

## STATE OF MINNESOTA

## EIGHTY-THIRD SESSION — 2004

## SEVENTY-THIRD DAY

SAINT PAUL, MINNESOTA, THURSDAY, MARCH 11, 2004

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

Prayer was offered by Pastor Lloyd Menke, Our Saviour's Lutheran Church, Hastings, 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	DeLaForest	Hilstrom	Lenczewski	Otremba	Stang
Abrams	Demmer	Hilty	Lesch	Otto	Strachan
Adolphson	Dempsey	Holberg	Lieder	Ozment	Swenson
Anderson, B.	Dill	Hoppe	Lindgren	Paymar	Sykora
Anderson, I.	Dorn	Hornstein	Lindner	Penas	Thao
Anderson, J.	Eastlund	Howes	Lipman	Peterson	Thissen
Atkins	Eken	Huntley	Magnus	Powell	Tingelstad
Beard	Ellison	Jacobson	Mahoney	Pugh	Urdahl
Bernardy	Entenza	Jaros	Mariani	Rhodes	Vandever
Biernat	Erhardt	Johnson, J.	Marquart	Rukavina	Wagenius
Blaine	Erickson	Johnson, S.	McNamara	Ruth	Walker
Borrell	Finstad	Juhnke	Meslow	Samuelson	Walz
Boudreau	Fuller	Kahn	Mullery	Seagren	Wardlow
Bradley	Gerlach	Kelliher	Murphy	Seifert	Wasiluk
Brod	Goodwin	Klinzing	Nelson, C.	Sertich	Westerberg
Buesgens	Greiling	Knoblach	Nelson, M.	Severson	Westrom
Carlson	Gunther	Koenen	Nelson, P.	Sieben	Wilkin
Clark	Haas	Kohls	Newman	Simpson	Zellers
Cornish	Hackbarth	Krinkie	Nornes	Slawik	Spk. Sviggum
Cox	Harder	Lanning	Olsen, S.	Smith	
Davids	Hausman	Larson	Olson, M.	Soderstrom	
Davnie	Heidgerken	Latz	Osterman	Solberg	

A quorum was present.

Kuisle, Opatz, Paulsen and Pelowski were excused.

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

## REPORTS OF STANDING COMMITTEES

Westrom from the Committee on Regulated Industries to which was referred:

H. F. No. 892, A bill for an act relating to telecommunications; deregulating independent telephone companies; amending Minnesota Statutes 2002, section 237.01, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 237.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 237.01, subdivision 3, is amended to read:

Subd. 3. [INDEPENDENT TELEPHONE COMPANY.] "Independent telephone company" means a telephone company organized and operating under chapter 301 or 302A or authorized to do business in Minnesota under chapter 303 as of January 1, 1983, and providing local exchange service to fewer than ~~30,000~~ 50,000 subscribers within the state.

Sec. 2. [237.414] [EXPANDED CALLING AREAS; TRANSPORT FACILITIES; TERMINATIONS.]

Subdivision 1. [EXPANDED CALLING AREAS.] (a) In addition to any existing authority applicable to telephone companies, an independent telephone company may expand the area to which it can provide calling to its customers upon filing with the commission any agreements between the independent telephone company and other telephone companies and telecommunications carriers entered into under subdivision 3. Calling to these expanded areas must be optional to customers and must be in addition to the customers' existing local service and any extended area service. Subject to sections 237.06 and 237.09, the independent telephone company may determine the quantity of expanded calling to provide, the prices for that calling, and whether to offer calling alone or in combination with one or more other telephone or unregulated services.

(b) Prices for expanded calling service or for bundles of services that include expanded calling must exceed the variable cost of the expanded calling service or bundles of services, determined on an aggregate basis. An independent telephone company is not required to file cost information before implementing its prices and is not required to file cost information except on request of the department, Office of the Attorney General, or commission. Customers must be notified of local service options and prices, including options that do not include expanded calling, as required under section 237.66. The independent telephone company shall clearly identify the distinction between the expanded calling area and the basic local calling area to customers. The independent telephone company is not required to offer unlimited flat-rate calling to these expanded calling areas. The independent telephone company shall file tariffs setting forth the expanded calling area along with the applicable prices and quantities of calling.

(c) A rate increase or a substantial change in terms and conditions of the expanded calling service may be effective 30 days after filing with the commission and 30 days after providing written notice to affected customers. Rate decreases may be effective immediately upon filing. Minor changes to terms and conditions may be effective immediately upon filing and upon notice to the customers. This section does not apply to extended area service or to calling areas previously or hereafter established by order of the commission. This section does not limit the existing rights and obligations of telephone companies and telecommunications carriers to provide local calling, including the obligation to offer unlimited flat rate calling in the basic local calling area, or expanded calling.

Subd. 2. [OBTAINING TRANSPORT, SWITCHING FACILITIES.] An independent telephone company may construct, purchase, lease, or rent transport and switching facilities between its existing local area and the expanded calling area that are needed to provide the expanded calling. If the independent telephone company is unable to reach agreement with other telephone companies or telecommunications carriers, the company or carrier may petition the commission under section 237.12 to resolve issues regarding prices, terms, and conditions for use of any transport facilities that are subject to the jurisdiction of the commission.

Subd. 3. [TERMINATION OF EXPANDED CALLING TRAFFIC.] (a) An independent telephone company providing an expanded calling area under this section may enter into an agreement to terminate calls with telephone companies and telecommunications carriers providing service within the expanded calling area. Compensation to the telephone company or telecommunications carrier to terminate expanded calling into such areas must be the intrastate access charges of the telephone company or telecommunications carrier terminating the call or other rates agreed upon by the companies.

(b) Two telephone companies that provide expanded calling between their respective areas may also enter into "bill and keep" arrangements for exchange of the expanded calling traffic.

(c) The independent telephone company shall file with the commission any agreements for termination of calling by telephone companies and telecommunications carriers providing service within the expanded calling area.

