

Subd. 3. [ACCOUNT.] (a) Effective January 1, 2002, the unemployment insurance technology initiative account is created as a special account in the special revenue fund in the state treasury. This account lapses on December 31, 2007, and any money remaining in the account on that date shall be paid into the unemployment insurance program trust fund. This account consists of all money collected by the workforce enhancement fee provided by section 31 and designated for deposit in this account and all interest earned on any money in this account, less reimbursement of collection costs under paragraph (e).

(b) Money in the unemployment insurance technology initiative account is appropriated to the commissioner of economic security and shall be allocated and expended by the commissioner only for technology initiatives to enhance unemployment insurance services for both applicants for benefits and employers.

(c) Any funds not allocated, obligated, or expended in a fiscal year shall be available for allocation, obligation, and expenditure in the following fiscal year.

(d) If the total amount collected by the technology initiative fee, excluding the amount expended for reimbursement of collection costs plus interest earned upon money in the unemployment insurance technology initiative account exceeds \$30,000,000, the excess shall be paid into the unemployment insurance program trust fund.

(e) Because the administrative cost of collection of the workforce enhancement fee is borne by federal money made available only to administer the unemployment insurance program, the commissioner shall negotiate with the United States Department of Labor the amount of any reimbursement for costs related to the collection of the fee. Because the reimbursement is subsequently made available by the United States Department of Labor to the commissioner for administration of the unemployment insurance program, the commissioner shall expend the reimbursement on personnel costs of operating the unemployment insurance program's technology services.

Sec. 33. [SUNSET.]

Section 31 expires on December 31, 2005. Section 32 expires on December 31, 2007.

Sec. 34. [IMPORTANCE.]

The Little Elk Heritage Preserve, a 92.25 acre archaeological park and nature preserve on the Mississippi river near Little Falls, contains a unique cluster of cultural and natural resources that together document diverse human activities and connections to natural environments in central Minnesota over thousands of years. The resources at Little Elk Heritage Preserve include archaeological remains identified with ancient native America, the colonial fur trade, early Dakota and Ojibwe life, Black and women's history, Mississippi valley exploration, a mission farm and

school, United States Indian treaties, territorial period homesteading and townsite development, the conflict of 1862, hunting, gathering, portaging, quarrying, logging, farming, dam building, grist milling, saw milling, and wood products manufacturing. Ongoing research programs explore and interpret these important resources.

Sec. 35. [HISTORIC SITE DEFINITION; LITTLE ELK HERITAGE PRESERVE.]

The state register of historic places listing for the Little Elk Heritage Preserve includes those portions of the preserve that contain significant archaeological or historic resources.

Sec. 36. [TRANSFER TO COUNTY HISTORICAL SOCIETY.]

Notwithstanding Minnesota Statutes 2000, chapter 134 and section 138.053, the city of Anoka may transfer before January 1, 2002, the balance in the city of Anoka library fund to the Anoka county historical society for the society's use for any Anoka county historical society purpose.

Sec. 37. [BOARD OF ACCOUNTANCY FEE.]

The legislature approves the board of accountancy's proposed fee increase included in the governor's 2002-2003 biennial budget. This approval applies only to the 2002-2003 biennium.

Sec. 38. [ELECTRONIC REPORTING; FORMAT.]

In developing electronic reporting systems for use in the administration of the workers' compensation system, the department of labor and industry must consult with the International Association of Industrial Accident Boards and Commissions (IAIABC) so that the department's format of data elements and their definitions conform as closely as possible to the data dictionary used by the IAIABC.

Sec. 39. [MUNICIPAL UTILITY AND COOPERATIVE ELECTRIC ASSOCIATIONS; CONSERVATION INVESTMENTS.]

Notwithstanding Laws 2001, chapter 212, article 8, section 6, the conservation investment obligation of a municipal utility shall, until June 1, 2003, exclude revenues attributable to electricity purchased from a public utility governed by Minnesota Statutes, section 216B.241, subdivision 1a, or a cooperative electric association governed by Minnesota Statutes, section 216B.241, subdivision 1b. This section expires June 1, 2003.

Sec. 40. [RETROACTIVITY.]

A contract encumbered or a grant awarded by a state agency before September 1, 2001, may be made retroactive to July 1, 2001.

Sec. 41. [REPEALER.]

(a) Minnesota Statutes 2000, sections 268.975; 268.976; 268.9771; 268.978; 268.9781; 268.9782; 268.9783; 268.979; and 268.98, are repealed.

(b) Minnesota Statutes 2000, sections 184.22, subdivisions 2, 3, 4, and 5; and 184.37, subdivision 2, are repealed effective July 1, 2003.

ARTICLE 3

REORGANIZATION OF DEPARTMENTS

Section 1. [DEPARTMENT OF ECONOMIC SECURITY ABOLISHED.]

The department of economic security is abolished.

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

Sec. 2. [TRANSFER OF RESPONSIBILITIES OF DEPARTMENT OF ECONOMIC SECURITY.]

Subdivision 1. [TO DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT.] The responsibilities of the department of economic security performed by its workforce services unit for employment transition services, youth services, welfare-to-work services, and workforce exchange services are transferred to the department of trade and economic development.

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

Subd. 2. [TO DEPARTMENT OF COMMERCE.] The responsibility for energy programs of the department of economic security is transferred to the department of commerce.

[EFFECTIVE DATE.] This subdivision is effective October 1, 2001.

Subd. 3. [OTHER RESPONSIBILITIES.] The transition team established under section 4 shall make recommendations regarding the appropriate transfer of the responsibilities of the department of economic security not otherwise transferred in this section.

Sec. 3. [ORGANIZATION OF DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT.]

The department of trade and economic development shall have a division of economic development consisting of business and community development, the Minnesota trade office, tourism division, information and analysis division, and administrative support. The job skills partnership program shall be housed in the department and shall have a policy, research, and evaluation unit. The job skills partnership board shall provide targeted-worker services to include the dislocated worker program and welfare-to-work services formerly located in the department of economic security. The board shall have a unit providing special programs under a workforce transition services unit.

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

Sec. 4. [TRANSITION TEAM CREATION; COMPOSITION.]

Subdivision 1. [CREATION.] A workforce development program reorganization transition advisory team is created. The transition team shall make recommendations to the governor and the legislature by December 1, 2001, concerning the state government structure and department organization for delivering workforce development programs and other issues described in section 5. The object of the reorganization is to consolidate and streamline the state's workforce development system and programs so as to provide the most efficient and effective workforce development programs.

Subd. 2. [TRANSITION TEAM COMPOSITION.] The transition team shall consist of 12 members appointed as follows:

(1) six members appointed by the governor of which one shall represent business, one shall represent labor, one shall represent job training providers, and one shall be designated by the governor as head of the transition team;

(2) three members of the house of representatives appointed by the speaker of the house of representatives, one of whom must be a member of the minority party; and

(3) three members of the senate appointed by the subcommittee on committees of the committee on rules and administration of the senate, one of whom must be a member of the minority party.

The transition team must solicit input from all interested groups on how to best implement the reorganization of state departments contained in sections 1 to 7 and develop the recommendations required in subdivision 1.

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

Sec. 5. [TRANSITION TEAM DUTIES.]

Subdivision 1. [WORKFORCE DEVELOPMENT PROGRAMS.] The transition team shall:

(1) consider alternative configurations of workforce development programs within state agencies, including legislative proposals submitted during the 2001 legislative session and models from other states;

(2) recommend governance structures for workforce development;

(3) develop recommendations for creating improved communications between the higher education system and the workforce development system;

(4) recommend statutory amendments necessary to implement sections 1 to 7;

(5) recommend statutory and administrative changes necessary to strengthen the oversight and management responsibilities of local workforce boards and local elected officials to ensure the efficient operation of the workforce center system and to ensure better coordination of service delivery at the community level;

(6) recommend the transfer of workforce development related programs from other state agencies;

(7) recommend program modifications necessary to ensure coordination between the workforce development system and the employment and training programs administered by the department of human services;

(8) recommend procedures for promoting greater coordination and cooperation among local workforce development agencies, local economic development agencies, and higher education institutions;

(9) recommend methods for decreasing administrative costs at the state agency level for the purpose of redirecting funding to support the delivery of services at the community level;

(10) recommend where to house the unemployment insurance program, taking into consideration the possibilities of transferring the program to the department of labor and industry or the department of trade and economic development;

(11) study the feasibility of transferring all or part of the responsibility for collecting unemployment insurance taxes and other assessments collected with those taxes to the department of revenue;

(12) consider whether the Minnesota career information system operated by the department of children, families, and learning and the ISEEK system operated by the Minnesota state colleges and universities are duplicative, and if so, the potential for a consolidated system and recommendations on where such a system might be housed; and

(13) make other recommendations to complete the reorganization of state departments contained in sections 1 to 7.

Subd. 2. [TRANSFER OF WORKFORCE INVESTMENT ACT PROGRAMS.] The transition team may recommend, where appropriate, the transfer of a program, including those programs under the Workforce Investment Act of 1998, United States Code, title 29, title I and title III, to local workforce boards.

Subd. 3. [REVISION OF STATE WORKFORCE INVESTMENT ACT PLAN.] The transition team shall propose revisions to the state unified plan submitted to the United States Department of Labor under the Workforce Investment Act of 1998.

Subd. 4. [CONSULTATION WITH INTERESTED PARTIES.] The transition team shall consult with:

(1) all appropriate state authorized councils, including, but not limited to, the state rehabilitation advisory council, the statewide independent living council, the rehabilitation advisory council for the blind, and the Minnesota state council on disability prior to making recommendations to the legislature on the appropriate transfer of responsibilities for administration of those programs for which the councils are authorized;

(2) the SAFE coordinating council, prior to making any recommendation to the legislature, on the appropriate state agency in which to house the juvenile justice program, the Minnesota city grants program, and the youth intervention program in the department of economic security;

(3) the representatives of the collective bargaining units for state employees affected by the transfers of responsibilities under sections 1 to 7, including the representatives of the two affected AFL-CIO affiliates and the representative of another affected major statewide labor organization;

(4) the commissioners of economic security, trade and economic development, and labor and industry, prior to making any recommendations to the legislature;

(5) local workforce councils and local elected officials;

(6) at least one consumer who receives services through the Minnesota family investment program, or an advocate for such consumers;

(7) nonprofit job training providers; and

(8) in determining the placement in state government of state services for the blind, representatives from each of the following groups:

(i) the Rehabilitation Council for the Blind;

(ii) the National Federation of the Blind;

(iii) the American Council of the Blind; and

(iv) the United Blind of Minnesota.

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

Sec. 6. [STAFF SUPPORT AND OPERATIONS OF THE TRANSITION TEAM.]

(a) The head of the transition team shall be in the unclassified service of the state, and may hire staff in the classified or unclassified service, may contract for staff assistance, or may have the assistance of existing state employees.

(b) The commissioners of trade and economic development, labor and industry, and economic security must cooperate with and provide staff support to the transition team. The support includes, but is not limited to, professional, technical, and clerical staff necessary to fully assess the programs under section 5.

(c) The transition team shall have access to private or nonpublic data within the department of economic security, department of labor and industry, and the department of trade and economic development necessary to carry out the objectives of section 5.

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

Sec. 7. [WORKER PROTECTION.]

In addition to any other protection, no employee in the classified service shall suffer job loss, have a salary reduced, or have employment benefits reduced as a result of a reorganization mandated or recommended under authority of sections 1 to 7. No action taken after July 1, 2005, shall be considered a result of reorganization for the purposes of this section.

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

Sec. 8. [EXPIRATION.]

Sections 4, 5, and 6 expire June 30, 2002.

ARTICLE 4

HOUSING PROGRAM AND TECHNICAL CHANGES

Section 1. Minnesota Statutes 2000, section 462A.01, is amended to read:

462A.01 [CITATION.]

Sections 462A.01 to ~~462A.24~~ 462A.34 shall be known as and may be cited as the "Minnesota Housing Finance Agency Law of 1971."

Sec. 2. Minnesota Statutes 2000, section 462A.03, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] For the purpose of ~~sections 462A.01 to 462A.24~~ this chapter, the terms defined in this section have the meanings ascribed to them.

Sec. 3. Minnesota Statutes 2000, section 462A.03, subdivision 6, is amended to read:

Subd. 6. [AGENCY.] "Agency" means the Minnesota housing finance agency created by ~~sections 462A.01 to 462A.24~~ this chapter.

Sec. 4. Minnesota Statutes 2000, section 462A.03, subdivision 10, is amended to read:

Subd. 10. [PERSONS AND FAMILIES OF LOW AND MODERATE INCOME.] "Persons and families of low and moderate income" means persons and families, irrespective of race, creed, national origin, sex, or status with respect to guardianship or conservatorship, determined by the agency to require such assistance as is made available by ~~sections 462A.01 to 462A.24~~ this chapter on account of personal or family income not sufficient to afford adequate housing. In making such determination the agency shall take into account the following: (a) The amount of the total income of such persons and families available for housing needs, (b) the size of the family, (c) the cost and condition of housing facilities available, (d) the eligibility of such persons and families to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing sanitary, decent and safe housing. In the case of federally subsidized mortgages with respect to which income limits have been established by any agency of the federal government having jurisdiction thereover for the purpose of defining eligibility of low and moderate income families, the limits so established shall govern under the ~~provision~~ provisions of ~~sections 462A.01 to 462A.24~~ this chapter. In all other cases income limits for the purpose of defining low or moderate income persons shall be established by the agency by rules.

Sec. 5. Minnesota Statutes 2000, section 462A.03, is amended by adding a subdivision to read:

Subd. 23. [METROPOLITAN AREA.] "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

Sec. 6. Minnesota Statutes 2000, section 462A.04, subdivision 6, is amended to read:

Subd. 6. [MANAGEMENT, CONTROL.] The management and control of the agency shall be vested solely in the members in accordance with the provisions of ~~sections 462A.01 to 462A.24~~ this chapter.

Sec. 7. Minnesota Statutes 2000, section 462A.05, subdivision 14, is amended to read:

Subd. 14. [REHABILITATION LOANS.] It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participation in the making, of eligible loans for rehabilitation to persons and families of low and moderate income, and to owners of existing residential housing for occupancy by such persons and families, for the rehabilitation of existing residential housing owned by them. The loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable. The loans may be in addition to or in combination with long-term eligible mortgage loans under subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if refinancing is determined by the agency to be necessary to permit the owner to meet the owner's housing cost without expending an unreasonable portion of the owner's income thereon. No loan for rehabilitation shall be made unless the agency determines that the loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing, for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation related improvements. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering the provisions of this chapter, establish codes and standards. Except for accessibility improvements under this subdivision and subdivisions 14a and 24, clause (1), no secured loan for rehabilitation of any property shall be made in an amount which, with all other existing indebtedness secured by the property, would exceed 110 percent of its market value, as determined by the agency. No loan under this subdivision shall be denied solely because the loan will not be used for placing the residential housing in full compliance with all state, county, or municipal building, housing maintenance, fire, health, or similar codes and standards applicable to housing. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions. Accessibility rehabilitation loans authorized under this subdivision may be made to eligible persons and families without limitations relating to the maximum incomes of the borrowers if:

(1) the borrower or a member of the borrower's family requires a level of care provided in a hospital, skilled nursing facility, or intermediate care facility for persons with mental retardation or related conditions;

(2) home care is appropriate; and

(3) the improvement will enable the borrower or a member of the borrower's family to reside in the housing.

The agency may waive any requirement that the housing units in a residential housing development be rented to persons of low and moderate income if the development consists of four or less dwelling units, one of which is occupied by the owner.

Sec. 8. Minnesota Statutes 2000, section 462A.05, subdivision 14a, is amended to read:

Subd. 14a. [REHABILITATION LOANS; EXISTING OWNER OCCUPIED RESIDENTIAL HOUSING.] It may make loans to persons and families of low and moderate income to rehabilitate or to assist in rehabilitating existing residential housing owned and occupied by those persons or families. No loan shall be made unless the agency determines that the loan will be used primarily for rehabilitation work necessary for health or safety, essential accessibility improvements, or to improve the energy efficiency of the dwelling. No loan for rehabilitation of owner occupied residential housing shall be denied solely because the loan will not be used for placing the residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. The amount of any loan shall not exceed the lesser of (a) a maximum loan amount determined under rules adopted by the agency not to exceed \$20,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by

the person or family without the expenditure of an unreasonable portion of the income of the person or family. Loans made in whole or in part with federal funds may exceed the maximum loan amount to the extent necessary to comply with federal lead abatement requirements prescribed by the funding source. In making loans, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion of the loan will be repaid and shall determine the appropriate security for the repayment of the loan. Loans pursuant to this subdivision may be made with or without interest or periodic payments. ~~Loans made without interest or periodic payments need not be repaid by the borrower if the property for which the loan is made has not been sold, transferred, or otherwise conveyed nor has it ceased to be the principal place of residence of the borrower, within ten years after the date of the loan.~~

Sec. 9. Minnesota Statutes 2000, section 462A.05, subdivision 16, is amended to read:

Subd. 16. [PAYMENTS FOR STRUCTURAL DEFECTS.] (a) It may make payments or expenditures from the housing development fund to persons of low or moderate income, who are recipients of an eligible loan as defined in section 462A.03, subdivision 11, or who have purchased residential housing from a recipient of such eligible loan, and who are owners and occupants of residential housing constructed or rehabilitated under ~~sections 462A.01 to 462A.24~~ this chapter, when, in the agency's determination, such residential housing contains defects or omissions which affect the structural soundness, or the use and the livability of such housing, including but not limited to defects or omissions in materials, hardware, fixtures, design, workmanship and landscaping of whatever kind and nature incorporated in said housing and which are covered by an agency approved warranty, for the purposes of (i) correcting such defects, or (ii) paying the claims of the owner arising from such defects, provided, that this authority shall exist only if the owner has requested assistance from the agency not later than four years after the issuance of the eligible loan, or where such residential housing was rehabilitated under ~~sections 462A.01 to 462A.24~~ this chapter only if the owner has requested assistance from the agency not later than two years after the issuance of the eligible loan.