Subd. 4. [AMENDING OR TERMINATING EXPANDED CALLING SERVICE.] Except for calling areas that result from a prior or subsequent order of the commission, an independent telephone company may amend or terminate the expanded calling service upon 30 days' written notice to customers, the commission, and other telephone companies and telecommunications carriers providing local service in the expanded area. The notice to customers of an amendment to the expanded calling area or termination of an expanded calling area must be sent separately from other mailings and clearly explain how the expanded calling area is being changed. The notice to customers of an amendment must also clearly identify that calls to areas outside of the expanded calling area will be long distance calls billed at the applicable rate of the customer's long distance carrier. The notice to customers of a termination must clearly identify that calls to the terminated expanded calling area will become long distance calls billed at the applicable rate of the customer's long distance carrier.

Sec. 3. [237.43] [ANNUAL UNIVERSAL SERVICE FUNDING CERTIFICATION.]

In determining whether to provide the annual certification of any eligible telecommunications carrier for continued receipt of federal universal service funding, the commission shall apply the same standards and criteria to all eligible telecommunications carriers."

With the recommendation that when so amended the bill pass.

The report was adopted.

Haas from the Committee on State Government Finance to which was referred:

H. F. No. 914, A bill for an act relating to state government; prohibiting state contracts with tax haven countries; amending Minnesota Statutes 2002, section 16C.03, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 8, delete "17" and insert "18"

Page 1, line 17, delete everything after "means"

Page 1, delete lines 18 to 20

Page 1, line 21, delete everything before "any" and delete "other"

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

The report was adopted.

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

H. F. No. 1166, A bill for an act relating to natural resources; proposing an amendment to the Minnesota Constitution, by adding a section to article XI; dedicating sales tax proceeds of one-fourth of one percent of taxable sales for natural resource purposes; creating a heritage enhancement fund and council, a parks and trails fund, and a clean water fund and council; requiring a report; amending Minnesota Statutes 2002, section 10A.01, subdivision 35; proposing coding for new law in Minnesota Statutes, chapters 85; 97A; 103F.

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

The report was adopted.

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

H. F. No. 1645, A bill for an act relating to museums and archives repositories; regulating loans to and abandoned property of museums and archives repositories; providing a process for establishing ownership of property loaned to museums and archives repositories; proposing coding for new law in Minnesota Statutes, chapter 345.

Reported the same back with the following amendments:

Page 6, after line 23, insert:

"Subd. 3. [PRESUMPTION OF GIFT TO MUSEUM.] After the effective date of this act, property that: (1) is found in or on property controlled by the museum; (2) is from an unknown source; and (3) might reasonably be assumed to have been intended as a gift to the museum, is conclusively presumed to be a gift to the museum if ownership of the property is not claimed by a person within 90 days of its discovery."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1686, A bill for an act relating to capital investment; appropriating money for a personal rapid transit demonstration project; authorizing the issuance of general obligation bonds.

Reported the same back with the following amendments:

Page 1, line 7, delete "\$10,000,000" and insert "Up to \$8,000,000"

Page 1, line 17, after the period, insert "The commissioner of transportation must ensure that of the \$24,000,000 total project cost, the state must not contribute more than \$8,000,000 and nonstate sources must contribute the remaining \$16,000,000 with a contribution in private funds of at least \$8,000,000."

Page 1, line 19, delete "\$6,000,000" and insert "\$8,000,000"

Page 2, line 22, delete "\$10,000,000" and insert "\$8,000,000"

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

The report was adopted.

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

H. F. No. 1712, A bill for an act relating to game and fish; exempting minors from game and fish license Social Security number requirement; amending Minnesota Statutes 2003 Supplement, section 97A.482.

Reported the same back with the following amendments:

Page 1, line 11, delete "age 18 or older"

Page 1, after line 25, insert:

"(c) The commissioners of human services and natural resources shall request a waiver from the secretary of health and human services to exclude any applicant under the age of 16 from the requirement under this section to provide the applicant's Social Security number. If such a waiver is granted, this section will be so amended effective January 1, 2005, or upon the effective date of the waiver, whichever is later."

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "requiring a request for a waiver"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1732, A bill for an act relating to crime; prohibiting intentional introduction of disease to domestic animals; prohibiting certain trespass on agricultural land; providing a civil remedy; providing criminal penalties; amending Minnesota Statutes 2002, section 609.605, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 609.

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

The report was adopted.

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

H. F. No. 1740, A bill for an act relating to local governments; modifying payments to counties for natural resources land; amending Minnesota Statutes 2002, sections 477A.11, subdivision 4, by adding a subdivision; 477A.12, subdivisions 1, 2; 477A.14, subdivision 1.

Reported the same back with the following amendments:

Page 2, delete lines 22 to 25 and insert "project land;"

Page 3, line 26, delete everything after "county"

Page 3, delete lines 27 and 28

Page 3, line 29, delete the new language

Page 4, line 1, delete the new language and reinstate the stricken language

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Local Government and Metropolitan Affairs.

The report was adopted.

Swenson from the Committee on Agriculture Policy to which was referred:

H. F. No. 1766, A bill for an act relating to ethanol producer payments; eliminating a requirement for ownership disclosure; amending Minnesota Statutes 2003 Supplement, section 41A.09, subdivision 3a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2003 Supplement, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [ETHANOL PRODUCER PAYMENTS.] (a) The commissioner shall make cash payments to producers of ethanol located in the state that have begun production by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production, except as provided in paragraph (c), is 20 cents