(b) If such owner elects to receive payments or expenditures pursuant to this section, the agency is subrogated to the right of such owner to recover damages against any party or persons reasonably calculated to be responsible for such damages.

(c) The agency may require from the seller of such residential housing, or the contractor responsible for the construction or rehabilitation of such housing, an agreement to reimburse the agency for any payments and expenditures made pursuant to this subdivision with respect to such residential housing.

Sec. 10. Minnesota Statutes 2000, section 462A.05, subdivision 22, is amended to read:

Subd. 22. [LOANS TO FINANCIAL INSTITUTIONS.] It may make or participate in the making and enter into commitments for the making of loans to any banking institution, savings association, or other lender approved by the members, organized under the laws of this or any other state or of the United States having an office in this state, notwithstanding the provisions of section 462A.03, subdivision 13, if it first determines that the proceeds of such loans will be utilized for the purpose of making loans to or for the benefit of eligible persons and families as provided and in accordance with ~~sections 462A.01 to 462A.24~~ this chapter. Loans pursuant to this subdivision shall be secured, repaid and bear interest at the rate as determined by the members.

Sec. 11. Minnesota Statutes 2000, section 462A.05, subdivision 26, is amended to read:

Subd. 26. [FORMATION OF NONPROFIT CORPORATIONS.] It may, when the agency determines it is necessary or desirable to carry out its purposes and to exercise any or all of the powers conferred upon it ~~under sections 462A.01 to 462A.24~~ by this chapter, and subject to the provisions of subdivision 27, form or consent to the formation of one or more corporations under the Minnesota Nonprofit Corporation Act, as amended, or under other laws of this state. The agency may be a member of the corporations, and the members and employees of the agency from time to time may be members of the board of directors or officers of the corporations. The agency may enter into agreements with them providing for the agency to approve various aspects of their operations. The agency may capitalize the corporations and may acquire all or a part of the corporations' share or member certificates. The

agency may require that it approve aspects of the operation of the corporations including the corporations' articles of incorporation or bylaws, directors, projects and expenditures, and the sale or conveyance of projects, and the issuance of obligations. The agency may agree to and may take title to property of the corporations upon their dissolution.

Sec. 12. Minnesota Statutes 2000, section 462A.06, subdivision 1, is amended to read:

Subdivision 1. [LISTED HERE.] For the purpose of exercising the specific powers granted in section 462A.05 and effectuating the other purposes of ~~sections 462A.01 to 462A.24~~ this chapter, the agency shall have the general powers granted in this section.

Sec. 13. Minnesota Statutes 2000, section 462A.06, subdivision 4, is amended to read:

Subd. 4. [RULES.] It may make, and from time to time, amend and repeal rules not inconsistent with the provisions of ~~sections 462A.01 to 462A.24~~ this chapter.

Sec. 14. Minnesota Statutes 2000, section 462A.07, subdivision 10, is amended to read:

Subd. 10. [HUMAN RIGHTS.] It may establish and enforce such rules as may be necessary to insure compliance with chapter 363, and to insure that occupancy of housing assisted under ~~sections 462A.01 to 462A.24~~ this chapter shall be open to all persons, and that contractors and subcontractors engaged in the construction of such housing shall provide an equal opportunity for employment to all persons, without discrimination as to race, color, creed, religion, national origin, sex, marital status, age, and status with regard to public assistance or disability.

Sec. 15. Minnesota Statutes 2000, section 462A.07, subdivision 12, is amended to read:

Subd. 12. [USE OF OTHER AGENCIES.] It may delegate, use or employ any federal, state, regional or local public or private agency or organization, including organizations of physically handicapped persons, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted ~~in sections 462A.01 to 462A.24~~ by this chapter and to carry out the objectives of ~~sections 462A.01 to 462A.24~~ this chapter and may pay for the services from the housing development fund.

Sec. 16. Minnesota Statutes 2000, section 462A.073, subdivision 1, is amended to read:

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

(b) "Existing housing" means single-family housing that (i) has been previously occupied prior to the first day of the origination period; or (ii) has been available for occupancy for at least 12 months but has not been previously occupied.

(c) ~~"Metropolitan area" means the metropolitan area as defined in section 473.121, subdivision 2.~~

(d) "New housing" means single-family housing that has not been previously occupied.

(e) (d) "Origination period" means the period that loans financed with the proceeds of qualified mortgage revenue bonds are available for the purchase of single-family housing. The origination period begins when financing actually becomes available to the borrowers for loans.

(f) (e) "Redevelopment area" means a compact and contiguous area within which the city finds by resolution that 70 percent of the parcels are occupied by buildings, streets, utilities, or other improvements and more than 25 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

~~(g)~~ (f) "Single-family housing" means dwelling units eligible to be financed from the proceeds of qualified mortgage revenue bonds under federal law.

~~(h)~~ (g) "Structurally substandard" means containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light, ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

Sec. 17. Minnesota Statutes 2000, section 462A.15, is amended to read:

462A.15 [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.]

The state pledges and agrees with the holders of any notes or bonds issued under ~~sections 462A.01 to 462A.24~~ this chapter, that the state will not limit or alter the rights vested in the agency to fulfill the terms of any agreements made with the holders thereof, or in any way impair the rights and remedies of the holders until the notes or bonds, together with the interest thereon, 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 such holders, are fully met and discharged. The agency is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

Sec. 18. Minnesota Statutes 2000, section 462A.17, subdivision 3, is amended to read:

Subd. 3. [RAMSEY COUNTY VENUE; NOTICE OF PRINCIPAL DUE.] The venue of any action or proceedings brought by the trustees under ~~sections 462A.01 to 462A.24~~ this chapter, shall be in Ramsey county. Before declaring the principal of notes or bonds due and payable, the trustee shall first give 30 days' notice in writing to the governor, to the agency and to the state treasurer.

Sec. 19. Minnesota Statutes 2000, section 462A.20, subdivision 3, is amended to read:

Subd. 3. [SEPARATE ACCOUNTS; TRANSFERS; LIMITS.] Whenever any money is appropriated by the state to the agency solely for a specified purpose or purposes, the agency shall establish a separate bookkeeping account or accounts in the housing development fund to record the receipt and disbursement of such money and of the income, gain, and loss from the investment and reinvestment thereof. Earnings from investment of any amounts appropriated by the state to the agency for a specified purpose or purposes may be aggregated. The costs and expenses necessary and incidental to the development and operation of all programs funded by state appropriations may be paid from the aggregated earnings from investments prior to periodic distributions of earnings to separate accounts to be used for the same purpose as the respective original appropriation. The agency may transfer unencumbered balances from one appropriated account to another, provided that no money appropriated for the purpose of agency loan programs may be transferred to an account to be used for making grants, except that money appropriated for the purpose of section 462A.05, subdivision 14a, may be transferred for the purpose of section 462A.05, subdivision 15a.

Sec. 20. [462A.2035] [MANUFACTURED HOME PARK REDEVELOPMENT PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The agency shall establish a manufactured home park redevelopment program for the purpose of making manufactured home park redevelopment grants or loans to cities, counties, or community action programs. Cities, counties, and community action programs may use grants and loans under this program to:

(1) provide current residents of manufactured home parks with buy-out assistance not to exceed \$4,000 per home with preference given to older manufactured homes;

(2) provide down payment assistance for the purchase of new and preowned manufactured homes that comply with the current version of the State Building Code in effect at the time of the sale, not to exceed \$10,000 per home; and

(3) make improvements in manufactured home parks as requested by the grant recipient.

Subd. 2. [ELIGIBILITY REQUIREMENTS.] Households assisted under this section must have an annual household income at or below 80 percent of the area median household income. Cities, counties, or community action programs receiving funds under the program must give preference to households at or below 50 percent of the area median household income. Participation in the program is voluntary and no park resident shall be required to participate. The agency shall attempt to make grants and loans in approximately equal amounts to applicants outside and within the metropolitan area.

Sec. 21. Minnesota Statutes 2000, section 462A.204, subdivision 3, is amended to read:

~~Subd. 3. [SET ASIDE.] At least one grant must be awarded in an area located outside of the metropolitan area as defined in section 473.121, subdivision 2.~~ A county, a group of contiguous counties jointly acting together, or a community-based nonprofit organization with a sponsoring resolution from each of the county boards of the counties located within its operating jurisdiction may apply for and receive grants for areas located outside the metropolitan area.

Sec. 22. Minnesota Statutes 2000, section 462A.205, subdivision 4, is amended to read:

Subd. 4. [AMOUNT AND PAYMENT OF RENT ASSISTANCE.] (a) This subdivision applies to both the voucher option and the project-based voucher option.

(b) Within the limits of available appropriations, eligible families may receive monthly rent assistance for a 60-month period starting with the month the family first receives rent assistance under this section. The amount of the family's portion of the rental payment is equal to at least 30 percent of gross income.

(c) The rent assistance must be paid by the local housing organization to the property owner.

(d) Subject to the limitations in paragraph (e), the amount of rent assistance is the difference between the rent and the family's portion of the rental payment.

(e) In no case:

(1) may the amount of monthly rent assistance be more than \$250 for housing located within the metropolitan area, ~~as defined in section 473.121, subdivision 2~~; or more than \$200 for housing located outside of the metropolitan area;

(2) may the owner receive more rent for assisted units than for comparable unassisted units; nor

(3) may the amount of monthly rent assistance be more than the difference between the family's portion of the rental payment and the fair market rent for the unit as determined by the Department of Housing and Urban Development.

Sec. 23. Minnesota Statutes 2000, section 462A.205, subdivision 4a, is amended to read:

Subd. 4a. [ADDITIONAL AUTHORIZED EXPENSES.] In addition to the monthly rent assistance authorized under subdivision 4, rent assistance may include up to \$200 for a security deposit for housing located outside the metropolitan area, ~~as defined in section 473.121, subdivision 2~~, and up to \$250 for a security deposit for housing located within the metropolitan area.

Sec. 24. Minnesota Statutes 2000, section 462A.2091, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROPERTY.] Contracts for deed eligible for refinancing with guarantee fund assistance must be for the purchase of an owner-occupied single-family or duplex structure. In a city of the first class in the metropolitan area, ~~as defined in section 473.121, subdivision 2~~, eligible properties must be located in an area in which at least one census tract meets at least three of the following four criteria:

(1) at least 70 percent of the housing structures were built before 1960;

(2) at least 60 percent of the single-family housing is owner-occupied;

(3) the median market value of the area's owner-occupied housing, as recorded in the most recent federal decennial census, is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the area under the agency's home mortgage loan program; and

(4) between 1980 and 1990, the rate of owner occupancy of residential properties in the area declined by at least five percent, or at least 80 percent of the residential properties in the area are rental properties.

The area must include eight blocks in any direction from the census tract. Priority must be given for property located in an area that meets all four criteria.

Sec. 25. Minnesota Statutes 2000, section 462A.2093, subdivision 1, is amended to read:

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

(a) "Municipality" means a town or a statutory or home rule city.

(b) "Nonmetropolitan" means the area of the state outside of the metropolitan area ~~defined in section 473.121, subdivision 2.~~

(c) "Inclusionary housing development" means a new construction development including owner-occupied or rental housing, or a combination of both, with a variety of prices and designs which serve families with a range of incomes and housing needs.

Sec. 26. Minnesota Statutes 2000, section 462A.2097, is amended to read:

462A.2097 [RENTAL HOUSING.]

The agency may establish a tenant-based or project-based rental housing assistance program for persons of low income or for persons with a mental illness or families that include an adult family member with a mental illness. Rental assistance may be in the form of direct rental subsidies for housing for persons or families with incomes, at the time of initial occupancy, of up to 50 percent of the area median income as determined by the United States Department of Housing and Urban Development, adjusted for families of five or more. Housing for the mentally ill must be operated in coordination with social service providers who provide services requested by tenants. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Financial assistance provided under this section must be in the form of vendor payments whenever possible.

Sec. 27. Minnesota Statutes 2000, section 462A.21, subdivision 5, is amended to read:

Subd. 5. [OTHER AGENCY PURPOSES.] It may expend moneys in the fund, not otherwise appropriated, for such other agency purposes as previously enumerated in ~~sections 462A.01 to 462A.24~~ this chapter as the agency in its discretion shall determine and provide.

Sec. 28. Minnesota Statutes 2000, section 462A.21, subdivision 10, is amended to read:

Subd. 10. [CERTAIN APPROPRIATIONS AVAILABLE UNTIL EXPENDED.] Notwithstanding the repeal of section 462A.26 and the provisions of section 16A.28 or any other law relating to lapse of an appropriation, the appropriations made to the agency by the legislature in 1976 and subsequent years are available until fully expended, and the allocations provided in the appropriations remain in effect. Earnings from investments of any of the amounts appropriated to the agency are appropriated to the agency to be used for the same purposes as the respective original appropriations, after payment of the costs and expenses necessary and incidental to the development and operation of the programs authorized under this chapter.

Sec. 29. Minnesota Statutes 2000, section 462A.21, is amended by adding a subdivision to read:

Subd. 28. [FAMILY STABILIZATION DEMONSTRATION PROJECT.] The agency may spend money for the purposes of section 462A.205 and may pay costs and expenses necessary and incidental to the development and operation of the project.

Sec. 30. Minnesota Statutes 2000, section 462A.21, is amended by adding a subdivision to read:

Subd. 29. [DISASTER RELIEF CONTINGENCY FUND.] It may establish a disaster relief contingency fund to provide loans or grants, on terms and conditions it deems advisable, to assist with the rehabilitation or replacement of housing damaged as a result of a natural disaster in areas of the state designated under presidential declarations of a major disaster. It may transfer to the disaster relief contingency fund any repayments of grants or loans made from appropriations specifically for assistance after natural disasters in areas of the state designated under a presidential declaration of a major disaster.

Sec. 31. Minnesota Statutes 2000, section 462A.21, is amended by adding a subdivision to read:

Subd. 30. [MANUFACTURED HOME PARK REDEVELOPMENT.] The agency may spend money for the purposes of section 462A.2035 and may pay costs and expenses necessary and incidental to the development and operation of the program.

Sec. 32. Minnesota Statutes 2000, section 462A.222, subdivision 1a, is amended to read:

Subd. 1a. [DETERMINATION OF REGIONAL CREDIT POOLS.] The agency shall divide the annual per capita amount used in determining the state ceiling for low-income housing tax credits provided under section 42 of the Internal Revenue Code of 1986, as amended, into a metropolitan pool and a greater Minnesota pool. The metropolitan pool shall serve the metropolitan area ~~as defined in section 473.121, subdivision 2.~~ The greater Minnesota pool shall serve the remaining counties of the state. The percentage of the annual per capita amount allotted to each pool must be determined as follows:

(a) The percentage set-aside for projects involving a qualified nonprofit organization as provided in section 42 of the Internal Revenue Code of 1986, as amended, must be deducted from the annual per capita amount used in determining the state ceiling.

(b) Of the remaining amount, the metropolitan pool must be allotted a percentage equal to the metropolitan counties' percentage of the total number of state recipients of the Minnesota family investment program, general assistance, Minnesota supplemental aid, and supplemental security income in the state, as reported annually by the department of human services. The greater Minnesota pool must be allotted the amount remaining after the metropolitan pool's percentage has been allotted.

The set-aside for qualified nonprofit organizations must be divided between the two regional pools in the same percentage as determined for the credit amounts above.

Sec. 33. Minnesota Statutes 2000, section 462A.24, is amended to read:

462A.24 [CONSTRUCTION.]

~~Sections 462A.01 to 462A.24 are~~ This chapter is necessary for the welfare of the state of Minnesota and its inhabitants; therefore, it shall be liberally construed to effect its purpose.

Sec. 34. Minnesota Statutes 2000, section 462A.33, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE RECIPIENTS.] Challenge grants or loans may be made to a city, a private developer, a nonprofit organization, or the owner of the housing, including individuals. For the purpose of this section, "city" has the meaning given it in section 462A.03, subdivision 21. Preference shall be given to challenge grants or loans for home ownership. To the extent practicable, grants and loans shall be made so that an approximately equal number of housing units are financed in the metropolitan area, ~~as defined in section 473.121, subdivision 2~~, and in the nonmetropolitan area.

Sec. 35. [462A.34] [VISITABILITY REQUIREMENT.]

All new construction of single-family homes, duplexes, triplexes, and multilevel townhouses that are financed in whole or in part by the agency must incorporate basic visitability access into their design and construction. For the purpose of this section, "visitability" means designing a dwelling so that people with mobility impairments may enter and comfortably stay for a duration. The specific design elements include one no-step entrance, 32-inch clear doorways throughout the dwelling, and a one-half bathroom on the main level. The agency may waive the one-half bathroom requirement if it reduces affordability for the targeted population of the agency program from which it is funded. The agency may waive the no-step entrance requirement if site conditions make the requirement impractical or if it reduces affordability for the targeted population of the agency program from which it is funded. This section does not apply to owner-occupied housing financed by the agency through a mortgage program unless the agency has provided appropriated funds to finance the construction of the new owner-occupied housing.

Sec. 36. [MANUFACTURED HOME PARK REDEVELOPMENT REPORT.]

The housing finance agency shall include in its annual program assessment the program created by Minnesota Statutes, section 462A.2035.

Sec. 37. [STUDY.]

The housing finance agency, in conjunction with the office of strategic and long-range planning, shall study inclusionary housing statutes and ordinances throughout the country and shall report to the legislature by January 15, 2002, on the implementation of statutes and ordinances on inclusionary housing, including:

- (1) a description of the various inclusionary housing statutes and ordinances;
- (2) the number of housing units, both ownership and rental, developed under inclusionary statutes and ordinances;
- (3) the level of affordability achieved in the housing developed under inclusionary statutes and ordinances;
- (4) the demographic characteristics of the households residing in the affordable units developed under inclusionary housing statutes and ordinances, if available; and
- (5) the amount of public funds, if any, invested in the affordable units developed under inclusionary housing statutes and ordinances.

The report shall make recommendations regarding approaches to encouraging residential developments that include housing for a range of incomes. In developing recommendations, the state agencies must consult with representatives of builders, developers, realtors, municipalities, local zoning officials, housing advocates, and local planning officials.

Sec. 38. Laws 2000, chapter 488, article 8, section 2, subdivision 6, is amended to read:

Subd. 6. Economic Support Grants

30,509,000

25,368,000

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

[ASSISTANCE TO FAMILIES GRANTS TANF FORECAST ADJUSTMENT.] The federal Temporary Assistance to Needy Families (TANF) block grant fund appropriated to the commissioner of human services in Laws 1999, chapter 245, article 1, section 2, subdivision 10, for MFIP cash grants are reduced by \$37,513,000 in fiscal year 2000 and \$30,217,000 in fiscal year 2001.

[FEDERAL TANF FUNDS.] (1) In addition to the Federal Temporary Assistance for Needy Families (TANF) block grant funds appropriated to the commissioner of human services in Laws 1999, chapter 245, article 1, section 2, subdivision 10, federal TANF funds are appropriated to the commissioner in amounts up to \$20,000,000 in fiscal year 2000 and \$80,440,000 in fiscal year 2001. In addition to these funds, the commissioner may draw or transfer any other appropriations of federal TANF funds or transfers of federal TANF funds that are enacted into state law.

(2) Of the amounts in clause (1), \$19,680,000 in fiscal year 2001 is for the local intervention grants program under Minnesota Statutes, section 256J.625 and related grant programs and shall be expended as follows:

(a) \$500,000 in fiscal year 2001 is for a grant to the Southeast Asian MFIP services collaborative to replicate in a second location an existing model of an intensive intervention transitional employment training project which serves TANF-eligible recipients and which moves refugee and immigrant welfare recipients unto unsubsidized employment and leads to economic self-sufficiency. This is a one-time appropriation.

(b) \$500,000 in fiscal year 2001 is for nontraditional career assistance and training programs under Minnesota Statutes, section 256K.30, subdivision 4. This is a one-time appropriation.

(c) \$18,680,000 is for local intervention grants for self-sufficiency program under Minnesota Statutes, section 256J.625. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for the local intervention grants program is \$27,180,000 each year.

(3) Of the amounts in clause (2), paragraph (c) for local intervention grants, \$7,000,000 in fiscal year 2001 shall be transferred to the commissioner of health for distribution to county boards according to the formula in Minnesota Statutes, section 256J.625, subdivision 3, to be used by county public health boards to serve families with incomes at or below 200 percent of the federal poverty guidelines, in the manner specified by Minnesota Statutes, section 145A.16, subdivision 3, clauses (2) through (6).

Training, evaluation and technical assistance shall be provided in accordance with Minnesota Statutes, section 145A.16, subdivisions 5 to 7. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for this activity is \$7,000,000 each year.

(4) Of the amounts in clause (1), \$250,000 in fiscal year 2001 is appropriated to the commissioner to contract with the board of trustees of the Minnesota state colleges and universities to provide tuition waivers to employees of health care and human services providers located in the state that are members of qualifying consortia operating under Minnesota Statutes, sections 116L.10 to 116L.15.

(5) Of the amounts in clause (1), \$320,000 in fiscal year 2001 is for training job counselors about the MFIP program. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for employment services includes \$320,000 each year for this activity. The appropriations in this clause shall not become part of the base for the 2004-2005 biennium.

(6) Of the amounts in clause (1), \$1,000,000 in fiscal year 2001 is for out-of-wedlock pregnancy prevention funds to serve children in TANF-eligible families under Minnesota Statutes, section 256K.35. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for this program is \$1,000,000 each year. The appropriations in this clause shall not become part of the base for the 2004-2005 biennium.

(7) Of the amounts in clause (1), \$1,000,000 in fiscal year 2001 is to provide services to TANF-eligible families who are participating in the supportive housing and managed care pilot project under Minnesota Statutes, section 256K.25. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for this project is \$1,000,000 each year. The appropriations in this clause shall not become part of the base for this project for the 2004-2005 biennium.

[TANF TRANSFER TO SOCIAL SERVICES.] \$7,500,000 is transferred from the state's federal TANF block grant to the state's federal Title XX block grant in fiscal year 2001 and in fiscal year 2002, for purposes of increasing services for families with children whose incomes are at or below 200 percent of the federal poverty guidelines. Notwithstanding section 6, this paragraph expires June 30, 2002.

[TANF MOE.] (a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under United States Code, title 42, section 609(a)(7), the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF MOE expenditures:

(1) MFIP cash and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K; and

(5) expenditures made on behalf of noncitizen MFIP recipients who qualify for the medical assistance without federal financial participation program under Minnesota Statutes, section 256B.06, subdivision 4, paragraphs (d), (e), and (j).

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF MOE requirements. For the activities listed in paragraph (a), clauses (2) to (6), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31. If nonfederal expenditures for the programs and purposes listed in paragraph (a) are insufficient to meet the state's TANF MOE requirements, the commissioner shall recommend additional allowable sources of nonfederal expenditures to the legislature, if the legislature is or will be in session to take action to specify additional sources of nonfederal expenditures for TANF MOE before a federal penalty is imposed. The commissioner shall otherwise provide notice to the legislative commission on planning and fiscal policy under paragraph (d).

(c) If the commissioner uses authority granted under Laws 1999, chapter 245, article 1, section 10, or similar authority granted by a subsequent legislature, to meet the state's TANF MOE requirements in a reporting period, the commissioner shall inform the chairs of the appropriate legislative committees about all transfers made under that authority for this purpose.

(d) If the commissioner determines that nonfederal expenditures for the programs under Minnesota Statutes, section 256J.025, are insufficient to meet TANF MOE expenditure requirements, and if the legislature is not or will not be in session to take timely action to avoid a federal penalty, the commissioner may report nonfederal expenditures from other allowable sources as TANF MOE expenditures after the requirements of this paragraph are met.

The commissioner may report nonfederal expenditures in addition to those specified under paragraph (a) as nonfederal TANF MOE expenditures, but only ten days after the commissioner of finance has first submitted the commissioner's recommendations for additional allowable sources of nonfederal TANF MOE expenditures to the members of the legislative commission on planning and fiscal policy for their review.

(e) The commissioner of finance shall not incorporate any changes in federal TANF expenditures or nonfederal expenditures for TANF MOE that may result from reporting additional allowable sources of nonfederal TANF MOE expenditures under the interim procedures in paragraph (d) into the February or November forecasts required under Minnesota Statutes, section 16A.103, unless the commissioner of finance has approved the additional sources of expenditures under paragraph (d).

(f) The provisions of paragraphs (a) to (e) supersede any contrary provisions in Laws 1999, chapter 245, article 1, section 2, subdivision 10.

(g) The provisions of Minnesota Statutes, section 256.011, subdivision 3, which require that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law do not apply if the grants or aids are federal TANF funds.

(h) Notwithstanding section 6 of this article, paragraphs (a) to (g) expire June 30, 2003.

(i) Paragraphs (a) to (h) are effective the day following final enactment.

(a) Assistance to Families Grants

9,628,000	(2,305,000)
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(b) Work Grants

-0-	(250,000)
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(c) AFDC and Other Assistance

20,000,000	30,734,000
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[TRANSFERS TO MINNESOTA HOUSING FINANCE AGENCY.] (a) By June 30, 2001, the commissioner shall transfer \$50,000,000 of the general funds appropriated under this paragraph to the Minnesota housing finance agency for transfer to the housing development fund. The program funded by this transfer shall be known as the "Bruce F. Vento Year 2000 Affordable Housing Program." Up to \$15,000,000 may be transferred in fiscal year 2000.

(b) Of the funds transferred in paragraph (a), \$5,000,000 in fiscal year 2001 and \$15,000,000 in fiscal year 2002 is for a loan to Habitat for Humanity of Minnesota, Inc. The loan shall be an interest-free deferred loan. The loan shall become due and payable in the event and to the extent that Habitat for Humanity of Minnesota, Inc. does not invest repayments and prepayment of mortgage loans financed with this appropriation in new mortgages for additional homebuyers through Habitat for Humanity of

Minnesota, Inc. To the extent practicable, funding must be allocated to Habitat for Humanity chapters on the basis of the number of MFIP households residing within a chapter's service area compared to the statewide total of MFIP households and on the basis of a chapter's capacity.

(c) Of the funds transferred in paragraph (a), \$15,000,000 in fiscal year 2001 and \$15,000,000 in fiscal year 2002 is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b. To the extent practicable, the number of units financed with the appropriation under this paragraph within a city, county, or region shall reflect the number of MFIP households residing within the city, county, or region compared to the statewide total of MFIP households. This appropriation must be used to finance rental housing units that serve families:

(1) receiving MFIP benefits under Minnesota Statutes, section 256J.01, or its successor program; and

(2) who have lost eligibility for MFIP ~~due to increased income from employment or due to the collection of child or spousal support under part D of title IV of the Social Security Act~~ for reasons other than disqualification from MFIP due to fraud.

Units produced with this appropriation must remain affordable for a 30-year period.

In order to coordinate the availability of housing developed with the appropriation under this paragraph with MFIP families in need of affordable housing, the commissioner of the Minnesota housing finance agency, with the assistance of the commissioner of human services, shall establish cooperative relationships with county agencies as defined in Minnesota Statutes, section 256J.08, local employment and training service providers as defined in Minnesota Statutes, section 256J.49, local social service agencies, or other organizations that provide assistance to MFIP households.

The commissioner of the Minnesota housing finance agency shall develop strategies to promote occupancy of the units financed by the appropriation under this paragraph by households most in need of subsidized housing. The strategies shall include provisions that encourage households to move into homeownership or unsubsidized housing as the household secures stable employment and achieves self-sufficiency. The commissioner of the Minnesota housing finance agency shall consult with interested parties in developing these strategies.

(d) The commissioner of the Minnesota housing finance agency and the commissioner of human services shall jointly prepare and submit a report to the governor and the legislature on the results of the funding provided under this section. The report shall include:

(1) information on the number of units produced;

(2) the household size and income of the occupants of the units at initial occupancy; and

(3) to the extent the information is available, measures related to the occupants' attachment to the workforce and public assistance usage, and number of occupant moves.

The report must be submitted annually beginning January 15, 2003.

(e) Section 6, sunset of uncodified language, does not apply to paragraphs (a) to (d). Paragraphs (a) to (d) are effective the day following final enactment.

[WORKING FAMILY CREDIT.] (a) On a regular basis, the commissioner of revenue, with the assistance of the commissioner of human services, shall calculate the value of the refundable portion of the Minnesota working family credits provided under Minnesota Statutes, section 290.0671, that qualifies for federal reimbursement from the temporary assistance to needy families block grant. The commissioner of revenue shall provide the commissioner of human services with such expenditure records and information as are necessary to support draws of federal funds. The commissioner of human services shall reimburse the commissioner of revenue for the costs of providing the information required by this paragraph.

(b) Federal TANF funds, as specified in this paragraph, are appropriated to the commissioner of human services based on calculations under paragraph (a) of working family tax credit expenditures that qualify for reimbursement from the TANF block grant for income tax refunds payable in federal fiscal years beginning October 1, 1999. The draws of federal TANF funds shall be made on a regular basis based on calculations of credit expenditures by the commissioner of revenue. Up to the following amounts of federal TANF draws are appropriated to the commissioner of human services to deposit into the general fund: in fiscal year 2000, \$30,957,000; and in fiscal year 2001, \$33,895,000.

(d) General Assistance

557,000	(3,134,000)
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(e) Minnesota Supplemental Aid

324,000	323,000
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Sec. 39. [REPEALER.]

Minnesota Statutes 2000, sections 462A.221, subdivision 4; and 462A.30, subdivision 2, are repealed.

ARTICLE 5

HOUSING PROGRAM CONSOLIDATION

Section 1. Minnesota Statutes 2000, section 462A.201, subdivision 2, is amended to read:

Subd. 2. [LOW-INCOME HOUSING.] (a) The agency may, ~~in consultation with the advisory committee,~~ use money from the housing trust fund account to provide loans or grants for:

(1) projects for the development, construction, acquisition, preservation, and rehabilitation of low-income rental and limited equity cooperative housing units, including temporary and transitional housing, ~~and homes for ownership;~~

(2) the costs of operating rental housing, as determined by the agency, that are unique to the operation of low-income rental housing or supportive housing; and

(3) rental assistance, either project-based or tenant-based.

For purposes of this section, "transitional housing" ~~means housing that is provided for a limited duration not exceeding 24 months, except that up to one-third of the residents may live in the housing for up to 36 months~~ has the meaning given by the United States Department of Housing and Urban Development. Loans or grants for residential housing for migrant farmworkers may be made under this section. ~~No more than 20 percent of available funds may be used for home ownership projects.~~

(b) ~~A rental or limited equity cooperative permanent housing project must meet one of the following income tests:~~

(1) ~~at least 75 percent of the rental and cooperative units must be rented to or cooperatively owned by persons and families whose income does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2; or~~

(2) ~~all~~ The housing trust fund account must be used for the benefit of persons and families whose income, at the time of initial occupancy, does not exceed 60 percent of median income as determined by the United States Department of Housing and Urban Development for the metropolitan area. At least 75 percent of the units funded by funds in the housing trust fund account must be used for the benefit of persons and families whose income, at the time of initial occupancy, does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2. For purposes of this section, a household with a housing assistance voucher under section 8 of the United States Housing Act of 1937, as amended, is deemed to meet the income requirements of this section.

The median family income may be adjusted for families of five or more.

(c) ~~Homes for ownership must be owned or purchased by persons and families whose income does not exceed 50 percent of the metropolitan area median income, adjusted for family size.~~

(d) Rental assistance under this section must be provided by governmental units which administer housing assistance supplements or by for-profit or nonprofit organizations experienced in housing management. Rental assistance shall be limited to households whose income at the time of initial receipt of rental assistance does not exceed 60 percent of median income, as determined by the United States Department of Housing and Urban Development for the metropolitan area. Priority among comparable applications for tenant-based rental assistance will be given to proposals that will serve households whose income at the time of initial application for rental assistance does not exceed 30 percent of median income, as determined by the United States Department of Housing and Urban Development for the metropolitan area. Rental assistance must be terminated when it is determined that 30 percent of a household's monthly income for four consecutive months equals or exceeds the market rent for the unit in which the household resides plus utilities for which the tenant is responsible. Rental assistance may only be

used for rental housing units that meet the housing maintenance code of the local unit of government in which the unit is located, if such a code has been adopted, or the housing quality standards adopted by the United States Department of Housing and Urban Development, if no local housing maintenance code has been adopted.

(d) In making the loans or grants, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. To promote the geographic distribution of grants and loans, the agency may designate a portion of the grant or loan awards to be set aside for projects located in specified congressional districts or other geographical regions specified by the agency. The agency may adopt rules for awarding grants and loans under this subdivision.

Sec. 2. Minnesota Statutes 2000, section 462A.201, subdivision 6, is amended to read:

Subd. 6. [REPORT.] The agency shall submit a biennial report to the legislature and the governor ~~annually~~ on the use of the housing trust fund account including the number of loans and grants made, the number and types of residential units assisted through the account, the number of households for whom rental assistance payments were provided, and the number of residential units assisted through the account that were rented to or cooperatively owned by persons or families at or below 30 percent of the median family income of the metropolitan area at the time of initial occupancy.

Sec. 3. Minnesota Statutes 2000, section 462A.209, is amended to read:

462A.209 [HOME OWNERSHIP ASSISTANCE EDUCATION, COUNSELING, AND TRAINING PROGRAM.]

Subdivision 1. [FULL CYCLE HOME OWNERSHIP SERVICES.] ~~The full cycle home ownership services~~ homeownership education, counseling, and training program shall be used to ~~fund~~ provide funding to ~~community-based~~ nonprofit organizations and political subdivisions ~~providing, building capacity to provide, or supporting full cycle lending for to assist them in building the capacity to provide and providing full cycle~~ home ownership services to low and moderate income home buyers and homeowners, including seniors. The purpose of the program is to encourage private investment in affordable housing and collaboration of nonprofit organizations and political subdivisions with each other and private lenders in providing full cycle ~~lending~~ homeownership services.

Subd. 2. [DEFINITION.] "Full cycle home ownership services" means supporting eligible home buyers and ~~owners~~ home owners through all phases of purchasing and keeping a home, by providing prepurchase home buyer education; prepurchase counseling and credit repair; prepurchase and postpurchase property inspection and technical and financial assistance to buyers in rehabilitating the home; ~~postpurchase counseling, including home equity conversion loan counseling, mortgage default counseling, postpurchase assistance with home maintenance, entry cost assistance;~~ foreclosure prevention and assistance; and access to flexible loan products.

Subd. 3. [ELIGIBILITY.] The agency shall establish eligibility criteria for nonprofit organizations and political subdivisions to receive funding under this section. The eligibility criteria must require the nonprofit organization or political subdivision to provide, to build capacity to provide, or support full cycle home ownership services for eligible home buyers. The agency may fund a nonprofit organization or political subdivision that will provide full cycle home ownership services by coordinating with one or more other organizations that will provide specific components of full cycle home ownership services. The agency may make exceptions to providing all components of full cycle lending if justified by the application. If there are more applicants requesting funding than there are funds available, the agency shall award the funds on a competitive basis and also assure an equitable geographic distribution of the available funds. The eligibility criteria must require the nonprofit organization or political subdivision to have a demonstrated involvement in the local community and to target the housing affordability needs of the local community or to have demonstrated experience with counseling older persons on housing, or both. The eligibility criteria may include a requirement for specific training provided by designated state or national entities. The agency may also include an eligibility criteria that requires counselor certification or organizational accreditation by specified organizations which provide certification or accreditation services. Partnerships and collaboration with

innovative, grass roots, or community-based initiatives shall be encouraged. The agency shall give priority to nonprofit organizations and political subdivisions that provide matching funds have funding from other sources for full cycle homeownership services. Applicants for funds under section 462A.057 may also apply funds under this program.

Subd. 4. [ENTRY COST HOME OWNERSHIP OPPORTUNITY PROGRAM.] The agency may establish an entry cost home ownership opportunity program, on terms and conditions it deems advisable, to assist individuals with downpayment and closing costs to finance the purchase of a home.