per gallon for each gallon of ethanol produced on or before June 30, 2000, or ten years after the start of production, whichever is later. ~~The first claim for production after June 30, 2003, must be accompanied by~~ Annually, within 90 days of the end of its fiscal year, an ethanol producer receiving payments under this subdivision must file a disclosure statement on a form provided by the commissioner. The initial disclosure statement must include a detailed summary description of the organization of the business structure of the claimant, a listing of the percentages of ownership by any person or other entity with an ownership interest of five percent or greater, ~~the distribution of income received by the claimant, including operating income and payments under this subdivision~~ and a copy of its annual audited financial statements, including the auditor's report and footnotes. The disclosure statement must include information ~~sufficient to demonstrate that a majority of the ultimate beneficial interest in the~~ demonstrating what percentage of the entity receiving payments under this section is owned by farmers ~~or spouses of farmers, as defined in~~ or other entities eligible to farm or own agricultural land in Minnesota under the provisions of section 500.24, residing in Minnesota. Subsequent quarterly ~~claims reports must report~~ reflect noncumulative changes in ownership of ten percent or more of the entity. ~~Payments must not be made to a claimant that has less than a majority of Minnesota farmer control except that the commissioner may grant an exemption from the farmer majority ownership requirement to a claimant that, on May 29, 2003, has demonstrated greater than 40 percent farmer ownership which, when combined with ownership interests of persons residing within 30 miles of the plant, exceeds 50 percent. In addition, a claimant located in a city of the first class which qualifies for payments in all other respects is not subject to this condition. Information provided under this paragraph is~~ The report need not disclose the identity of the persons or entities eligible to farm or own agricultural land with ownership interests, individuals residing within 30 miles of the plant, or of any other entity with less than ten percent ownership interest, but the claimant must retain information within its files confirming the accuracy of the data provided. This data must be made available to the commissioner upon request. Not later than the 15th day of February in each year the commissioner shall deliver to the chairs of the standing committees of the senate and the house of representatives that deal with agricultural policy and agricultural finance issues an annual report summarizing aggregated data from plants receiving payments under this section during the preceding calendar year. Audited financial statements and notes and disclosure statements submitted to the commissioner are nonpublic data under section 13.02, subdivision 9. Notwithstanding the provisions of chapter 13 relating to nonpublic data, summaries of the submitted audited financial reports and notes and disclosure statements will be contained in the report to the committee chairs and will be public data.

(b) No payments shall be made for ethanol production that occurs after June 30, 2010.

(c) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant, the payment under paragraph (a) applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(d) Total payments under paragraphs (a) and (c) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol production during the preceding three calendar months. A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol production in Minnesota during the quarter covered by the claim. For each claim and statement of total ethanol production filed under this subdivision, the volume of ethanol production must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (g), the total quarterly payment to a producer under this paragraph may not exceed \$750,000.

(g) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the fourth quarter of each fiscal year to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the fourth quarter of the year that is greater than 3,750,000 gallons; or (2) the total amount of

payments lost during the first three quarters of the fiscal year due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal year, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(h) The commissioner shall reimburse ethanol producers for any deficiency in payments during earlier quarters if the deficiency occurred because appropriated money was insufficient to make timely payments in the full amount provided in paragraph (a). Notwithstanding the quarterly or annual payment limitations in this subdivision, the commissioner shall begin making payments for earlier deficiencies in each fiscal year that appropriations for ethanol payments exceed the amount required to make eligible scheduled payments. Payments for earlier deficiencies must continue until the deficiencies for each producer are paid in full.

Sec. 2. [DELAYED PAYMENTS IN 2003.]

Not later than 60 days after the effective date of section 1, the commissioner of agriculture shall pay any producer denied payment for failure to meet the ownership and reporting requirements imposed by Laws 2003, chapter 128, article 3, section 38, the amount to which the producer would have been otherwise entitled.

Sec. 3. [EFFECTIVE DATE.]

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

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

The report was adopted.

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

H. F. No. 1781, A bill for an act relating to long-term care insurance coverage; amending Minnesota Statutes 2002, section 43A.318, subdivision 1.

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

The report was adopted.

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

H. F. No. 1789, A bill for an act relating to education; providing for prekindergarten through grade 12 education, including general education, education excellence, special programs, libraries, and state agencies; providing for rulemaking; amending Minnesota Statutes 2002, sections 13.321, subdivision 1, by adding a subdivision; 122A.20, subdivision 2; 123B.143, subdivision 1; 123B.49, subdivision 4; 123B.53, subdivision 6; 123B.76, by adding a subdivision; 123B.82; 124D.59, as amended; 124D.61; 125A.023, subdivision 3; 125A.03; 127A.42, subdivision 6; 127A.47, subdivision 3; 134.31, by adding a subdivision; 134.45, subdivision 5; Minnesota Statutes 2003



Supplement, sections 120B.024; 120B.36; 123B.77, subdivision 4; 124D.095, subdivision 4; 124D.11, subdivision 1; 124D.454, subdivision 2; 125A.023, subdivision 4; 127A.42, subdivision 2; 275.065, subdivision 1; 475.61, subdivision 4; Laws 2003, First Special Session chapter 9, article 3, section 19; proposing coding for new law in Minnesota Statutes, chapters 120B; 127A; repealing Minnesota Statutes 2002, section 126C.23.

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

The report was adopted.

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

H. F. No. 1801, A bill for an act relating to commerce; requiring more detail in reports from municipalities on building code enforcement; requiring prelicensing education of residential building contractors; making changes in continuing education; providing homebuyers with access to information about avoidance of moisture and other problems; permitting successful home warranty claimants to recover attorney fees and expenses; regulating actions for a breach of the statutory home warranty requirements; amending Minnesota Statutes 2002, sections 326.87, subdivision 1; 326.89, subdivision 2; 326.96; 327A.05; Minnesota Statutes 2003 Supplement, section 16B.685; proposing coding for new in Minnesota Statutes, chapter 326.

Reported the same back with the following amendments:

Page 1, after line 18, insert:

"Sec. 2. Minnesota Statutes 2002, section 16B.65, is amended by adding a subdivision to read:

Subd. 8. [ALL BUILDING INSPECTORS AND OFFICIALS; CONTINUING EDUCATION.] In addition to continuing education requirements established by the commissioner under subdivision 7, all municipal building inspectors and officials, whether certified by the commissioner or not, must attend at least 40 hours per year of continuing education on current practices, technologies, and code changes. The requirement may be met by attending national code development hearings or attending classes to get national certifications of competency offered by trade organizations. A municipality may pay for municipal inspector or building official attendance at required continuing education classes with fee revenue from permit and inspection fees paid to the municipality."

Page 2, line 7, delete the first comma and insert "and" and delete the second comma

Page 2, line 8, delete everything before "inspections"

Page 2, delete lines 16 to 19 and insert:

"(b) By June 30, 2006, for calendar year 2005, and then by June 30 of each even-numbered year for the previous two calendar years, a municipality required to report under paragraph (a) must include in its report information as required in this paragraph. The municipality must report if the fees collected by the municipality exceed its expenses related to the municipal activities for which those fees were collected. If the fees collected exceed expenses, the municipality must include in the report:"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "requiring continuing education for municipal building officials;"

Page 1, line 12, after "sections" insert "16B.65, by adding a subdivision;"

Page 1, line 15, after "new," insert "law"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations and Veterans Affairs Policy.

The report was adopted.

Haas from the Committee on State Government Finance to which was referred:

H. F. No. 1824, A bill for an act relating to limited partnerships; enacting and modifying the Uniform Limited Partnership Act of 2001; providing transitional provisions; making conforming changes; amending Minnesota Statutes 2002, sections 5.25, subdivision 1; 302A.115, subdivision 1; 308A.121, subdivision 1; 317A.115, subdivision 2; 322B.12, subdivision 1; 323A.1-01; proposing coding for new law as Minnesota Statutes, chapter 321; repealing Minnesota Statutes 2002, sections 322A.01; 322A.02; 322A.03; 322A.04; 322A.05; 322A.06; 322A.07; 322A.11; 322A.12; 322A.13; 322A.14; 322A.15; 322A.16; 322A.17; 322A.18; 322A.19; 322A.24; 322A.25; 322A.26; 322A.27; 322A.28; 322A.31; 322A.32; 322A.33; 322A.34; 322A.35; 322A.38; 322A.39; 322A.40; 322A.41; 322A.45; 322A.46; 322A.47; 322A.48; 322A.49; 322A.50; 322A.51; 322A.52; 322A.55; 322A.56; 322A.57; 322A.58; 322A.59; 322A.63; 322A.64; 322A.65; 322A.66; 322A.69; 322A.70; 322A.71; 322A.72; 322A.73; 322A.74; 322A.75; 322A.76; 322A.761; 322A.79; 322A.80; 322A.81; 322A.82; 322A.85; 322A.86; 322A.87; 322A.88.

Reported the same back with the following amendments:

Page 22, line 35, delete "\$..." and insert "\$100"

Page 22, line 36, delete everything after "filing" and insert "an amended certificate of limited partnership, \$50;"

Page 23, line 1, delete everything after "record"

Page 23, line 2, delete everything before "required"

Page 23, line 3, delete "\$..." and insert "\$35"

Page 23, line 6, delete "\$..." and insert "\$85"

Page 23, line 7, delete "\$..." and insert "\$25"

Page 23, line 8, delete everything after "record"

Page 23, delete line 9

Page 23, line 10, delete everything before "required"

Page 23, line 12, delete "\$..." and insert "\$50."

Page 89, after line 3, insert:

"ARTICLE 14

OTHER BUSINESS ORGANIZATIONS

Sec. 115. Minnesota Statutes 2002, section 302A.011, subdivision 21, is amended to read:

Subd. 21. [PARENT.] "Parent" of a specified corporation means a corporation or a foreign corporation that directly, or indirectly through related organizations, owns more than 50 percent of the voting power of the shares entitled to vote for directors of the specified corporation.

Sec. 116. Minnesota Statutes 2002, section 302A.011, subdivision 31, is amended to read:

Subd. 31. [SUBSIDIARY.] "Subsidiary" of a specified corporation means a corporation or a foreign corporation having more than 50 percent of the voting power of its shares entitled to vote for directors owned directly, or indirectly through related organizations, by the specified corporation.

Sec. 117. Minnesota Statutes 2002, section 302A.011, subdivision 49, is amended to read:

Subd. 49. [INTERESTED SHAREHOLDER.] (a) "Interested shareholder," when used in reference to any issuing public corporation, means any person that is (1) the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding shares entitled to vote of the issuing public corporation or (2) an affiliate or associate of the issuing public corporation ~~and that~~ at any time within the four-year period immediately before the date in question, was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the then outstanding shares entitled to vote of the issuing public corporation. ~~Notwithstanding anything stated in this subdivision,~~

(b) If a person who has not been a beneficial owner of ten percent or more of the voting power of the outstanding shares entitled to vote of the issuing public corporation immediately prior to a repurchase of shares by, or recapitalization of, the issuing public corporation or similar action shall become a beneficial owner of ten percent or more of the voting power solely as a result of the share repurchase, recapitalization, or similar action, the person shall not be deemed to be the beneficial owner of ten percent or more of the voting power for purposes of paragraph (a), clause (1) or (2), unless:

(i) (1) the repurchase, recapitalization, conversion, or similar action was proposed by or on behalf of, or pursuant to any agreement, arrangement, relationship, understanding, or otherwise (whether or not in writing) with, the person or any affiliate or associate of the person; or

(ii) (2) the person thereafter acquires beneficial ownership, directly or indirectly, of outstanding shares entitled to vote of the issuing public corporation and, immediately after the acquisition, is the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding shares entitled to vote of the issuing public corporation.

(b) (c) Interested shareholder does not include:

(1) the issuing public corporation or any of its subsidiaries; ~~or~~

(2) a savings, employee stock ownership, or other employee benefit plan of the issuing public corporation or its subsidiary, or a fiduciary of the plan when acting in a fiduciary capacity pursuant to the plan; ~~or~~

(3) a licensed broker/dealer or licensed underwriter who:

(i) purchases shares of an issuing public corporation solely for purposes of resale to the public; and

(ii) is not acting in concert with an interested shareholder.

(d) For purposes of this subdivision, shares beneficially owned by a plan described in paragraph (c), clause (2), or by a fiduciary of a plan described in paragraph (c), clause (2), pursuant to the plan, are not deemed to be beneficially owned by a person who is a fiduciary of the plan.

Sec. 118. Minnesota Statutes 2002, section 302A.011, subdivision 51, is amended to read:

Subd. 51. [SHARE ACQUISITION DATE.] "Share acquisition date," with respect to any person and any issuing public corporation, means the date that the person first becomes an interested shareholder of the issuing public corporation; ~~provided, however, that in the event,~~ Notwithstanding the foregoing provisions of this subdivision:

(a) if a person becomes, on one or more dates, an interested shareholder of the issuing public corporation, but thereafter ceases to be an interested shareholder of the issuing public corporation, and subsequently again becomes an interested shareholder, "share acquisition date," with respect to that person means the date on which the person most recently became an interested shareholder of the issuing public corporation; and

(b) if, on or after August 1, 2004, a person is the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding shares entitled to vote of the issuing public corporation at the time the issuing public corporation becomes a publicly held corporation, "share acquisition date," with respect to that person means the date on which the person first became the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding shares entitled to vote of the corporation.