Subd. 5. [SELECTION CRITERIA.] The agency shall take the following criteria into consideration when determining whether to award funds to an eligible organization:

- (1) the extent to which there is an equitable geographic distribution of funds among program applicants;
- (2) the prior experience and documented familiarity of the organization, as may be applicable, in establishing, administering, and maintaining some or all of the components of full cycle homeownership services;
- (3) the reasonableness of the proposed budget in meeting the program objectives, a demonstrated ability to leverage program money with other sources of funding, and the extent of the leveraging of other sources of funding;
- (4) the extent to which efforts are targeted towards households with incomes that do not exceed 80 percent of the state or area median income or underserved segments of the local population; and
- (5) the extent to which program funding does not duplicate other efforts currently available in the local area and will enable, expand, or enhance existing activities.

Subd. 6. [DESIGNATED AREAS.] A program administrator must designate specific areas, communities, or neighborhoods within which the program is proposed to be operated for the purpose of focusing resources.

Subd. 7. [ASSISTANCE TO PREVENT MORTGAGE FORECLOSURES.] (a) Program assistance and counseling to prevent mortgage foreclosures or cancellations of contract for deeds includes general information, screening, assessment, referral services, case management, advocacy, and financial assistance to borrowers who are delinquent on mortgage or contract for deed payments.

(b) Not more than one-half of funds awarded for foreclosure prevention and assistance activities may be used for mortgage or financial counseling services.

(c) Financial assistance consists of payments for delinquent mortgage or contract for deed payments, future mortgage or contract for deed payments for a period of up to six months, property taxes, assessments, utilities, insurance, home improvement repairs, future rent payments for a period of up to six months, and relocation costs if necessary, or other costs necessary to prevent foreclosure.

(d) An individual or family may receive a maximum of \$5,500 of financial assistance to prevent a mortgage foreclosure or the cancellation of a contract for deed.

(e) The agency may require the recipient of financial assistance to enter into an agreement with the agency for repayment. The repayment agreement for mortgages or contract for deed buyers must provide that in the event the property is sold, transferred, or otherwise conveyed, or ceases to be the recipient's principal place of residence, the recipient shall repay all or a portion of the financial assistance. The agency may take into consideration financial hardship in determining repayment requirements. The repayment agreement may be secured by a lien on the property for the benefit of the agency.

Subd. 8. [REPORT.] By January 10 of every year, each nonprofit organization that delivers services under this section must submit a report to the agency that summarizes the number of people served and the sources and amounts of nonstate money used to fund the services. The agency shall annually submit a report to the legislature by February 15.

Sec. 4. Minnesota Statutes 2000, section 462A.21, is amended by adding a subdivision to read:

Subd. 27. [ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE PROGRAM.] The agency may spend money for the purposes of section 462A.33 and may pay the costs and expenses necessary and incidental to the development and operation of the program.

Sec. 5. Minnesota Statutes 2000, section 462A.33, subdivision 1, is amended to read:

Subdivision 1. [CREATED.] The economic development and housing challenge program is created to be administered by the agency.

(a) The program shall provide grants or loans for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to support economic development and redevelopment activities or job creation or job preservation within a community or region by meeting locally identified housing needs.

Gap financing is either:

(i) the difference between the costs of the property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale; or

(ii) the difference between the cost of the property and the amount the targeted household can afford for housing, based on industry standards and practices.

(b) Preference for grants and loans shall be given to comparable proposals that include regulatory changes or waivers that result in identifiable cost avoidance or cost reductions, such as increased density, flexibility in site development standards, or zoning code requirements. Preference must also be given among comparable proposals to proposals for projects that are accessible to transportation systems, jobs, schools, and other services.

(c) If a grant or loan is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits of this section or for other housing-related purposes that primarily benefit the persons residing in the adjacent housing. In making selections for grants or loans for projects that demolish affordable housing units, the agency must review the potential displacement of residents and consider the extent to which displacement of residents is minimized.

Sec. 6. Minnesota Statutes 2000, section 462A.33, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE RECIPIENTS.] Challenge grants or loans may be made to a city, a private developer, a nonprofit organization, or the owner of the housing, including individuals. For the purpose of this section, "city" has the meaning given it in section 462A.03, subdivision 21. ~~Preference shall be given to challenge grants or loans for home ownership.~~ To the extent practicable, grants and loans shall be made so that an approximately equal number of housing units are financed in the metropolitan area, as defined in section 473.121, subdivision 2, and in the nonmetropolitan area.

Sec. 7. Minnesota Statutes 2000, section 462A.33, subdivision 3, is amended to read:

Subd. 3. [CONTRIBUTION REQUIREMENT; ~~REGULATORY FLEXIBILITY.~~] Fifty percent of the funds appropriated for this section must be used for challenge grants or loans which meet the requirements of this subdivision. These challenge grants or loans must be used for economically viable homeownership or rental housing proposals that:

(1) include a financial or in-kind contribution from an area employer and either a unit of local government or a private philanthropic, religious, or charitable organization; and

(2) address the housing needs of the local work force.

For the purpose of this subdivision, an employer contribution may consist partially or wholly of the premium paid for federal housing tax credits. ~~Preference for grants and loans shall be given to comparable proposals that include regulatory changes that result in identifiable cost avoidance or cost reductions, such as increased density, flexibility in site development standards, or zoning code requirements.~~

Preference for grants and loans shall also be given to comparable proposals that include a financial or in-kind contribution from a unit of local government, an area employer, and a private philanthropic, religious, or charitable organization.

Sec. 8. Minnesota Statutes 2000, section 462A.33, subdivision 5, is amended to read:

Subd. 5. [INCOME LIMITS.] Households served through challenge grants or loans must not have incomes at the time of initial occupancy that exceed, for homeownership projects, 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, ~~115~~ 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development except that the housing developed or rehabilitated with challenge fund grants or loans must be affordable to the local work force.

Preference among comparable proposals shall be given those that provide housing opportunities for an expanded range of household incomes within a community or that provide housing opportunities for a wide range of incomes within the development.

Sec. 9. Minnesota Statutes 2000, section 462A.33, is amended by adding a subdivision to read:

Subd. 8. [LIMITATION ON RETURN.] The limitations on return of eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans or grants for rental housing if the loans or grants made by the agency, from all sources, are less than 50 percent of the total costs, as determined by the agency.

Sec. 10. [REPEALER.]

Minnesota Statutes 2000, sections 462A.201, subdivision 4; 462A.207; 462A.209, subdivision 4; 462A.21, subdivision 17; and 462A.33, subdivisions 4, 6, and 7, are repealed.

ARTICLE 6

PUBLIC SERVICE CONSOLIDATION

Section 1. [CONSOLIDATION OF STATE REGULATION OF COMMERCE.]

In order to make state government more efficient and effective and to accomplish more efficient and effective regulation of commerce in Minnesota, all of the powers, rights, responsibilities, and duties that remain in the department of public service after reorganization order No. 181 are transferred to the department of commerce under Minnesota Statutes, section 15.039. This transfer is governed in all respects by Minnesota Statutes, section 15.039. The department of public service is abolished.

Sec. 2. Minnesota Statutes 2000, section 3C.12, subdivision 2, is amended to read:

Subd. 2. [FREE DISTRIBUTION.] The revisor shall distribute without charge copies of each edition of Minnesota Statutes, supplements to Minnesota Statutes, and Laws of Minnesota to the persons or bodies listed in this subdivision. Before distributing the copies, the revisor shall inform these persons or bodies of the cost of the

publication and the availability of statutes and session laws on the Internet, and shall ask whether their work requires the full number of copies authorized by this subdivision. Unless a smaller number is needed, the revisor shall distribute:

- (a) 30 copies to the supreme court;
- (b) 30 copies to the court of appeals;
- (c) one copy to each judge of a district court;
- (d) one copy to the court administrator of each district court for use in each courtroom of the district court;
- (e) one copy to each judge, district attorney, clerk of court of the United States, and deputy clerk of each division of the United States district court in Minnesota;
- (f) 100 copies to the office of the attorney general;
- (g) ten copies each to the governor's office, the departments of agriculture, ~~commerce~~, corrections, children, families, and learning, finance, health, transportation, labor and industry, economic security, natural resources, public safety, ~~public service~~, human services, revenue, and the pollution control agency;
- (h) two copies each to the lieutenant governor and the state treasurer;
- (i) 20 copies each to the ~~department~~ departments of administration and commerce, state auditor, and legislative auditor;
- (j) one copy each to other state departments, agencies, boards, and commissions not specifically named in this subdivision;
- (k) one copy to each member of the legislature;
- (l) 150 copies for the use of the senate and 200 copies for the use of the house of representatives;
- (m) 50 copies to the revisor of statutes from which the revisor shall send the appropriate number to the Library of Congress for copyright and depository purposes;
- (n) four copies to the secretary of the senate;
- (o) four copies to the chief clerk of the house of representatives;
- (p) 100 copies to the state law library;
- (q) 100 copies to the law school of the University of Minnesota;
- (r) five copies each to the Minnesota historical society and the secretary of state;
- (s) one copy each to the public library of the largest municipality of each county if the library is not otherwise eligible to receive a free copy under this section or section 15.18; and
- (t) one copy to each county library maintained pursuant to chapter 134, except in counties containing cities of the first class. If a county has not established a county library pursuant to chapter 134, the copy shall be provided to any public library in the county.

Sec. 3. Minnesota Statutes 2000, section 13.679, is amended to read:

13.679 [DEPARTMENT OF PUBLIC SERVICE DATA.]

Subdivision 1. [TENANT.] Data collected by the ~~department of public service~~ commissioner of commerce that reveals the identity of a tenant who makes a complaint regarding energy efficiency standards for rental housing are private data on individuals.

Subd. 2. [UTILITY OR TELEPHONE COMPANY EMPLOYEE OR CUSTOMER.] (a) The following are private data on individuals: data collected by the ~~department of public service~~ commissioner of commerce or the public utilities commission, including the names or any other data that would reveal the identity of either an employee or customer of a telephone company or public utility who files a complaint or provides information regarding a violation or suspected violation by the telephone company or public utility of any federal or state law or rule; except this data may be released as needed to law enforcement authorities.

(b) The following are private data on individuals: data collected by the commission or the ~~department of public service~~ commissioner of commerce on individual public utility or telephone company customers or prospective customers, including copies of tax forms, needed to administer federal or state programs that provide relief from telephone company bills, public utility bills, or cold weather disconnection. The determination of eligibility of the customers or prospective customers may be released to public utilities or telephone companies to administer the programs.

Sec. 4. Minnesota Statutes 2000, section 15.01, is amended to read:

15.01 [DEPARTMENTS OF THE STATE.]

The following agencies are designated as the departments of the state government: the department of administration; the department of agriculture; the department of commerce; the department of corrections; the department of children, families, and learning; the department of economic security; the department of trade and economic development; the department of finance; the department of health; the department of human rights; the department of labor and industry; the department of military affairs; the department of natural resources; the department of employee relations; the department of public safety; ~~the department of public service~~; the department of human services; the department of revenue; the department of transportation; the department of veterans affairs; and their successor departments.

Sec. 5. Minnesota Statutes 2000, section 15.06, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] This section applies to the following departments or agencies: the departments of administration, agriculture, commerce, corrections, economic security, children, families, and learning, employee relations, trade and economic development, finance, health, human rights, labor and industry, natural resources, public safety, ~~public service~~, human services, revenue, transportation, and veterans affairs; the housing finance and pollution control agencies; the office of commissioner of iron range resources and rehabilitation; the bureau of mediation services; and their successor departments and agencies. The heads of the foregoing departments or agencies are "commissioners."

Sec. 6. Minnesota Statutes 2000, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. [GROUP I SALARY LIMITS.] The salaries for positions in this subdivision may not exceed 95 percent of the salary of the governor:

Commissioner of administration;

Commissioner of agriculture;

Commissioner of children, families, and learning;
Commissioner of commerce;
Commissioner of corrections;
Commissioner of economic security;
Commissioner of employee relations;
Commissioner of finance;
Commissioner of health;
Executive director, higher education services office;
Commissioner, housing finance agency;
Commissioner of human rights;
Commissioner of human services;
Executive director, state board of investment;
Commissioner of labor and industry;
Commissioner of natural resources;
Director of office of strategic and long-range planning;
Commissioner, pollution control agency;
Commissioner of public safety;
~~Commissioner, department of public service;~~
Commissioner of revenue;
Commissioner of trade and economic development;
Commissioner of transportation; and
Commissioner of veterans affairs.

Sec. 7. Minnesota Statutes 2000, section 16B.32, subdivision 2, is amended to read:

Subd. 2. [ENERGY CONSERVATION GOALS; EFFICIENCY PROGRAM.] (a) The commissioner of administration in consultation with the ~~department of public service~~ commissioner of commerce, in cooperation with one or more public utilities or comprehensive energy services providers, may conduct a shared-savings program involving energy conservation expenditures on state-owned buildings. The public utility or energy services provider shall contract with appropriate state agencies to implement energy efficiency improvements in the selected buildings. A contract must require the public utility or energy services provider to include all energy efficiency improvements in selected buildings that are calculated to achieve a cost payback within ten years. The contract must require that the public utility or energy services provider be repaid solely from energy cost savings and only to the extent of

energy cost savings. Repayments must be interest-free. The goal of the program in this paragraph is to demonstrate that through effective energy conservation the total energy consumption per square foot of state-owned and wholly state-leased buildings could be reduced by at least 25 percent from consumption in the base year of 1990. All agencies participating in the program must report to the commissioner of administration their monthly energy usage, building schedules, inventory of energy-consuming equipment, and other information as needed by the commissioner to manage and evaluate the program.

(b) The commissioner may exclude from the program of paragraph (a) a building in which energy conservation measures are carried out. "Energy conservation measures" means measures that are applied to a state building that improve energy efficiency and have a simple return of investment in ten years or within the remaining period of a lease, whichever time is shorter, and involves energy conservation, conservation facilities, renewable energy sources, improvements in operations and maintenance efficiencies, or retrofit activities.

(c) This subdivision expires January 1, 2001.

Sec. 8. Minnesota Statutes 2000, section 16B.335, subdivision 4, is amended to read:

Subd. 4. [ENERGY CONSERVATION.] A recipient to whom a direct appropriation is made for a capital improvement project shall ensure that the project complies with the applicable energy conservation standards contained in law, including sections 216C.19 to 216C.20, and rules adopted thereunder. The recipient may ~~use the energy planning and intervention and energy technologies units of the department of public service to obtain information and technical assistance~~ from the state energy office in the department of commerce on energy conservation and alternative energy development relating to the planning and construction of the capital improvement project.

Sec. 9. Minnesota Statutes 2000, section 16B.56, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYEE TRANSPORTATION PROGRAM.] (a) [ESTABLISHMENT.] To conserve energy and alleviate traffic congestion around state offices, the commissioner shall, in cooperation with ~~the commissioner of public service~~, the commissioner of transportation, the state energy office in the department of commerce, and interested nonprofit agencies, establish and operate an employee transportation program using commuter vans with a capacity of not less than seven nor more than 16 passengers. Commuter vans may be used by state employees and others to travel between their homes and their work locations. However, only state employee drivers may use the van for personal purposes after working hours, not including partisan political activity. The commissioner shall acquire or lease commuter vans, or otherwise contract for the provision of commuter vans, and shall make the vans available for the use of state employees and others in accordance with standards and procedures adopted by the commissioner. The commissioner shall promote the maximum participation of state employees and others in the use of the vans.

(b) [ADMINISTRATIVE POLICIES.] The commissioner shall adopt standards and procedures under this section without regard to chapter 14. The commissioner shall provide for the recovery by the state of vehicle acquisition, lease, operation, and insurance costs through efficient and convenient assignment of vans, and for the billing of costs and collection of fees. A state employee using a van for personal use shall pay, pursuant to the standards and procedures adopted by the commissioner, for operating and routine maintenance costs incurred as a result of the personal use. Fees collected under this subdivision shall be deposited in the accounts from which the costs of operating, maintaining, and leasing or amortization for the specific vehicle are paid.

Sec. 10. Minnesota Statutes 2000, section 16B.76, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] (a) The construction codes advisory council consists of the following members:

(1) the commissioner of administration or the commissioner's designee representing the department's building codes and standards division;

(2) the commissioner of health or the commissioner's designee representing an environmental health section of the department;

(3) the commissioner of public safety or the commissioner's designee representing the department's state fire marshal division;

(4) the commissioner of ~~public service commerce~~ or the commissioner's designee representing the department's ~~energy regulation and resource management division~~ state energy office; and

(5) one member representing each of the following occupations or entities, appointed by the commissioner of administration:

- (i) a certified building official;
- (ii) a fire service representative;
- (iii) a licensed architect;
- (iv) a licensed engineer;
- (v) a building owners and managers representative;
- (vi) a licensed residential building contractor;
- (vii) a commercial building contractor;
- (viii) a heating and ventilation contractor;
- (ix) a plumbing contractor;
- (x) a representative of a construction and building trades union; and
- (xi) a local unit of government representative.

(b) For members who are not state officials or employees, terms, compensation, removal, and the filling of vacancies are governed by section 15.059. The council shall select one of its members to serve as chair.

(c) The council expires June 30, 2001.

Sec. 11. Minnesota Statutes 2000, section 17.86, subdivision 3, is amended to read:

Subd. 3. [INFORMATION.] The University of Minnesota extension service, in cooperation with the commissioners of agriculture, children, families, and learning, natural resources, and ~~public service commerce~~, shall serve as the principal agency for publishing and circulating information derived from research under subdivision 2 among the various municipalities and individual property owners in the state. Where practical, the extension service and the state energy office in the department of ~~public service commerce~~ shall secure the advice and assistance of various energy utilities interested and concerned with conservation. The commissioner of agriculture shall establish an information source for requests for nursery stock, to match needs of municipalities with stocks of trees available for planting from private and governmental sources.