Sec. 119. Minnesota Statutes 2002, section 302A.011, is amended by adding a subdivision to read:

Subd. 63. [CONVERTED ORGANIZATION.] "Converted organization" means the corporation or domestic limited liability company resulting from a conversion under sections 302A.681 to 302A.691.

Sec. 120. Minnesota Statutes 2002, section 302A.011, is amended by adding a subdivision to read:

Subd. 64. [CONVERTING ORGANIZATION.] "Converting organization" means the corporation or domestic limited liability company that effects a conversion under sections 302A.681 to 302A.691.

Sec. 121. Minnesota Statutes 2002, section 302A.111, subdivision 2, is amended to read:

Subd. 2. [STATUTORY PROVISIONS THAT MAY BE MODIFIED ONLY IN ARTICLES.] The following provisions govern a corporation unless modified in the articles:

(a) a corporation has general business purposes (section 302A.101);

(b) a corporation has perpetual existence and certain powers (section 302A.161);

(c) the power to adopt, amend, or repeal the bylaws is vested in the board (section 302A.181);

(d) a corporation must allow cumulative voting for directors (section 302A.215, subdivision 2);

(e) the affirmative vote of a majority of directors present is required for an action of the board (section 302A.237);

(f) a written action by the board taken without a meeting must be signed by all directors (section 302A.239);

(g) the board may authorize the issuance of securities and rights to purchase securities (section 302A.401, subdivision 1);

(h) all shares are common shares entitled to vote and are of one class and one series (section 302A.401, subdivision 2, clauses (a) and (b));

(i) all shares have equal rights and preferences in all matters not otherwise provided for by the board (section 302A.401, subdivision 2, clause (b));

(j) the par value of shares is fixed at one cent per share for certain purposes and may be fixed by the board for certain other purposes (section 302A.401, subdivision 2, clause (c));

(k) the board or the shareholders may issue shares for any consideration or for no consideration to effectuate share dividends, divisions, or combinations, and determine the value of nonmonetary consideration (section 302A.405, subdivision 1);

(l) shares of a class or series must not be issued to holders of shares of another class or series to effectuate share dividends, divisions, or combinations, unless authorized by a majority of the voting power of the shares of the same class or series as the shares to be issued (section 302A.405, subdivision 1);

(m) a corporation may issue rights to purchase securities whose terms, provisions, and conditions are fixed by the board (section 302A.409);

(n) a shareholder has certain preemptive rights, unless otherwise provided by the board (section 302A.413);

(o) the affirmative vote of the holders of a majority of the voting power of the shares present and entitled to vote at a duly held meeting is required for an action of the shareholders, except where this chapter requires the affirmative vote of a plurality of the votes cast (section 302A.215, subdivision 1) or a majority of the voting power of all shares entitled to vote (section 302A.437, subdivision 1);

(p) shares of a corporation acquired by the corporation may be reissued (section 302A.553, subdivision 1);

(q) each share has one vote unless otherwise provided in the terms of the share (section 302A.445, subdivision 3);

(r) a corporation may issue shares for a consideration less than the par value, if any, of the shares (section 302A.405, subdivision 2); ~~and~~

(s) the board may effect share dividends, divisions, and combinations under certain circumstances without shareholder approval (section 302A.402); and

(t) a written action of shareholders must be signed by all shareholders (section 302A.441).

Sec. 122. Minnesota Statutes 2002, section 302A.137, is amended to read:

302A.137 [CLASS OR SERIES VOTING ON AMENDMENTS.]

The holders of the outstanding shares of a class or series are entitled to vote as a class or series upon a proposed amendment, whether or not entitled to vote thereon by the provisions of the articles, if the amendment would:

- (a) ~~Increase or decrease the aggregate number of authorized shares of the class or series;~~
- (~~b~~) effect an exchange, reclassification, or cancellation of all or part of the shares of the class or series, or effect a combination of outstanding shares of a class or series into a lesser number of shares of the class or series where each other class and series is not subject to a similar combination;
- (~~c~~) (b) effect an exchange, or create a right of exchange, of all or any part of the shares of another class or series for the shares of the class or series;
- (~~d~~) (c) change the rights or preferences of the shares of the class or series;
- (~~e~~) ~~Change the shares of the class or series, whether with or without par value, into the same or a different number of shares, either with or without par value, of another class or series;~~
- (~~f~~) (d) create a new class or series of shares having rights and preferences prior and superior to the shares of that class or series, or increase the rights and preferences or the number of authorized shares, of a class or series having rights and preferences prior or superior to the shares of that class or series;
- (~~g~~) (e) divide the shares of the class into series and determine the designation of each series and the variations in the relative rights and preferences between the shares of each series, or authorize the board to do so;
- (~~h~~) (f) limit or deny any existing preemptive rights of the shares of the class or series; or
- (~~i~~) (g) cancel or otherwise affect distributions on the shares of the class or series that have accrued but have not been declared.

Sec. 123. Minnesota Statutes 2002, section 302A.215, is amended to read:

302A.215 [~~CUMULATIVE VOTING FOR DIRECTORS;~~ CUMULATIVE VOTING.]

Subdivision 1. [REQUIRED VOTE.] Unless otherwise provided in the articles, directors are elected by a plurality of the voting power of the shares present and entitled to vote on the election of directors at a meeting at which a quorum is present.

Subd. 2. [CUMULATIVE VOTING RIGHTS.] Unless the articles provide that there shall be no cumulative voting, and except as provided in section 302A.223, subdivision 5, each shareholder entitled to vote for directors has the right to cumulate those votes in the election of directors by giving written notice of intent to cumulate those votes to any officer of the corporation before the meeting, or to the presiding officer at the meeting at which the election is to occur at any time before the election of directors at the meeting, in which case:

- (a) The presiding officer at the meeting shall announce, before the election of directors, that shareholders shall cumulate their votes; and

(b) Each shareholder shall cumulate those votes either by casting for one candidate the number of votes equal to the number of directors to be elected multiplied by the number of votes represented by the shares, or by distributing all of those votes on the same principle among any number of candidates.

Subd. ~~2~~. 3. [MODIFICATIONS OF CUMULATIVE VOTING.] No amendment to the articles or bylaws ~~which~~ that has the effect of denying, limiting, or modifying the right to cumulative voting for directors provided in this section shall be adopted if the votes of a proportion of the voting power sufficient to elect a director at an election of the entire board under cumulative voting are cast against the amendment.

Sec. 124. Minnesota Statutes 2002, section 302A.231, subdivision 4, is amended to read:

Subd. 4. [CALLING MEETINGS; NOTICE.] (a) Unless the articles or bylaws provide for a different time period, a director may call a board meeting by giving at least ten days' notice or, in the case of organizational meetings pursuant to section 302A.171, subdivision 2, at least three days' notice, to all directors of the date, time, and place of the meeting. The notice need not state the purpose of the meeting unless the articles or bylaws require it.

(b) Any notice to a director given under any provision of this chapter, the articles, or the bylaws by a form of electronic communication consented to by the director to whom the notice is given is effective when given. The notice is deemed given if by:

(1) facsimile communication, when directed to a telephone number at which the director has consented to receive notice;

(2) electronic mail, when directed to an electronic mail address at which the director has consented to receive notice; and

(3) any other form of electronic communication by which the director has consented to receive notice, when directed to the director.

(c) Consent by a director to notice given by electronic communication may be given in writing or by authenticated electronic communication. Any consent so given may be relied upon until revoked by the director, provided that no revocation affects the validity of any notice given before receipt of revocation of the consent.

Sec. 125. Minnesota Statutes 2002, section 302A.231, subdivision 6, is amended to read:

Subd. 6. [WAIVER OF NOTICE.] A director may waive notice of a meeting of the board. A waiver of notice by a director entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, orally, by authenticated electronic communication, or by attendance. Attendance by a director at a meeting is a waiver of notice of that meeting, except where the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate thereafter in the meeting.

Sec. 126. Minnesota Statutes 2002, section 302A.401, subdivision 3, is amended to read:

Subd. 3. [PROCEDURE FOR FIXING TERMS.] (a) Subject to any restrictions in the articles, the power granted in subdivision 2 may be exercised by a resolution or resolutions approved by the affirmative vote of the directors required by section 302A.237 establishing a class or series, setting forth the designation of the class or series, and fixing the relative rights and preferences of the class or series. Any of the rights and preferences of a class or series established in the articles or by resolution of the directors:

(1) may be made dependent upon facts ascertainable outside the articles, or outside the resolution or resolutions establishing the class or series, provided that the manner in which the facts operate upon the rights and preferences of the class or series is clearly and expressly set forth in the articles or in the resolution or resolutions establishing the class or series; and

(2) may incorporate by reference some or all of the terms of any agreements, contracts, or other arrangements entered into by the issuing corporation in connection with the establishment of the class or series if the corporation retains at its principal executive office a copy of the agreements, contracts, or other arrangements or the portions incorporated by reference.

(b) A statement setting forth the name of the corporation and the text of the resolution and certifying the adoption of the resolution and the date of adoption shall be filed with the secretary of state before the issuance of any shares for which the resolution creates rights or preferences not set forth in the articles; provided, however, where the shareholders have received notice of the creation of shares with rights or preferences not set forth in the articles before the issuance of the shares, the statement may be filed any time within one year after the issuance of the shares. The resolution is effective when the statement has been filed with the secretary of state; or, if it is not required to be filed with the secretary of state before the issuance of shares, on the date of its adoption by the directors.

(c) Filing a statement filed with the secretary of state in accordance with paragraph (b) is not considered an amendment of the articles for purposes of sections 302A.135, 302A.137, and 302A.471. Filing an amendment of such a statement with the secretary of state is considered an amendment of the articles for purposes of sections 302A.135, 302A.137, and 302A.471.

Sec. 127. Minnesota Statutes 2002, section 302A.402, subdivision 2, is amended to read:

Subd. 2. [WHEN SHAREHOLDER APPROVAL REQUIRED; FILING OF ARTICLES OF AMENDMENT.]

(a) Articles of amendment must be adopted by the board and the shareholders under ~~sections~~ section 302A.135 and, if required, section 302A.137 to effect a division or combination if, as a result of the proposed division or combination:

(1) the rights or preferences of the holders of outstanding shares of any class or series will be adversely affected; or

(2) the percentage of authorized shares of any class or series remaining unissued after the division or combination will exceed the percentage of authorized shares of that class or series that were unissued before the division or combination.

(b) If a division or combination is effected under this subdivision, articles of amendment must be prepared that contain the information required by section 302A.139.

Sec. 128. Minnesota Statutes 2002, section 302A.437, subdivision 1, is amended to read:

Subdivision 1. [MAJORITY REQUIRED.] Except for the election of directors, which is governed by section 302A.215, the shareholders shall take action by the affirmative vote of the holders of the greater of (1) a majority of the voting power of the shares present and entitled to vote on that item of business, or (2) a majority of the voting power of the minimum number of the shares entitled to vote that would constitute a quorum for the transaction of business at the meeting, except where this chapter or the articles require a larger proportion or number. If the articles require a larger proportion or number than is required by this chapter for a particular action, the articles control.



Sec. 129. Minnesota Statutes 2002, section 302A.441, is amended to read:

302A.441 [ACTION WITHOUT A MEETING.]

Subdivision 1. [METHOD.] An action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting by written action signed, or consented to by authenticated electronic communication, by all of the shareholders entitled to vote on that action. The articles of a corporation that is not a publicly held corporation may provide that any action may be taken by written action signed, or consented to by authenticated electronic communication, by shareholders having voting power equal to the voting power that would be required to take the same action at a meeting of the shareholders at which all shareholders were present. After the adoption of the initial articles, an amendment to the articles to permit written action to be taken by less than all shareholders requires the approval of all of the shareholders entitled to vote on the amendment.

Subd. 2. [EFFECTIVE TIME.] The written action is effective when it has been signed, or consented to by authenticated electronic communication, by all of those the required shareholders, unless a different effective time is provided in the written action.

Subd. 3. [NOTICE AND LIABILITY.] When written action is permitted to be taken by less than all shareholders, all shareholders must be notified of its text and effective time no later than five days after the effective time of the action. Failure to provide the notice does not invalidate the written action. A shareholder who does not sign or consent to the written action has no liability for any action authorized by the written action.