Sec. 12. Minnesota Statutes 2000, section 18.024, subdivision 1, is amended to read:

Subdivision 1. [WOOD UTILIZATION.] The departments of agriculture and natural resources, after consultation with the Minnesota shade tree advisory committee and the ~~commissioner of public service~~ state energy office in the department of commerce, shall investigate, evaluate, and make recommendations to the legislature concerning the

potential uses of wood from community trees removed due to disease or other disorders. These recommendations shall include maximum resource recovery through recycling, use as an alternative energy source, or use in construction or the manufacture of new products. Wood utilization or disposal systems as defined in section 18.023 must be included to ensure maximum utilization of diseased shade trees with designs and procedures to ensure public safety and to assure compliance with approved disease control programs.

Sec. 13. Minnesota Statutes 2000, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the departments of administration; agriculture; commerce; corrections; economic security; children, families, and learning; employee relations; trade and economic development; finance; health; human rights; labor and industry; natural resources; public safety; ~~public service~~; human services; revenue; transportation; and veterans affairs; the housing finance and pollution control agencies; the state lottery; the state board of investment; the office of administrative hearings; the office of environmental assistance; the offices of the attorney general, secretary of state, state auditor, and state treasurer; the Minnesota state colleges and universities; the higher education services office; the Perpich center for arts education; and the Minnesota zoological board.

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

- (1) the designation of the position would not be contrary to other law relating specifically to that agency;
- (2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;
- (3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;
- (4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;
- (5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with, the governor and the agency head, the employing statutory board or commission, or the employing constitutional officer;
- (6) the position would be at the level of division or bureau director or assistant to the agency head; and
- (7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

Sec. 14. Minnesota Statutes 2000, section 45.012, is amended to read:

45.012 [COMMISSIONER.]

- (a) The department of commerce is under the supervision and control of the commissioner of commerce. The commissioner is appointed by the governor in the manner provided by section 15.06.
- (b) Data that is received by the commissioner or the commissioner's designee by virtue of membership or participation in an association, group, or organization that is not otherwise subject to chapter 13 is confidential or protected nonpublic data but may be shared with the department employees as the commissioner considers appropriate. The commissioner may release the data to any person, agency, or the public if the commissioner determines that the access will aid the law enforcement process, promote public health or safety, or dispel widespread rumor or unrest.

(c) It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

- (1) prevent the waste or unnecessary spending of public money;
- (2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;
- (3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;
- (4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;
- (5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;
- (6) report to the legislature on the performance of agency operations and the accomplishment of agency goals in the agency's biennial budget according to section 16A.10, subdivision 1; and
- (7) recommend to the legislature appropriate changes in law necessary to carry out the mission and improve the performance of the department.

(d) The commissioner also has all the powers and responsibilities and shall perform all the duties previously assigned to the commissioner of public service and the department of public service under chapters 216, 216A, 216B, 216C, 237, 238, 239, and other statutes prior to the date of final enactment of this act, except in the case where those powers, responsibilities, or duties have been specifically otherwise assigned by law.

Sec. 15. Minnesota Statutes 2000, section 103F.325, subdivision 2, is amended to read:

Subd. 2. [REVIEW AND HEARING.] (a) The commissioner shall make the proposed management plan available to affected local governmental bodies, shoreland owners, conservation and outdoor recreation groups, the commissioner of trade and economic development, the commissioner of ~~public service~~ commerce, the governor, and the general public. The commissioners of trade and economic development ~~and of public service~~, the state energy office in the department of commerce, and the governor shall review the proposed management plan in accordance with the criteria in section 86A.09, subdivision 3, and submit any written comments to the commissioner within 60 days after receipt of the proposed management plan.

(b) By 60 days after making the information available, the commissioner shall conduct a public hearing on the proposed management plan in the county seat of each county that contains a portion of the designated system area, in the manner provided in chapter 14.

Sec. 16. Minnesota Statutes 2000, section 103F.325, subdivision 3, is amended to read:

Subd. 3. [POST HEARING REVIEW.] Upon receipt of the administrative law judge's report, the commissioner shall immediately forward the proposed management plan and the administrative law judge's report to the commissioners of trade and economic development and of ~~public service~~ commerce for review under section 86A.09, subdivision 3, except that the review by the commissioners must be completed or be deemed completed within 30 days after receiving the administrative law judge's report, and the review by the governor must be completed or be deemed completed within 15 days after receipt.

Sec. 17. Minnesota Statutes 2000, section 115A.15, subdivision 5, is amended to read:

Subd. 5. [REPORTS.] (a) By January 1 of each odd-numbered year, the commissioner of administration shall submit a report to the governor and to the environment and natural resources committees of the senate and house of representatives, the finance division of the senate committee on environment and natural resources, and the house

of representatives committee on environment and natural resources finance summarizing past activities and proposed goals of the program for the following biennium. The report shall include at least:

- (1) a summary list of product and commodity purchases that contain recycled materials;
- (2) the results of any performance tests conducted on recycled products and agencies' experience with recycled products used;
- (3) a list of all organizations participating in and using the cooperative purchasing program; and
- (4) a list of products and commodities purchased for their recyclability and of recycled products reviewed for purchase.

(b) By July 1 of each even-numbered year, the director of the office of environmental assistance and the commissioner of ~~public service commerce~~ commerce through the state energy office shall submit recommendations to the commissioner regarding the operation of the program.

Sec. 18. Minnesota Statutes 2000, section 116O.06, subdivision 2, is amended to read:

Subd. 2. [EQUITY INVESTMENTS.] The corporation may acquire an interest in a product or a private business entity, except that the corporation may not acquire an interest in a business entity engaged in a trade or industry whose profits are directly regulated by the commissioner of commerce or the ~~department of public service~~ public utilities commission. The corporation may enter into joint venture agreements with other private corporations to promote economic development and job creation.

Sec. 19. Minnesota Statutes 2000, section 123B.65, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Energy conservation measure" means a training program or facility alteration designed to reduce energy consumption or operating costs and includes:

- (1) insulation of the building structure and systems within the building;
- (2) storm windows and doors, caulking or weatherstripping, multiglazed windows and doors, heat absorbing or heat reflective glazed and coated window and door systems, additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;
- (3) automatic energy control systems;
- (4) heating, ventilating, or air conditioning system modifications or replacements;
- (5) replacement or modifications of lighting fixtures to increase the energy efficiency of the lighting system without increasing the overall illumination of a facility, unless such increase in illumination is necessary to conform to the applicable state or local building code for the lighting system after the proposed modifications are made;
- (6) energy recovery systems;
- (7) cogeneration systems that produce steam or forms of energy such as heat, as well as electricity, for use primarily within a building or complex of buildings;
- (8) energy conservation measures that provide long-term operating cost reductions.

(b) "Guaranteed energy savings contract" means a contract for the evaluation and recommendations of energy conservation measures, and for one or more energy conservation measures. The contract must provide that all payments, except obligations on termination of the contract before its expiration, are to be made over time, but not to exceed 15 years from the date of final installation, and the savings are guaranteed to the extent necessary to make payments for the systems.

(c) "Qualified provider" means a person or business experienced in the design, implementation, and installation of energy conservation measures. A qualified provider to whom the contract is awarded shall give a sufficient bond to the school district for its faithful performance.

(d) "Commissioner" means the commissioner of ~~public service~~ commerce through the state energy office.

Sec. 20. Minnesota Statutes 2000, section 123B.65, subdivision 3, is amended to read:

Subd. 3. [EVALUATION BY COMMISSIONER.] Upon request of the board, the commissioner of ~~public service~~ shall review the report required in subdivision 2 and provide an evaluation to the board on the proposed contract within 15 working days of receiving the report. In evaluating the proposed contract, the commissioner shall determine whether the detailed calculations of the costs and of the energy and operating savings are accurate and reasonable. The commissioner may request additional information about a proposed contract as the commissioner deems necessary. If the commissioner requests additional information, the commissioner shall not be required to submit an evaluation to the board within fewer than ten working days of receiving the requested information.

Sec. 21. Minnesota Statutes 2000, section 123B.65, subdivision 5, is amended to read:

Subd. 5. [PAYMENT OF REVIEW EXPENSES.] The commissioner of ~~public service~~ may charge a district requesting services under subdivisions 3 and 4 actual costs incurred by the department of ~~public service~~ commerce while conducting the review, or one-half percent of the total identified project cost, whichever is less. Before conducting the review, the commissioner shall notify a district requesting review services that expenses will be charged to the district. The commissioner shall bill the district upon completion of the contract review. Money collected by the commissioner under this subdivision must be deposited in the general fund. A district may include the cost of a review by the commissioner under subdivision 3 in a contract made pursuant to this section.

Sec. 22. Minnesota Statutes 2000, section 161.45, subdivision 1, is amended to read:

Subdivision 1. [RULES.] Electric transmission, telephone or telegraph lines, pole lines, community antenna television lines, railways, ditches, sewers, water, heat or gas mains, gas and other pipe lines, flumes, or other structures which, under the laws of this state or the ordinance of any city, may be constructed, placed, or maintained across or along any trunk highway, or the roadway thereof, by any person, persons, corporation, or any subdivision of the state, may be so maintained or hereafter constructed only in accordance with such rules as may be prescribed by the commissioner who shall have power to prescribe and enforce reasonable rules with reference to the placing and maintaining along, across, or in any such trunk highway of any of the utilities hereinbefore set forth. Nothing herein shall restrict the actions of public authorities in extraordinary emergencies nor restrict the power and authority of the ~~department of public service~~ commissioner of commerce as provided for in other provisions of law. Provided, however, that in the event any local subdivision of government has enacted ordinances relating to the method of installation or requiring underground installation of such community antenna television lines, the permit granted by the commissioner of transportation shall require compliance with such local ordinance.

Sec. 23. Minnesota Statutes 2000, section 168.61, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] The term "intercity bus" as used in sections 168.61 to 168.65 means a motor bus as defined in section 168.011, subdivision 9, which is owned or operated by either a resident or nonresident of Minnesota in interstate commerce under authority of the Interstate Commerce Commission or in combined interstate and intrastate commerce under authority of the Interstate Commerce Commission and the department of ~~public service~~ transportation of Minnesota, as a result of which operation such bus operates both within and without the territorial limits of the state of Minnesota.

Sec. 24. Minnesota Statutes 2000, section 169.073, is amended to read:

169.073 [PROHIBITED LIGHT OR SIGNAL.]

(a) No person or corporation shall place, maintain or display any red light or red sign, signal, or lighting device or maintain it in view of any highway or any line of railroad on or over which trains are operated in such a way as to interfere with the effectiveness or efficiency of any highway traffic-control device or signals or devices used in the operation of a railroad. Upon written notice from the commissioner of transportation, a person or corporation maintaining or owning or displaying a prohibited light shall promptly remove it, or change the color of it to some other color than red. Where a prohibited light or sign interferes with the effectiveness or efficiency of the signals or devices used in the operation of a railroad, the department of ~~public service~~ transportation may cause the removal of it and the department may issue notices and orders for its removal. The department shall proceed as provided in sections 216.13, 216.14, 216.15, 216.16, and 216.17, with a right of appeal to the aggrieved party in accordance with chapter 14.

(b) No person or corporation shall maintain or display any light after written notice from the commissioner of transportation or the department of public service that the light constitutes a traffic hazard and that it has ordered the removal thereof.

Sec. 25. Minnesota Statutes 2000, section 174.03, subdivision 7, is amended to read:

Subd. 7. [ENERGY CONSERVATION.] The commissioner, in cooperation with the commissioner of ~~public service~~ commerce through the state energy office, shall evaluate all modes of transportation in terms of their levels of energy consumption. The commissioner of ~~public service~~ commerce shall provide the commissioner with projections of the future availability of energy resources for transportation. The commissioner shall use the results of this evaluation and the projections to evaluate alternative programs and facilities to be included in the statewide plan and to otherwise promote the more efficient use of energy resources for transportation purposes.

Sec. 26. Minnesota Statutes 2000, section 181.30, is amended to read:

181.30 [DUTY OF DEPARTMENT OF PUBLIC SERVICE.]

Any officer of any railroad company in the state violating any of the provisions of section 181.29 shall be guilty of a misdemeanor; and, upon conviction, punished by a fine of not less than \$100, and not more than \$700, for each offense, or by imprisonment in the county jail not more than 60 days, or both fine and imprisonment, at the discretion of the court. It shall be the duty of the state department of ~~public service~~ transportation, upon complaint properly filed with it alleging a violation of section 181.29, to make a full investigation in relation thereto, and for such purpose it shall have the power to administer oaths, interrogate witnesses, take testimony and require the production of books and papers, and if such report shall show a violation of the provisions of section 181.29, the department of ~~public service~~ transportation shall, through the attorney general, begin the prosecution of all parties against whom evidence of such violation is found; but section 181.29 shall not be construed to prevent any other person from beginning prosecution for the violation of the provisions thereof.

Sec. 27. Minnesota Statutes 2000, section 216A.01, is amended to read:

216A.01 [~~ESTABLISHMENT OF DEPARTMENT AND COMMISSION; POWERS AND DUTIES.~~]

~~There are hereby created and established the department of public service, and the public utilities commission.~~ The department of ~~public service~~ commerce shall have and possess all of the rights and powers and perform all of the duties vested in it by this chapter. The public utilities commission shall have and possess all of the rights and powers and perform all of the duties vested in it by this chapter, and those formerly vested by law in the railroad and warehouse commission.

Sec. 28. Minnesota Statutes 2000, section 216A.035, is amended to read:

216A.035 [CONFLICT OF INTEREST.]

(a) No person, while a member of the public utilities commission, while acting as executive secretary of the commission, or while employed in a professional capacity by the commission, shall receive any income, other than dividends or other earnings from a mutual fund or trust if these earnings do not constitute a significant portion of the person's income, directly or indirectly from any public utility or other organization subject to regulation by the commission.

(b) No person is eligible to be appointed as a member of the commission if the person has been employed with an entity, or an affiliated company of an entity, that is subject to rate regulation by the commission within one year from the date when the person's term on the commission will begin.

(c) No person who is an employee of the ~~public service~~ department of commerce shall participate in any manner in any decision or action of the commission where that person has a direct or indirect financial interest. Each commissioner or employee of the ~~public service~~ department who is in the general professional, supervisory, or technical units established in section 179A.10 or who is a professional, supervisory, or technical employee defined as confidential in section 179A.03, subdivision 4, or who is a management classification employee and whose duties are related to public ~~utilities or transportation utility, telephone company, or telecommunications company~~ regulation shall report to the campaign finance and public disclosure board annually before April 15 any interest in an industry or business regulated by the commission. Each commissioner shall file a statement of economic interest as required by section 10A.09 with the campaign finance and public disclosure board and the public utilities commission before taking office. The statement of economic interest must state any interest that the commissioner has in an industry or business regulated by the commission.

(d) A professional employee of the commission or department must immediately disclose to the commission or to the commissioner of the department, respectively, any communication, direct or indirect, with a person who is a party to a pending proceeding before the commission regarding future benefits, compensation, or employment to be received from that person.

Sec. 29. Minnesota Statutes 2000, section 216A.036, is amended to read:

216A.036 [EMPLOYMENT RESTRICTIONS.]

(a) A person who serves as (1) a commissioner of the public utilities commission, (2) commissioner of ~~the department of public service~~ commerce, or (3) deputy commissioner of ~~the department~~ commerce, shall not, while employed with or within one year after leaving the commission, or department, accept employment with, receive compensation directly or indirectly from, or enter into a contractual relationship with an entity, or an affiliated company of an entity, that is subject to rate regulation by the commission.

(b) An entity or an affiliated company of an entity that is subject to rate regulation by the commission, or a person acting on behalf of the entity, shall not negotiate or offer to employ or compensate a commissioner of the public utilities commission, the commissioner of public service commerce, or the deputy commissioner of commerce, while the person is so employed or within one year after the person leaves that employment.

(c) For the purposes of this section, "affiliated company" means a company that controls, is controlled by, or is under common control with an entity subject to rate regulation by the commission.

(d) A person who violates this section is subject to a civil penalty not to exceed \$10,000 for each violation. The attorney general may bring an action in district court to collect the penalties provided in this section.

Sec. 30. Minnesota Statutes 2000, section 216A.05, subdivision 1, is amended to read:

Subdivision 1. [LEGISLATIVE AND QUASI-JUDICIAL FUNCTIONS.] The functions of the commission shall be legislative and quasi-judicial in nature. It may make such investigations and determinations, hold such hearings, prescribe such rules and issue such orders with respect to the control and conduct of the businesses coming within its jurisdiction as the legislature itself might make but only as it shall from time to time authorize. It may adjudicate all proceedings brought before it in which the violation of any law or rule administered by the department of commerce is alleged.

Sec. 31. Minnesota Statutes 2000, section 216A.07, subdivision 1, is amended to read:

Subdivision 1. [~~ADMINISTRATIVE COMMISSIONER DUTIES.~~] The commissioner ~~shall be the executive and administrative head of the public service department and shall have and possess of commerce~~ has all the rights and powers and shall perform all the duties relating to the administrative function of the department as set forth in this chapter. The commissioner may:

(1) prepare all forms or blanks for the purpose of obtaining information which the commissioner may deem necessary or useful in the proper exercise of the authority and duties of the commissioner in connection with regulated businesses;

(2) prescribe the time and manner within which forms or blanks shall be filed with the department;

(3) inspect at all reasonable times, and copy the books, records, memoranda and correspondence or other documents and records of any person relating to any regulated business; and

(4) cause the deposition to be taken of any person concerning the business and affairs of any business regulated by the department. Information sought through said deposition shall be for a lawfully authorized purpose and shall be relevant and material to the investigation or hearing before the commission. Information obtained from said deposition shall be used by the department only for a lawfully authorized purpose and pursuant to powers and responsibilities conferred upon the department. Said deposition is to be taken in the manner prescribed by law for taking depositions in civil actions in the district court.

Sec. 32. Minnesota Statutes 2000, section 216A.08, is amended to read:

216A.08 [CONTINUATION OF RULES OF PUBLIC SERVICE DEPARTMENT.]

All valid rules, orders, and directives heretofore enforced, issued, or promulgated by the public service department under authority of chapter 216, 216A, 216B, 216C, 218, 219, 221, or 222, 237, 238, or 239 shall remain and continue in force and effect until repealed, modified, or superseded by duly authorized rules, orders, or directives of the public utilities commission ~~or~~ the commissioner of transportation, or the commissioner of commerce.

Sec. 33. Minnesota Statutes 2000, section 216A.085, subdivision 3, is amended to read:

Subd. 3. [STAFFING.] The intervention office shall be under the control and supervision of the commissioner of ~~the department of public service~~ commerce. The commissioner may hire staff or contract for outside services as needed to carry out the purposes of this section. The attorney general shall act as counsel in all intervention proceedings.

Sec. 34. Minnesota Statutes 2000, section 216B.02, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] For the purposes of ~~Laws 1974, chapter 429~~ this chapter the terms defined in this section have the meanings given them.

Sec. 35. Minnesota Statutes 2000, section 216B.02, subdivision 7, is amended to read:

Subd. 7. [COMMISSION.] "Commission" means the public utilities commission ~~of the department of public service.~~

Sec. 36. Minnesota Statutes 2000, section 216B.02, subdivision 8, is amended to read:

Subd. 8. [DEPARTMENT.] "Department" means the department of ~~public service~~ commerce of the state of Minnesota.

Sec. 37. Minnesota Statutes 2000, section 216B.16, subdivision 1, is amended to read:

Subdivision 1. [NOTICE.] Unless the commission otherwise orders, no public utility shall change a rate which has been duly established under this chapter, except upon 60 days' notice to the commission. The notice shall include statements of facts, expert opinions, substantiating documents, and exhibits, supporting the change requested, and state the change proposed to be made in the rates then in force and the time when the modified rates will go into effect. If the filing utility does not have an approved conservation improvement plan on file with the department ~~of public service~~, it shall also include in its notice an energy conservation plan pursuant to section 216B.241. The filing utility shall give written notice, as approved by the commission, of the proposed change to the governing body of each municipality and county in the area affected. All proposed changes shall be shown by filing new schedules or shall be plainly indicated upon schedules on file and in force at the time.

Sec. 38. Minnesota Statutes 2000, section 216B.16, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF PROPOSED RATE; HEARING; FINAL DETERMINATION DEFINED.] (a) Whenever there is filed with the commission a schedule modifying or resulting in a change in any rates then in force as provided in subdivision 1, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected utility a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date except as provided in this subdivision or subdivision 1a.

(b) During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the ~~administrative division of the department of public service~~ can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section.

(c) The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the utility's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission.

(d) All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of ~~public service~~ commerce.

(e) If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; except if:

(1) an extension of the procedural schedule has been granted under subdivision 1a, in which case the schedule of rates is deemed to have been approved by the commission on the last day of the extended period of suspension; or

(2) a settlement has been submitted to and rejected by the commission and the commission does not make a final determination concerning the schedule of rates, the schedule of rates is deemed to have been approved 60 days after the initial or, if applicable, the extended period of suspension.

(f) If the commission finds that it has insufficient time during the suspension period to make a final determination of a case involving changes in general rates because of the need to make a final determination of another previously filed case involving changes in general rates under this section or section 237.075, the commission may extend the suspension period to the extent necessary to allow itself 20 working days to make the final determination after it has made a final determination in the previously filed case. An extension of the suspension period under this paragraph does not alter the setting of interim rates under subdivision 3.

(g) For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 39. Minnesota Statutes 2000, section 216B.16, subdivision 6b, is amended to read:

Subd. 6b. [ENERGY CONSERVATION IMPROVEMENT.] (a) Except as otherwise provided in this subdivision, all investments and expenses of a public utility as defined in section 216B.241, subdivision 1, paragraph (e), incurred in connection with energy conservation improvements shall be recognized and included by the commission in the determination of just and reasonable rates as if the investments and expenses were directly made or incurred by the utility in furnishing utility service.

(b) After December 31, 1999, investments and expenses for energy conservation improvements shall not be included by the commission in the determination of just and reasonable electric and gas rates for retail electric and gas service provided to large electric customer facilities that have been exempted by the commissioner of the department of public service pursuant to section 216B.241, subdivision 1a, paragraph (b). However, no public utility shall be prevented from recovering its investment in energy conservation improvements from all customers that were made on or before December 31, 1999, in compliance with the requirements of section 216B.241.

(c) The commission may permit a public utility to file rate schedules providing for annual recovery of the costs of energy conservation improvements. These rate schedules may be applicable to less than all the customers in a class of retail customers if necessary to reflect the differing minimum spending requirements of section 216B.241, subdivision 1a. After December 31, 1999, the commission shall allow a public utility, without requiring a general rate filing under this section, to reduce the electric and gas rates applicable to large electric customer facilities that have been exempted by the commissioner of the department of public service pursuant to section 216B.241, subdivision 1a, paragraph (b), by an amount that reflects the elimination of energy conservation improvement investments or expenditures for those facilities required on or before December 31, 1999. In the event that the commission has set electric or gas rates based on the use of an accounting methodology that results in the cost of conservation improvements being recovered from utility customers over a period of years, the rate reduction may occur in a series of steps to coincide with the recovery of balances due to the utility for conservation improvements made by the utility on or before December 31, 1999.

Sec. 40. Minnesota Statutes 2000, section 216B.16, subdivision 15, is amended to read:

Subd. 15. [LOW-INCOME RATE PROGRAMS; REPORT.] (a) The commission may consider ability to pay as a factor in setting utility rates and may establish programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility customers. The commission shall order a pilot program for at least one utility. In ordering pilot programs, the commission shall consider the following:

(1) the potential for low-income programs to provide savings to the utility for all collection costs including but not limited to: costs of disconnecting and reconnecting residential ratepayers' service, all activities related to the utilities' attempt to collect past due bills, utility working capital costs, and any other administrative costs related to inability to pay programs and initiatives;

(2) the potential for leveraging federal low-income energy dollars to the state; and

(3) the impact of energy costs as a percentage of the total income of a low-income residential customer.

(b) In determining the structure of the pilot utility program, the commission shall:

(1) consult with advocates for and representatives of low-income utility customers, administrators of energy assistance and conservation programs, and utility representatives;

(2) coordinate eligibility for the program with the state and federal energy assistance program and low-income residential energy programs, including weatherization programs; and

(3) evaluate comprehensive low-income programs offered by utilities in other states.

(c) The commission shall implement at least one pilot project by January 1, 1995, and shall allow a utility required to implement a pilot project to recover the net costs of the project in the utility's rates.

~~(d) The commission, in conjunction with the commissioner of the department of public service and the commissioner of economic security, shall review low-income rate programs and shall report to the legislature by January 1, 1998. The report must include:~~

~~(1) the increase in federal energy assistance money leveraged by the state as a result of this program;~~

~~(2) the effect of the program on low-income customer's ability to pay energy costs;~~

~~(3) the effect of the program on utility customer bad debt and arrearages;~~

~~(4) the effect of the program on the costs and numbers of utility disconnections and reconnections and other costs incurred by the utility in association with inability to pay programs;~~

~~(5) the ability of the utility to recover the costs of the low-income program without a general rate change;~~

~~(6) how other ratepayers have been affected by this program;~~

~~(7) recommendations for continuing, eliminating, or expanding the low-income pilot program; and~~

~~(8) how general revenue funds may be utilized in conjunction with low-income programs.~~

Sec. 41. Minnesota Statutes 2000, section 216B.162, subdivision 7, is amended to read:

Subd. 7. [COMMISSION DETERMINATION.] (a) Except as provided under subdivision 6, competitive rates offered by electric utilities under this section must be filed with the commission and must be approved, modified, or rejected by the commission within 90 days. The utility's filing must include statements of fact demonstrating that the proposed rates meet the standards of this subdivision. The filing must be served on the department of public service and the office of the attorney general at the same time as it is served on the commission.

(b) In reviewing a specific rate proposal, the commission shall determine:

(1) that the rate meets the terms and conditions in subdivision 4, unless the commission determines that waiver of one or more terms and conditions would be in the public interest;

(2) that the consumer can obtain its energy requirements from an energy supplier not rate-regulated by the commission under section 216B.16;

(3) that the customer is not likely to take service from the electric utility seeking to offer the competitive rate if the customer was charged the electric utility's standard tariffed rate; and

(4) that after consideration of environmental and socioeconomic impacts it is in the best interest of all other customers to offer the competitive rate to the customer subject to effective competition.

(c) If the commission approves the competitive rate, it becomes effective as agreed to by the electric utility and the customer. If the competitive rate is modified by the commission, the commission shall issue an order modifying the competitive rate subject to the approval of the electric utility and the customer. Each party has ten days in which to reject the proposed modification. If no party rejects the proposed modification, the commissioner's order becomes final. If either party rejects the commission's proposed modification, the electric utility, on its behalf or on the behalf of the customer, may submit to the commission a modified version of the commission's proposal. The commission shall accept or reject the modified version within 30 days. If the commission rejects the competitive rate, it shall issue an order indicating the reasons for the rejection.

Sec. 42. Minnesota Statutes 2000, section 216B.162, subdivision 11, is amended to read:

Subd. 11. [COMMISSION DETERMINATION.] (a) Proposals for discretionary rate reductions offered by utilities must be filed with the commission, with copies of the filing served upon the department of public service and the office of attorney general at the same time it is served upon the commission. The commission shall review the proposals according to procedures developed under section 216B.05, subdivision 2a. The commission shall not approve discretionary rate reductions offered by public utilities that do not have an accepted resource plan on file with the commission. The commission shall not approve discretionary rate reductions unless the utility has made the customer aware of all cost-effective opportunities for energy efficiency improvements offered by the utility.

(b) Public utilities that provide service under discretionary rate reductions shall not, through increased revenue requirements or through prospective rate design changes, recover any revenues foregone due to the discretionary rate reductions, nor shall the commission grant such recovery.

Sec. 43. Minnesota Statutes 2000, section 216B.1675, subdivision 9, is amended to read:

Subd. 9. [COMMISSION FINDINGS.] The commission shall issue findings concerning the appropriateness of the proposed plan. The commission may approve, reject, or modify the plan in a manner which meets the requirements of this section. An approved or modified plan becomes effective unless the plan is withdrawn by the utility within 30 days of a final appealable order. If the utility withdraws an approved or modified plan, all of the administrative costs related to the plan that are charged by the commission or the department of public service to the utility may not be recovered from ratepayers in current or subsequent rates. A utility that withdraws an approved or modified plan may not file another plan under this section for a period of one year following the withdrawal of the plan.

Sec. 44. Minnesota Statutes 2000, section 216B.241, subdivision 1a, is amended to read:

Subd. 1a. [INVESTMENT, EXPENDITURE, AND CONTRIBUTION; PUBLIC UTILITY.] (a) For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:

(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues from service provided in the state;

(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state; and

(3) for a utility that furnishes electric service and that operates a nuclear-powered electric generating plant within the state, two percent of its gross operating revenues from service provided in the state.

For purposes of this paragraph (a), "gross operating revenues" do not include revenues from large electric customer facilities exempted by the commissioner of the department of ~~public service~~ pursuant to paragraph (b).

(b) The owner of a large electric customer facility may petition the commissioner of the department of ~~public service~~ to exempt both electric and gas utilities serving the large energy customer facility from the investment and expenditure requirements of paragraph (a) with respect to retail revenues attributable to the facility. At a minimum, the petition must be supported by evidence relating to competitive or economic pressures on the customer and a showing by the customer of reasonable efforts to identify, evaluate, and implement cost-effective conservation improvements at the facility. If a petition is filed on or before October 1 of any year, the order of the commissioner to exempt revenues attributable to the facility can be effective no earlier than January 1 of the following year. The commissioner shall not grant an exemption if the commissioner determines that granting the exemption is contrary to the public interest. The commissioner may, after investigation, rescind any exemption granted under this paragraph upon a determination that cost-effective energy conservation improvements are available at the large electric customer facility. For the purposes of this paragraph, "cost-effective" means that the projected total cost of the energy conservation improvement at the large electric customer facility is less than the projected present value of the energy and demand savings resulting from the energy conservation improvement. For the purposes of investigations by the commissioner under this paragraph, the owner of any large electric customer facility shall, upon request, provide the commissioner with updated information comparable to that originally supplied in or with the owner's original petition under this paragraph.

(c) The commissioner may require investments or spending greater than the amounts required under this subdivision for a public utility whose most recent advance forecast required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100 megawatts or greater within five years under mid-range forecast assumptions.

(d) A public utility or owner of a large electric customer facility may appeal a decision of the commissioner under paragraph (b) or (c) to the commission under subdivision 2. In reviewing a decision of the commissioner under paragraph (b) or (c), the commission shall rescind the decision if it finds that the required investments or spending will:

- (1) not result in cost-effective energy conservation improvements; or
- (2) otherwise not be in the public interest.

(e) Each utility shall determine what portion of the amount it sets aside for conservation improvement will be used for conservation improvements under subdivision 2 and what portion it will contribute to the energy and conservation account established in subdivision 2a. A public utility may propose to the commissioner to designate that all or a portion of funds contributed to the account established in subdivision 2a be used for research and development projects. Contributions must be remitted to the commissioner of ~~public service~~ by February 1 of each year. Nothing in this subdivision prohibits a public utility from spending or investing for energy conservation improvement more than required in this subdivision.

Sec. 45. Minnesota Statutes 2000, section 216B.241, subdivision 1b, is amended to read:

Subd. 1b. [CONSERVATION IMPROVEMENT BY COOPERATIVE ASSOCIATION OR MUNICIPALITY.]
(a) This subdivision applies to:

(1) a cooperative electric association that generates and transmits electricity to associations that provide electricity at retail including a cooperative electric association not located in this state that serves associations or others in the state;

(2) a municipality that provides electric service to retail customers; and

(3) a municipality with gross operating revenues in excess of \$5,000,000 from sales of natural gas to retail customers.

(b) Each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:

(1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and one percent of its gross operating revenues from the sale of electricity not purchased from a public utility governed by subdivision 1a or a cooperative electric association governed by this subdivision, excluding gross operating revenues from electric and gas service provided in the state to large electric customer facilities; and

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.

(c) Each municipality and cooperative association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association may not spend or invest for energy conservation improvements that directly benefit a large electric customer facility. Each municipality and cooperative electric association subject to this subdivision may spend and invest annually up to 15 percent of the total amount required to be spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the municipality or cooperative electric association. Load management may be used to meet the requirements of this subdivision if it reduces the demand for or increases the efficiency of electric services. A generation and transmission cooperative electric association may include as spending and investment required under this subdivision conservation improvement spending and investment by cooperative electric associations that provide electric service at retail to consumers and that are served by the generation and transmission association.

(d) By February 1 of each year, each municipality or cooperative shall report to the commissioner its energy conservation improvement spending and investments with a brief analysis of effectiveness in reducing consumption of electricity or gas. The commissioner shall review each report and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities. The commissioner shall also review each report for whether a portion of the money spent on residential conservation improvement programs is devoted to programs that directly address the needs of renters and low-income persons unless an insufficient number of appropriate programs are available. For the purposes of this subdivision and subdivision 2, "low-income" means an income of less than 185 percent of the federal poverty level.

(e) As part of its spending for conservation improvement, a municipality or association may contribute to the energy and conservation account. A municipality or association may propose to the commissioner to designate that all or a portion of funds contributed to the account be used for research and development projects. Any amount contributed must be remitted to the commissioner of public service by February 1 of each year.

Sec. 46. Minnesota Statutes 2000, section 216B.241, subdivision 2b, is amended to read:

Subd. 2b. [RECOVERY OF EXPENSES.] The commission shall allow a utility to recover expenses resulting from a conservation improvement program required by the department and contributions to the energy and conservation account, unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. In addition, a utility may file annually, or the public utilities commission may require the utility to file, and the commission may approve, rate schedules containing provisions for the automatic adjustment of charges for utility service in direct relation to changes in the expenses of the utility for real and personal property taxes, fees, and permits, the amounts of which the utility cannot control. A public utility is eligible to file for adjustment for real and personal property taxes, fees, and permits under this subdivision only if, in the year previous to the year in which it files for adjustment, it has spent or invested at least 1.75 percent of its gross revenues from provision of electric service, excluding gross operating revenues from electric service provided in the state to large electric customer

facilities for which the commissioner of public service has issued an exemption under subdivision 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service, excluding gross operating revenues from gas services provided in the state to large electric customer facilities for which the commissioner of public service has issued an exemption under subdivision 1a, paragraph (b), for that year for energy conservation improvements under this section.

Sec. 47. Minnesota Statutes 2000, section 216C.01, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 216C.02, 216C.05, 216C.07 to 216C.19, 216C.20 to 216C.35, and 216C.373 to 216C.381 this chapter.

Sec. 48. Minnesota Statutes 2000, section 216C.01, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of the department of public service commerce.

Sec. 49. Minnesota Statutes 2000, section 216C.01, subdivision 3, is amended to read:

Subd. 3. [DEPARTMENT.] "Department" means the department of public service commerce.

Sec. 50. Minnesota Statutes 2000, section 216C.051, subdivision 6, is amended to read:

Subd. 6. [ASSESSMENT; APPROPRIATION.] On request by the cochairs of the legislative task force and after approval of the legislative coordinating commission, the commissioner of the department of public service commerce shall assess from electric utilities, in addition to assessments made under section 216B.62, the amount requested for the operation of the task force not to exceed \$700,000. This authority to assess continues until the commissioner has assessed a total of \$700,000. The amount assessed under this section is appropriated to the director of the legislative coordinating commission for those purposes, and is available until expended.

Sec. 51. Minnesota Statutes 2000, section 216C.37, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] In this section:

(a) "Commissioner" means the commissioner of public service commerce.

(b) "Energy conservation investments" means all capital expenditures that are associated with conservation measures identified in an energy project study, and that have a ten-year or less payback period.

(c) "Municipality" means any county, statutory or home rule charter city, town, school district, or any combination of those units operating under an agreement to jointly undertake projects authorized in this section.

(d) "Energy project study" means a study of one or more energy-related capital improvement projects analyzed in sufficient detail to support a financing application. At a minimum, it must include one year of energy consumption and cost data, a description of existing conditions, a description of proposed conditions, a detailed description of the costs of the project, and calculations sufficient to document the proposed energy savings.