Sec. 130. Minnesota Statutes 2002, section 302A.471, subdivision 1, is amended to read:

Subdivision 1. [ACTIONS CREATING RIGHTS.] A shareholder of a corporation may dissent from, and obtain payment for the fair value of the shareholder's shares in the event of, any of the following corporate actions:

(a) unless otherwise provided in the articles, an amendment of the articles that materially and adversely affects the rights or preferences of the shares of the dissenting shareholder in that it:

(1) alters or abolishes a preferential right of the shares;

(2) creates, alters, or abolishes a right in respect of the redemption of the shares, including a provision respecting a sinking fund for the redemption or repurchase of the shares;

(3) alters or abolishes a preemptive right of the holder of the shares to acquire shares, securities other than shares, or rights to purchase shares or securities other than shares;

(4) excludes or limits the right of a shareholder to vote on a matter, or to cumulate votes, except as the right may be excluded or limited through the authorization or issuance of securities of an existing or new class or series with similar or different voting rights; except that an amendment to the articles of an issuing public corporation that provides that section 302A.671 does not apply to a control share acquisition does not give rise to the right to obtain payment under this section; or

(5) eliminates the right to obtain payment under this subdivision;

(b) a sale, lease, transfer, or other disposition of ~~all or substantially all of the~~ property and assets of the corporation, ~~but not including a transaction permitted without shareholder approval in that requires shareholder approval under~~ section 302A.661, subdivision 1, ~~or 2,~~ but not including a disposition in dissolution described in

section 302A.725, subdivision 2, or a disposition pursuant to an order of a court, or a disposition for cash on terms requiring that all or substantially all of the net proceeds of disposition be distributed to the shareholders in accordance with their respective interests within one year after the date of disposition;

(c) a plan of merger, whether under this chapter or under chapter 322B, to which the corporation is a constituent organization, except as provided in subdivision 3, and except for a plan of merger adopted under section 302A.626;

(d) a plan of exchange, whether under this chapter or under chapter 322B, to which the corporation is a party as the corporation whose shares will be acquired by the acquiring corporation, except as provided in subdivision 3; ~~or~~

(e) a plan of conversion adopted by the corporation; or

(f) any other corporate action taken pursuant to a shareholder vote with respect to which the articles, the bylaws, or a resolution approved by the board directs that dissenting shareholders may obtain payment for their shares.

Sec. 131. Minnesota Statutes 2002, section 302A.471, subdivision 3, is amended to read:

Subd. 3. [RIGHTS NOT TO APPLY.] (a) Unless the articles, the bylaws, or a resolution approved by the board otherwise provide, the right to obtain payment under this section does not apply to a shareholder of (1) the surviving corporation in a merger with respect to shares of the shareholder that are not entitled to be voted on the merger and are not canceled or exchanged in the merger or (2) the corporation whose shares will be acquired by the acquiring corporation in a plan of exchange with respect to shares of the shareholder that are not entitled to be voted on the plan of exchange and are not exchanged in the plan of exchange.

(b) If a date is fixed according to section 302A.445, subdivision 1, for the determination of shareholders entitled to receive notice of and to vote on an action described in subdivision 1, only shareholders as of the date fixed, and beneficial owners as of the date fixed who hold through shareholders, as provided in subdivision 2, may exercise dissenters' rights.

(c) Notwithstanding subdivision 1, the right to obtain payment under this section, other than in connection with a plan of merger adopted under section 302A.621, is limited in accordance with the following provisions:

(1) The right to obtain payment under this section is not available for the holders of shares of any class or series of shares that is listed on the New York Stock Exchange or the American Stock Exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc.

(2) The applicability of clause (1) is determined as of:

(i) the record date fixed to determine the shareholders entitled to receive notice of, and to vote at, the meeting of shareholders to act upon the corporate action described in subdivision 1; or

(ii) the day before the effective date of corporate action described in subdivision 1 if there is no meeting of shareholders.

(3) Clause (1) is not applicable, and the right to obtain payment under this section is available pursuant to subdivision 1, for the holders of any class or series of shares who are required by the terms of the corporate action described in subdivision 1 to accept for such shares anything other than shares, or cash in lieu of fractional shares, of any class or any series of shares of the corporation, or any other proprietary interest of any other entity, that satisfies the standards set forth in clause (1) at the time the corporate action becomes effective.

Sec. 132. Minnesota Statutes 2002, section 302A.473, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF DISSENT.] If the proposed action must be approved by the shareholders and the corporation holds a shareholder meeting, a shareholder who is entitled to dissent under section 302A.471 and who wishes to exercise dissenters' rights must file with the corporation before the vote on the proposed action a written notice of intent to demand the fair value of the shares owned by the shareholder and must not vote the shares in favor of the proposed action.

Sec. 133. Minnesota Statutes 2002, section 302A.473, subdivision 4, is amended to read:

Subd. 4. [NOTICE OF PROCEDURE; DEPOSIT OF SHARES.] (a) After the proposed action has been approved by the board and, if necessary, the shareholders, the corporation shall send to (i) all shareholders who have complied with subdivision 3, (ii) all shareholders who did not sign or consent to a written action that gave effect to the action creating the right to obtain payment under section 302A.471, and ~~to~~ (iii) all shareholders entitled to dissent if no shareholder vote was required, a notice that contains:

(1) the address to which a demand for payment and certificates of certificated shares must be sent in order to obtain payment and the date by which they must be received;

(2) any restrictions on transfer of uncertificated shares that will apply after the demand for payment is received;

(3) a form to be used to certify the date on which the shareholder, or the beneficial owner on whose behalf the shareholder dissents, acquired the shares or an interest in them and to demand payment; and

(4) a copy of section 302A.471 and this section and a brief description of the procedures to be followed under these sections.

(b) In order to receive the fair value of the shares, a dissenting shareholder must demand payment and deposit certificated shares or comply with any restrictions on transfer of uncertificated shares within 30 days after the notice required by paragraph (a) was given, but the dissenter retains all other rights of a shareholder until the proposed action takes effect.