Sec. 52. Minnesota Statutes 2000, section 216C.40, subdivision 4, is amended to read:

Subd. 4. [CONDITION PRECEDENT.] The duties of the department under this section are conditional on the commissioner of public service finding that there will be at least one public utility that will be subject to the assessment created by Laws 1993, chapter 254, section 7.

Sec. 53. Minnesota Statutes 2000, section 237.02, is amended to read:

237.02 [GENERAL AUTHORITY OF DEPARTMENT AND COMMISSION; DEFINITIONS.]

The department of ~~public service~~ commerce and the public utilities commission, ~~now existing under the laws of this state~~, are hereby vested with the same jurisdiction and supervisory power over telephone and telecommunications companies doing business in this state as ~~it now has~~ the commission's predecessor, the railroad and warehouse commission, had over railroad and express companies. The definitions set forth in ~~section~~ sections 216A.02 ~~shall apply~~ and 216B.02 also apply to this chapter.

Sec. 54. Minnesota Statutes 2000, section 237.075, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF PROPOSED RATE; HEARING; FINAL DETERMINATION DEFINED.] (a) Whenever there is filed with the commission as provided in subdivision 1 a schedule modifying or resulting in a change in any rate then in force, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected telephone company a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date except as provided in paragraph (b). During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the ~~administrative division of the~~ department of ~~public service~~ can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the telephone company's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission. All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of ~~public service~~ commerce. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; except if a settlement has been submitted to and rejected by the commission, the schedule is deemed to have been approved 12 months after the initial filing.

(b) If the commission finds that it has insufficient time during the suspension period to make a final determination of a case involving changes in general rates because of the need to make final determinations of other previously filed cases involving changes in general rates under this section or section 216B.16, the commission may extend the suspension period to the extent necessary to allow itself 20 working days to make the final determination after it has made final determinations in the previously filed cases. An extension of the suspension period under this paragraph does not alter the setting of interim rates under subdivision 3.

(c) For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 55. Minnesota Statutes 2000, section 237.075, subdivision 9, is amended to read:

Subd. 9. [ELECTION ON REGULATION; COOPERATIVE, MUNICIPAL, INDEPENDENT.] For the purposes of this section, "telephone company" shall not include a cooperative telephone association organized under the provisions of chapter 308A, an independent telephone company, or a municipal, unless the cooperative telephone association, independent telephone company, or municipal makes the election provided in this subdivision.

A cooperative telephone association may elect to become subject to rate regulation by the commission pursuant to this section. The election shall be (a) approved by the board of directors of the association in accordance with the procedures for amending the articles of incorporation contained in section 308A.135, excluding the filing

requirements; or (b) approved by a majority of members or stockholders voting by mail ballot initiated by petition of no fewer than five percent of the members or stockholders of the association. The ballot to be used for the election shall be approved by the board of directors and the department ~~of public service~~. The department shall mail the ballots to the association's members who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the board of directors. On this date, representatives of the department and the association shall count the ballots. If a majority of the association's members who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted. For purposes of this section, the term "member or stockholder" shall mean either the member or stockholder of record or the spouse of the member or stockholder unless the association has been notified otherwise in writing.

A municipal may elect to become subject to rate regulation by the commission pursuant to this section. The election shall be (a) approved by resolution of the governing body of the municipality; or (b) approved by a majority of the customers of the municipal voting by mail ballot initiated by petition of no fewer than 20 percent of the customers of the municipal. The ballot to be used for the election shall be approved by the governing body of the municipality and the department ~~of public service~~. The department shall mail the ballots to the municipal's customers who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the governing body of the municipality. On this date, representatives of the department and the municipal shall count the ballots. If a majority of the customers of the municipal who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted. For purposes of this section, the term "customer" shall mean either the person in whose name the telephone service is registered or the spouse of the person unless the municipal utility has been notified otherwise in writing.

An independent telephone company may elect to become subject to rate regulation by the commission pursuant to this section. The election shall be (a) approved by the board of directors of the company in accordance with the procedures for amending the articles of incorporation contained in sections 302A.133 to 302A.139, excluding the filing requirements; or (b) approved by a majority of subscribers voting by mail ballot initiated by petition of no fewer than five percent of the subscribers of the company. The ballot to be used for the election shall be approved by the board of directors and the department ~~of public service~~. The department shall mail the ballots to the company's subscribers who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the board of directors. On this date, representatives of the department and the company shall count the ballots. If a majority of the company's subscribers who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted. For purposes of this section the term "subscriber" shall mean either the person in whose name the telephone service is registered or the spouse of the person unless the independent telephone company has been notified otherwise in writing.

Sec. 56. Minnesota Statutes 2000, section 237.082, is amended to read:

237.082 [TELECOMMUNICATION SERVICE; POLICY OF INCREASED SPEED AND SERVICE.]

When setting rates, adopting rules, or issuing orders related to telecommunication matters that affect deployment of the infrastructure, the commission may apply the goals of:

- (1) achieving economically efficient investment in:
 - (i) higher speed telecommunication services; and
 - (ii) greater capacity for voice, video, and data transmission; and
- (2) just and reasonable rates.

The department ~~of public service~~ may apply the same goals in its regulation of and recommendations regarding telecommunication services.

Sec. 57. Minnesota Statutes 2000, section 237.21, is amended to read:

237.21 [VALUATION OF TELEPHONE PROPERTY.]

In determining the value of any telephone property for rate making purposes, no valuation shall be allowed upon the value of any franchise granted by the state or any municipality where no payment was or is being made to the state or municipality on account thereof. The requirement as to reasonableness of rates shall apply to each exchange unit as well as to telephone plants as a whole. Provided, that in the case of a company operating a telephone system consisting of more than one exchange in the state, reasonableness of rates, as measured by earnings, shall be determined by a reasonable return from the total operations of the system within the state rather than by the return from individual exchanges or services. No telephone rates or charges shall be allowed or approved by the commission under any circumstances, which are inadequate and which are intended to or naturally tend to destroy competition or produce a monopoly in telephone service in the locality affected.

~~Laws 1953, chapter 25, shall have no effect on proceedings pending before the courts or the department of public service at the time of its enactment.~~

Sec. 58. Minnesota Statutes 2000, section 237.30, is amended to read:

237.30 [TELEPHONE INVESTIGATION FUND; APPROPRIATION.]

The sum of \$25,000 is hereby appropriated out of any moneys in the state treasury not otherwise appropriated, to establish and provide a revolving fund to be known as the Minnesota Telephone Investigation Fund for the use of the department of ~~public service~~ commerce and of the attorney general in investigations, valuations, and revaluations under section 237.295. All sums paid by the telephone companies to reimburse the department of ~~public service~~ for its expenses pursuant to section 237.295 shall be credited to the revolving fund and shall be deposited in a separate bank account and not commingled with any other state funds or moneys, but any balance in excess of \$25,000 in the revolving fund at the end of each fiscal year shall be paid into the state treasury and credited to the general fund. The sum of \$25,000 herein appropriated and all subsequent credits to said revolving fund shall be paid upon the warrant of the commissioner of finance upon application of the department or of the attorney general to an aggregate amount of not more than one-half of such sums to each of them, which proportion shall be constantly maintained in all credits and withdrawals from the revolving fund.

Sec. 59. Minnesota Statutes 2000, section 237.462, subdivision 6, is amended to read:

Subd. 6. [EXPEDITED PROCEEDING.] (a) The commission may order an expedited proceeding under section 237.61 and this subdivision, in lieu of a contested case under chapter 14, to develop an evidentiary record in any proceeding that involves contested issues of material fact either upon request of a party or upon the commission's own motion if the complaint alleges a violation described in subdivision 1, clauses (1) to (4). The commission may order an expedited proceeding under this subdivision if the commission finds an expedited proceeding is in the public interest, regardless of whether all parties agree to the expedited proceeding. In determining whether to grant an expedited proceeding, the commission may consider any evidence of impairment of the provision of telecommunications service to subscribers in the state or impairment of the provision of any service or network element subject to the jurisdiction of the commission.

(b) Any request for an expedited proceeding under this subdivision must be noted in the title of the first filing by a party. The filing shall also state the specific circumstances that the party believes warrant an expedited proceeding under this subdivision.

(c) A complaint requesting an expedited proceeding, unless filed by the department of ~~public service~~ or the attorney general, must set forth the actions and the dates of the actions taken by the party filing the complaint to attempt to resolve the alleged violations with the party against whom the complaint is filed, including any requests that the party against whom the complaint is filed correct the conduct giving rise to the violations alleged in the complaint. If no such actions were taken by the complainant, the complaint shall set forth the reasons why no such

actions were taken. The commission may order an expedited proceeding even if the filing complaint fails to meet this requirement if the commission determines that it would be in the public interest to go forward with the expedited proceeding without information in the complaint on attempts to resolve the dispute.

(d) The complaining party shall serve the complaint along with any written discovery requests by hand delivery and facsimile on the party against whom the complaint is filed, the department of public service, and the office of the attorney general on the same day the complaint is filed with the commission.

(e) The party responding to a complaint that includes a request for an expedited proceeding under this subdivision shall file an answer within 15 days after receiving the complaint. The responding party shall state in the answer the party's position on the request for an expedited proceeding. The responding party shall serve with the answer any objections to any written discovery requests as well as any written discovery requests the responding party wishes to serve on the complaining party. Except for stating any objections, the responding party is not required to answer any written discovery requests under this subdivision until a time established at a prehearing conference. The responding party shall serve a copy of the answer and any discovery requests and objections on the complaining party, the department of public service, and office of the attorney general by hand delivery and facsimile on the same day as the answer is filed with the commission.

(f) Within 15 days of receiving the answer to a complaint in a proceeding in which a party has requested an expedited hearing, the commission shall determine whether the filing warrants an expedited proceeding. If the commission decides to grant a request by a party or if the commission orders an expedited proceeding on its own motion, the commission shall conduct within seven days of the decision a prehearing conference to schedule the evidentiary hearing. During the prehearing conference, the commission shall establish a discovery schedule that requires all discovery to be completed no later than three days before the start of the hearing. An evidentiary hearing under this subdivision must commence no later than 45 days after the commission's decision to order an expedited proceeding. A quorum of the commission shall preside at any evidentiary hearing under this subdivision unless all the parties to the proceeding agree otherwise.

(g) All pleadings submitted under this subdivision must be verified and all oral statements of fact made in a hearing or deposition under this subdivision must be made under oath or affirmation.

(h) The commission shall issue a written decision and final order on the complaint within 15 days after the close of the evidentiary hearing under this subdivision. On the day of issuance, the commission shall notify the parties by facsimile that a final order has been issued and shall provide each party with a copy of the final order.

(i) The commission may extend any time periods under this subdivision if all parties to the proceeding agree to the extension or if the commission finds the extension is necessary to ensure a just resolution of the complaint.

(j) Except as otherwise provided in this subdivision, an expedited proceeding under this subdivision shall be governed by the following procedural rules:

- (1) the parties shall have the discovery rights provided in Minnesota Rules, parts 1400.6700 to 1400.7000;
- (2) the parties shall have the right to cross-examine witnesses as provided in section 14.60, subdivision 3;
- (3) the admissibility of evidence and development of record for decision shall be governed by section 14.60 and Minnesota Rules, part 1400.7300; and
- (4) the commission may apply other procedures or standards included in the rules of the office of administrative hearings, as necessary to ensure the fair and expeditious resolution of disputes under this section.

Sec. 60. Minnesota Statutes 2000, section 237.51, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The ~~department of public service~~ commissioner of commerce shall administer through interagency agreement with the ~~department~~ commissioner of human services a program to distribute communication devices to eligible communication-impaired persons and contract with a local consumer group that

serves communication-impaired persons to create and maintain a telecommunication relay service. For purposes of sections 237.51 to 237.56, the department of ~~public service~~ commerce and any organization with which it contracts pursuant to this section or section 237.54, subdivision 2, are not telephone companies or telecommunications carriers as defined in section 237.01.

Sec. 61. Minnesota Statutes 2000, section 237.51, subdivision 5, is amended to read:

Subd. 5. [~~DEPARTMENT OF PUBLIC SERVICE~~ COMMISSIONER OF COMMERCE DUTIES.] In addition to any duties specified elsewhere in sections 237.51 to 237.56, the ~~department of public service~~ commissioner of commerce shall:

- (1) prepare the reports required by section 237.55;
- (2) administer the fund created in section 237.52; and
- (3) adopt rules under chapter 14 to implement the provisions of sections 237.50 to 237.56.

Sec. 62. Minnesota Statutes 2000, section 237.51, subdivision 5a, is amended to read:

Subd. 5a. [~~DEPARTMENT OF HUMAN SERVICES~~ DUTIES.] (a) In addition to any duties specified elsewhere in sections 237.51 to 237.56, the ~~department~~ commissioner of human services shall:

(1) define economic hardship, special needs, and household criteria so as to determine the priority of eligible applicants for initial distribution of devices and to determine circumstances necessitating provision of more than one communication device per household;

(2) establish a method to verify eligibility requirements;

(3) establish specifications for communication devices to be purchased under section 237.53, subdivision 3; and

(4) inform the public and specifically the community of communication-impaired persons of the program.

(b) The ~~department~~ commissioner may establish an advisory board to advise the department in carrying out the duties specified in this section and to advise the ~~department of public service~~ commissioner of commerce in carrying out its duties under section 237.54. If so established, the advisory board must include, at a minimum, the following communication-impaired persons:

(1) at least one member who is deaf;

(2) at least one member who is speech impaired;

(3) at least one member who is mobility impaired; and

(4) at least one member who is hard-of-hearing.

The membership terms, compensation, and removal of members and the filling of membership vacancies are governed by section 15.059. Advisory board meetings shall be held at the discretion of the commissioner.

Sec. 63. Minnesota Statutes 2000, section 237.52, subdivision 2, is amended to read:

Subd. 2. [~~ASSESSMENT.~~] The ~~department of public service~~ commissioner of commerce shall annually recommend to the commission an adequate and appropriate surcharge and budget to implement sections 237.50 to 237.56. The public utilities commission shall review the budget for reasonableness and may modify the budget to the extent it is unreasonable. The commission shall annually determine the funding mechanism to be used within

60 days of receipt of the recommendation of the department and shall order the imposition of surcharges effective on the earliest practicable date. The commission shall establish a monthly charge no greater than 20 cents for each customer access line, including trunk equivalents as designated by the commission pursuant to section 403.11, subdivision 1.

Sec. 64. Minnesota Statutes 2000, section 237.52, subdivision 4, is amended to read:

Subd. 4. [APPROPRIATION.] Money in the fund is appropriated to the ~~department of public service commissioner~~ of commerce to implement sections 237.51 to 237.56.

Sec. 65. Minnesota Statutes 2000, section 237.52, subdivision 5, is amended to read:

Subd. 5. [EXPENDITURES.] Money in the fund may only be used for:

(1) expenses of the department of ~~public service~~ commerce, including personnel cost, public relations, advisory board members' expenses, preparation of reports, and other reasonable expenses not to exceed ten percent of total program expenditures;

(2) reimbursing the commissioner of human services for purchases made or services provided pursuant to section 237.53;

(3) reimbursing telephone companies for purchases made or services provided under section 237.53, subdivision 5; and

(4) contracting for establishment and operation of the telecommunication relay service required by section 237.54.

All costs directly associated with the establishment of the program, the purchase and distribution of communication devices, and the establishment and operation of the telecommunication relay service are either reimbursable or directly payable from the fund after authorization by the ~~department of public service commissioner~~ of commerce. The ~~department of public service commissioner~~ of commerce shall contract with the message relay service operator to indemnify the local exchange carriers of the relay service for any fines imposed by the Federal Communications Commission related to the failure of the relay service to comply with federal service standards. Notwithstanding section 16A.41, the ~~department of public service commissioner~~ of commerce may advance money to the contractor of the telecommunication relay service if the contractor establishes to the ~~department's~~ commissioner's satisfaction that the advance payment is necessary for the operation of the service. The advance payment may be used only for working capital reserve for the operation of the service. The advance payment must be offset or repaid by the end of the contract fiscal year together with interest accrued from the date of payment.

Sec. 66. Minnesota Statutes 2000, section 237.54, subdivision 2, is amended to read:

Subd. 2. [OPERATION.] The ~~department of public service commissioner~~ of commerce shall contract with a local consumer organization that serves communication-impaired persons for operation and maintenance of the telecommunication relay system. The ~~department~~ commissioner may contract with other than a local consumer organization if no local consumer organization is available to enter into or perform a reasonable contract or the only available consumer organization fails to comply with terms of a contract. The operator of the system shall keep all messages confidential, shall train personnel in the unique needs of communication-impaired people, and shall inform communication-impaired persons and the public of the availability and use of the system. The operator shall not relay a message unless it originates or terminates through a communication device for the deaf or a Braille device for use with a telephone.

Sec. 67. Minnesota Statutes 2000, section 237.55, is amended to read:

237.55 [ANNUAL REPORT ON COMMUNICATION ACCESS.]

The ~~department of public service~~ commissioner of commerce must prepare a report for presentation to the commission by January 31 of each year. Each report must review the accessibility of the telephone system to communication-impaired persons, review the ability of non-communication-impaired persons to communicate with communication-impaired persons via the telephone system, describe services provided, account for money received and disbursed annually for each aspect of the program to date, and include predicted future operation.

Sec. 68. Minnesota Statutes 2000, section 237.59, subdivision 2, is amended to read:

Subd. 2. [PETITION.] (a) A telephone company, or the commission on its own motion, may petition to have a service of that telephone company classified as subject to effective competition or emerging competition. The petition must be served on the commission, the ~~department of public service~~, the office of the attorney general, and any other person designated by the commission. The petition must contain at least:

- (1) a list of the known alternative providers of the service available to the company's customers; and
- (2) a description of affiliate relationships with any other provider of the service in the company's market.

(b) At the time the company first offers a service, it shall also file a petition with the commission for a determination as to how the service should be classified. In the event that no interested party or the commission objects to the company's proposed classification within 20 days of the filing of the petition, the company's proposed classification of the service is deemed approved. If an objection is filed, the commission shall determine the appropriate classification after a hearing conducted pursuant to section 237.61. In either event, the company may offer the new service to its customers ten days after the company files the price list and incremental cost study as provided in section 237.60, subdivision 2, paragraph (f).

(c) A new service may be classified as subject to effective competition or emerging competition pursuant to the criteria set forth in subdivision 5. A new service must be regulated under the emerging competition provisions if it is not integrally related to the provision of adequate local service or access to the telephone network or to the privacy, health, or safety of the company's customers, whether or not it meets the criteria set forth in subdivision 5.

Sec. 69. Minnesota Statutes 2000, section 237.768, is amended to read:

237.768 [PERIODIC FINANCIAL REPORT.]

In addition to the reports required under section 237.766, an alternative regulation plan may require a telephone company to file with the department an annual report of financial matters for the previous calendar year on or before May 1 of each year on report forms furnished by the ~~department of public service~~ in the same manner as is required of other telephone companies on August 1, 1995. In addition, any company subject to a plan shall file with the commission and department a copy of any filings it has made to the Federal Communications Commission regarding the provisions of video programming provided through a video dial tone facility in Minnesota. An alternative regulation plan may require a telephone company to maintain its accounts in accordance with the system of accounts prescribed for the company by the commission under section 237.10.

Sec. 70. Minnesota Statutes 2000, section 239.01, is amended to read:

239.01 [WEIGHTS AND MEASURES DIVISION; JURISDICTION.]

The weights and measures division, referred to in this chapter as the division, is created under the jurisdiction of the department of ~~public service~~ commerce. The division has supervision and control over all weights, weighing devices, and measures in the state.

Sec. 71. Minnesota Statutes 2000, section 239.10, is amended to read:

239.10 [ANNUAL INSPECTION.]

Subdivision 1. [LIGHT CAPACITY SCALES; RETAIL ESTABLISHMENTS.] The director shall inspect light capacity scales in retail establishments such as grocery stores, other retail food establishments, or hardware stores, not more often than once every 36 months except when the owner requests an inspection, when the scale is inspected as part of an investigation, or when the scale has been repaired.

Subd. 2. [PACKAGED FOOD COMMODITIES.] The director shall inspect packaged food commodities in grocery stores and other retail food establishments not more often than once every 36 months except when the owner requests an inspection or when packages are inspected as part of an investigation.

Subd. 3. [OTHER WEIGHTS AND MEASURES.] The director shall inspect all weights and measures, except those specified in subdivisions 1 and 2, annually, or as often as deemed possible within budget and staff limitations.

Sec. 72. Minnesota Statutes 2000, section 325E.11, is amended to read:

325E.11 [COLLECTION FACILITIES; NOTICE.]

(a) Any person selling at retail or offering motor oil or motor oil filters for retail sale in this state shall:

(1) post a notice indicating the nearest location where used motor oil and used motor oil filters may be returned at no cost for recycling or reuse, post a toll-free telephone number that may be called by the public to determine a convenient location, or post a listing of locations where used motor oil and used motor oil filters may be returned at no cost for recycling or reuse; or

(2) if the person is subject to section 325E.112, subdivision 1, paragraph (b), post a notice informing customers purchasing motor oil or motor oil filters of the location of the used motor oil and used motor oil filter collection site established by the retailer in accordance with section 325E.112, subdivision 1, paragraph (b), where used motor oil and used motor oil filters may be returned at no cost.

(b) A notice under paragraph (a) shall be posted on or adjacent to the motor oil and motor oil filter displays, be at least 8-1/2 inches by 11 inches in size, contain the universal recycling symbol with the following language:

(1) "It is illegal to put used oil and used motor oil filters in the garbage.";

(2) "Recycle your used oil and used motor oil filters."; and

(3)(i) "There is a free collection site here for your used oil and used motor oil filters.";

(ii) "There is a free collection site for used oil and used motor oil filters located at (name of business and street address).";

(iii) "For the location of a free collection site for used oil and used motor oil filters call (toll-free phone number).";
or

(iv) "Here is a list of free collection sites for used oil and used motor oil filters."

(c) The division of weights and measures ~~under in~~ the department of ~~public service commerce~~ shall enforce compliance with this section as provided in section 239.54. The pollution control agency shall enforce compliance with this section under sections 115.071 and 116.072 in coordination with the division of weights and measures.

Sec. 73. Minnesota Statutes 2000, section 325E.115, subdivision 2, is amended to read:

Subd. 2. [COMPLIANCE; MANAGEMENT.] The division of weights and measures ~~under~~ in the department of ~~public service commerce~~ shall enforce compliance of subdivision 1 as provided in section 239.54. The commissioner of the pollution control agency shall inform persons governed by subdivision 1 of requirements for managing lead acid batteries.

Sec. 74. Minnesota Statutes 2000, section 326.243, is amended to read:

326.243 [SAFETY STANDARDS.]

All electrical wiring, apparatus and equipment for electric light, heat and power, alarm and communication systems shall comply with the rules of the department of ~~public service, the commissioner of~~ commerce; or the department of labor and industry, as applicable, and be installed in conformity with accepted standards of construction for safety to life and property. For the purposes of this chapter, the rules and safety standards stated at the time the work is done in the then most recently published edition of the National Electrical Code as adopted by the National Fire Protection Association, Inc. and approved by the American National Standards Institute, and the National Electrical Safety Code as published by the Institute of Electrical and Electronics Engineers, Inc. and approved by the American National Standards Institute, shall be prima facie evidence of accepted standards of construction for safety to life and property; provided further, that in the event a Minnesota Building Code is formulated pursuant to section 16B.61, containing approved methods of electrical construction for safety to life and property, compliance with said methods of electrical construction of said Minnesota Building Code shall also constitute compliance with this section, and provided further, that nothing herein contained shall prohibit any political subdivision from making and enforcing more stringent requirements than set forth herein and such requirements shall be complied with by all licensed electricians working within the jurisdiction of such political subdivisions.

Sec. 75. Minnesota Statutes 2000, section 484.50, is amended to read:

484.50 [SUMMONS; PLACE OF TRIAL; ST. LOUIS COUNTY.]

A party wishing to have an appeal from an order of the ~~department of public service~~ public utilities commission, an election contest, a lien foreclosure, or a civil cause or proceeding of a kind commenced or appealed by a party in the court, tried in the city of Virginia shall, in the summons, notice of appeal in a matter, or other jurisdictional instrument issued, in addition to the usual provisions, print, stamp, or write thereon the words, "to be tried at the city of Virginia," and a party wishing a matter commenced or appealed by a party in the court tried at the city of Hibbing shall, in the summons, notice of appeal in a matter, or other jurisdictional instrument issued, in addition to the usual provisions, print, stamp, or write thereon the words, "to be tried at the city of Hibbing," and in a case where a summons, notice of appeal in a matter, or other jurisdictional instrument contains a specification, the case shall be tried at the city of Virginia, or the city of Hibbing, as the case may be, unless the defendant shall have the place of trial fixed in the manner specified in this section.

If the place of trial designated is not the proper place of trial, as specified in sections 484.44 to 484.52, the cause shall nevertheless be tried in a place, unless the defendant, in an answer in addition to the other allegations of defense, shall plead the location of the defendant's residence, and demand that the action be tried at the place of holding the court nearest the defendant's residence, as provided in this section; and in a case where the answer of the defendant pleads the place of residence and makes a demand of place of trial, the plaintiff, in reply, may admit or deny the allegations of residence, and if the allegations of residence are not expressly denied, the case shall be tried at the place demanded by the defendant, and if the allegations of residence are denied, the place of trial shall be determined by the court on motion.

If there are several defendants, residing at different places in a county, the trial shall be at the place in which the majority of the defendants unite in demanding, or if the numbers are equal, at the place nearest the residence of the majority of the defendants.

The venue of an action may be changed from one of these places to another, by order of the court, in the following cases:

- (1) Upon written consent of the parties;
- (2) When it appears, on motion, that a party has been made a defendant for the purpose of preventing a change of venue as provided in this section;
- (3) When an impartial trial cannot be held in the place where the action is pending; or
- (4) When the convenience of witnesses and the ends of justice would be promoted by the change.

Application for a change under clause (2), (3), or (4), shall be made by motion which shall be returnable and heard at the place of commencement of the action.

Sec. 76. [REPEALER.]

Minnesota Statutes 2000, sections 216A.06; and 237.69, subdivision 3, are repealed.

Sec. 77. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the words "public service" to the word "commerce" in the following sections of Minnesota Statutes: 13.68; 13.681; 17A.04, subdivisions 6, 7, and 8; 17A.10, subdivision 1; 41A.09, subdivision 7; 116C.03, subdivision 2; 160.262, subdivision 3; 216A.085, subdivision 1; 216B.241, subdivision 1; 237.295, subdivision 1; 237.662, subdivision 3; 237.70, subdivision 7; 239.05, subdivisions 6c, 7a, 8, and 8c; 272.0211, subdivision 1; 296A.02, subdivision 1; 308A.210, subdivisions 5 and 6; 325F.733, subdivision 7; and 469.164, subdivision 2.

Sec. 78. [EFFECTIVE DATE.]

This article is effective July 1, 2001."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for economic development, housing, and certain agencies of state government; establishing and modifying programs; abolishing the department of economic security; transferring certain duties and funds; creating a transition team for the reorganization of state departments; consolidating housing programs; regulating activities and practices; modifying fees; making conforming changes; requiring reports; codifying reorganization order No. 181; transferring the remaining duties of the commissioner of public service to the commissioner of commerce; instructing the revisor to change certain terms; amending Minnesota Statutes 2000, sections 3.922, by adding a subdivision; 3C.12, subdivision 2; 13.679; 15.01; 15.06, subdivision 1; 15A.0815, subdivision 2; 16B.32, subdivision 2; 16B.335, subdivision 4; 16B.56, subdivision 1; 16B.76, subdivision 1; 17.86, subdivision 3; 18.024, subdivision 1; 43A.08, subdivision 1a; 45.012; 103F.325, subdivisions 2, 3; 115A.15, subdivision 5; 116J.8731, subdivision 1; 116L.03; 116L.04, by adding a subdivision; 116L.05, by adding a subdivision; 116L.16; 116O.06, subdivision 2; 123B.65, subdivisions 1, 3, 5; 138.664, by adding a subdivision; 161.45, subdivision 1; 168.61, subdivision 1; 169.073; 174.03, subdivision 7; 181.30; 184.29; 184.30, subdivision 1; 184.38, subdivisions 6, 8, 9, 10, 11, 17, 18, 20; 184.41; 216A.01; 216A.035; 216A.036; 216A.05, subdivision 1; 216A.07, subdivision 1; 216A.08; 216A.085, subdivision 3; 216B.02, subdivisions 1, 7, 8; 216B.16, subdivisions 1, 2, 6b, 15; 216B.162, subdivisions 7, 11; 216B.1675, subdivision 9; 216B.241, subdivisions 1a, 1b, 2b; 216C.01, subdivisions 1, 2, 3; 216C.051, subdivision 6; 216C.37, subdivision 1; 216C.40, subdivision 4; 216C.41, as amended; 237.02; 237.075, subdivisions 2, 9; 237.082; 237.21; 237.30; 237.462, subdivision 6; 237.51, subdivisions 1, 5, 5a; 237.52, subdivisions 2, 4, 5; 237.54, subdivision 2; 237.55; 237.59, subdivision 2; 237.768; 239.01; 239.10; 268.022, subdivision 2; 268.145, subdivision 1; 268.665, by adding a subdivision; 325E.11; 325E.115, subdivision 2; 326.243; 462A.01; 462A.03, subdivisions 1, 6, 10, by adding a

subdivision; 462A.04, subdivision 6; 462A.05, subdivisions 14, 14a, 16, 22, 26; 462A.06, subdivisions 1, 4; 462A.07, subdivisions 10, 12; 462A.073, subdivision 1; 462A.15; 462A.17, subdivision 3; 462A.20, subdivision 3; 462A.201, subdivisions 2, 6; 462A.204, subdivision 3; 462A.205, subdivisions 4, 4a; 462A.209; 462A.2091, subdivision 3; 462A.2093, subdivision 1; 462A.2097; 462A.21, subdivisions 5, 10, by adding subdivisions; 462A.222, subdivision 1a; 462A.24; 462A.33, subdivisions 1, 2, 3, 5, by adding a subdivision; 473.195, by adding a subdivision; 484.50; Laws 1993, chapter 301, section 1, subdivision 4, as amended; Laws 1995, chapter 248, article 12, section 2, as amended; Laws 1995, chapter 248, article 13, section 2, subdivision 2, as amended; Laws 2000, chapter 488, article 8, section 2, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 116L; 181; 462A; repealing Minnesota Statutes 2000, sections 184.22, subdivisions 2, 3, 4, 5; 184.37, subdivision 2; 216A.06; 237.69, subdivision 3; 268.975; 268.976; 268.9771; 268.978; 268.9781; 268.9782; 268.9783; 268.979; 268.98; 462A.201, subdivision 4; 462A.207; 462A.209, subdivision 4; 462A.21, subdivision 17; 462A.221, subdivision 4; 462A.30, subdivision 2; 462A.33, subdivisions 4, 6, 7."

The motion prevailed and the amendment was adopted.

H. F. No. 5, A bill for an act relating to state government; appropriating money for economic development, housing, and certain agencies of state government; establishing and modifying programs; abolishing the department of economic security; transferring certain duties and funds; creating a transition team for the reorganization of state departments; consolidating housing programs; regulating activities and practices; modifying fees; making conforming changes; requiring reports; codifying reorganization order No. 181; transferring the remaining duties of the commissioner of public service to the commissioner of commerce; instructing the revisor to change certain terms; amending Minnesota Statutes 2000, sections 3.922, by adding a subdivision; 3C.12, subdivision 2; 13.679; 15.01; 15.06, subdivision 1; 15A.0815, subdivision 2; 16B.32, subdivision 2; 16B.335, subdivision 4; 16B.56, subdivision 1; 16B.76, subdivision 1; 17.86, subdivision 3; 18.024, subdivision 1; 43A.08, subdivision 1a; 45.012; 103F.325, subdivisions 2, 3; 115A.15, subdivision 5; 116J.8731, subdivision 1; 116L.03; 116L.04, by adding a subdivision; 116L.05, by adding a subdivision; 116L.16; 116O.06, subdivision 2; 123B.65, subdivisions 1, 3, 5; 138.664, by adding a subdivision; 161.45, subdivision 1; 168.61, subdivision 1; 169.073; 174.03, subdivision 7; 181.30; 184.29; 184.30, subdivision 1; 184.38, subdivisions 6, 8, 9, 10, 11, 17, 18, 20; 184.41; 216A.01; 216A.035; 216A.036; 216A.05, subdivision 1; 216A.07, subdivision 1; 216A.08; 216A.085, subdivision 3; 216B.02, subdivisions 1, 7, 8; 216B.16, subdivisions 1, 2, 6b, 15; 216B.162, subdivisions 7, 11; 216B.1675, subdivision 9; 216B.241, subdivisions 1a, 1b, 2b; 216C.01, subdivisions 1, 2, 3; 216C.051, subdivision 6; 216C.37, subdivision 1; 216C.40, subdivision 4; 216C.41, as amended; 237.02; 237.075, subdivisions 2, 9; 237.082; 237.21; 237.30; 237.462, subdivision 6; 237.51, subdivisions 1, 5, 5a; 237.52, subdivisions 2, 4, 5; 237.54, subdivision 2; 237.55; 237.59, subdivision 2; 237.768; 239.01; 239.10; 268.022, subdivision 2; 268.145, subdivision 1; 268.665, by adding a subdivision; 325E.11; 325E.115, subdivision 2; 326.243; 462A.01; 462A.03, subdivisions 1, 6, 10, by adding a subdivision; 462A.04, subdivision 6; 462A.05, subdivisions 14, 14a, 16, 22, 26; 462A.06, subdivisions 1, 4; 462A.07, subdivisions 10, 12; 462A.073, subdivision 1; 462A.15; 462A.17, subdivision 3; 462A.20, subdivision 3; 462A.201, subdivisions 2, 6; 462A.204, subdivision 3; 462A.205, subdivisions 4, 4a; 462A.209; 462A.2091, subdivision 3; 462A.2093, subdivision 1; 462A.2097; 462A.21, subdivisions 5, 10, by adding subdivisions; 462A.222, subdivision 1a; 462A.24; 462A.33, subdivisions 1, 2, 3, 5, by adding a subdivision; 473.195, by adding a subdivision; 484.50; Laws 1993, chapter 301, section 1, subdivision 4, as amended; Laws 1995, chapter 248, article 12, section 2, as amended; Laws 1995, chapter 248, article 13, section 2, subdivision 2, as amended; Laws 2000, chapter 488, article 8, section 2, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 116L; 181; 462A; repealing Minnesota Statutes 2000, sections 184.22, subdivisions 2, 3, 4, 5; 184.37, subdivision 2; 216A.06; 237.69, subdivision 3; 268.975; 268.976; 268.9771; 268.978; 268.9781; 268.9782; 268.9783; 268.979; 268.98; 462A.201, subdivision 4; 462A.207; 462A.209, subdivision 4; 462A.21, subdivision 17; 462A.221, subdivision 4; 462A.30, subdivision 2; 462A.33, subdivisions 4, 6, 7.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 119 yeas and 9 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Gleason	Krinkie	Mariani	Olson	Walker
Gray	Lipman	Mulder	Rukavina	

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

MOTIONS AND RESOLUTIONS

Abrams moved that the name of Wilkin be added as an author on H. F. No. 1. The motion prevailed.

Sykora moved that the name of Leppik be added as an author on H. F. No. 4. The motion prevailed.

Clark, K., moved that the names of Dibble and Davnie be added as authors on H. F. No. 27. The motion prevailed.

FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Abrams announced his intention to place H. F. No. 1 on the Fiscal Calendar for Wednesday, June 27, 2001.

ADJOURNMENT

Pawlenty moved that when the House adjourns today it adjourn until 5:00 p.m., Wednesday, June 27, 2001. The motion prevailed.

Pawlenty moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 5:00 p.m., Wednesday, June 27, 2001.

EDWARD A. BURDICK, Chief Clerk, House of Representatives