Sec. 134. Minnesota Statutes 2002, section 302A.521, subdivision 1, is amended to read:

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

(b) "Corporation" includes a domestic or foreign corporation that was the predecessor of the corporation referred to in this section in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(c) "Official capacity" means (1) with respect to a director, the position of director in a corporation, (2) with respect to a person other than a director, the elective or appointive office or position held by an officer, member of a committee of the board, or the employment relationship undertaken by an employee of the corporation, and (3) with respect to a director, officer, or employee of the corporation who, while a director, officer, or employee of the corporation, is or was serving at the request of the corporation or whose duties in that position involve or involved service as a director, officer, partner, trustee, governor, manager, employee, or agent of another organization or employee benefit plan, the position of that person as a director, officer, partner, trustee, governor, manager, employee, or agent, as the case may be, of the other organization or employee benefit plan.

(d) "Proceeding" means a threatened, pending, or completed civil, criminal, administrative, arbitration, or investigative proceeding, including a proceeding by or in the right of the corporation.

(e) "Special legal counsel" means counsel who has not represented the corporation or a related organization, or a director, officer, member of a committee of the board, or employee, whose indemnification is in issue.

Sec. 135. Minnesota Statutes 2002, section 302A.651, subdivision 1, is amended to read:

Subdivision 1. [WHEN PERMITTED.] A domestic corporation may merge with, including a merger pursuant to section 302A.621, or participate in an exchange with a foreign corporation or limited liability company by following the procedures set forth in this section, if:

(1) with respect to a merger, the merger is permitted by the laws of the jurisdiction under which the foreign corporation or limited liability company is incorporated or organized; and

(2) with respect to an exchange, the corporation whose shares will be acquired is a domestic corporation, whether or not the exchange is permitted by the laws of the jurisdiction under which the foreign corporation or limited liability company is incorporated or organized.

Sec. 136. Minnesota Statutes 2002, section 302A.661, subdivision 2, is amended to read:

Subd. 2. [SHAREHOLDER APPROVAL; WHEN REQUIRED.] (a) A corporation, by affirmative vote of a majority of the directors present, may sell, lease, transfer, or otherwise dispose of all or substantially all of its property and assets, including its good will, not in the usual and regular course of its business, upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board deems expedient, when approved at a regular or special meeting of the shareholders by the affirmative vote of the holders of a majority of the voting power of the shares entitled to vote. Written notice of the meeting shall be given to all shareholders whether or not they are entitled to vote at the meeting. The written notice shall state that a purpose of the meeting is to consider the sale, lease, transfer, or other disposition of all or substantially all of the property and assets of the corporation.

(b) Shareholder approval is not required under paragraph (a) if, following the sale, lease, transfer, or other disposition of its property and assets, the corporation retains a significant continuing business activity. If a corporation retains a business activity that represented at least (1) 25 percent of the corporation's total assets at the end of the most recently completed fiscal year and (2) 25 percent of either income from continuing operations before taxes or revenues from continuing operations for that fiscal year, measured on a consolidated basis with its subsidiaries for each of clauses (1) and (2), then the corporation will conclusively be deemed to have retained a significant continuing business activity.

Sec. 137. [302A.681] [CONVERSION OF CORPORATIONS AND LIMITED LIABILITY COMPANIES.]

Subdivision 1. [CONVERSIONS AUTHORIZED.] A corporation may become a domestic limited liability company, and a domestic limited liability company may become a corporation, in each case pursuant to a plan of conversion.

Subd. 2. [CERTAIN DEFINITIONS.] (a) For purposes of sections 302A.681 to 302A.691, the words, terms, and phrases in paragraphs (b) to (h) have the meanings given them.

(b) "Articles of organization" has the same meaning as it does under section 322B.03, subdivision 6.

(c) "Board of governors" has the same meaning as it does under section 322B.03, subdivision 7.

(d) "Class," when used with reference to membership interests, has the same meaning as it does under section 322B.03, subdivision 10.

(e) "Governor" has the same meaning as it does under section 322B.03, subdivision 24.

(f) "Member" has the same meaning as it does under section 322B.03, subdivision 30.

(g) "Membership interest" has the same meaning as it does under section 322B.03, subdivision 31.

(h) "Series," when used with reference to membership interests, has the same meaning as it does under section 322B.03, subdivision 44.

Sec. 138. [302A.683] [PLAN OF CONVERSION.]

A plan of conversion must contain:

(1) the name of the converting organization;

(2) the name of the converted organization;

(3) whether the converted organization is a corporation or a limited liability company;

(4) the terms and conditions of the proposed conversion;

(5) the manner and basis of converting each ownership interest in the converting organization into ownership interests in the converted organization or, in whole or in part, into money or other property;

(6) a copy of the proposed articles of incorporation or articles of organization of the converted organization; and

(7) any other provisions with respect to the proposed conversion that are deemed necessary or desirable.

Sec. 139. [302A.685] [PLAN APPROVAL.]

Subdivision 1. [BOARD APPROVAL; NOTICE TO OWNERS.] A resolution containing the plan of conversion must be approved by the affirmative vote of a majority of the directors or governors present at a meeting of the board of directors or the board of governors of the converting organization and must then be submitted at a regular or a special meeting to the owners of the converting organization. Written notice must be given to every owner of the converting organization, whether or not entitled to vote at the meeting, not less than 14 days nor more than 60 days before the meeting, in the manner provided in section 302A.435 for notice of a meeting of shareholders or in the manner provided in section 322B.34 for notice of a meeting of members. The written notice must state that a purpose of the meeting is to consider the proposed plan of conversion. A copy or short description of the plan of conversion must be included in or enclosed with the notice.

Subd. 2. [APPROVAL BY OWNERS.] At the meeting, a vote of the owners must be taken on the proposed plan. The plan of conversion is adopted when approved by the affirmative vote of the holders of a majority of the voting power of all shares or membership interests entitled to vote. A class or series of shares or membership interests is entitled to vote as a class or series on the approval of the plan.

Sec. 140. [302A.687] [ARTICLES OF CONVERSION.]

Subdivision 1. [CONTENTS OF ARTICLES.] Upon receiving the approval required by section 302A.685, articles of conversion must be prepared that contain:

(1) the plan of conversion;

(2) the name of the converting organization immediately before the filing of the articles of conversion and the name to which the name of the converting organization is to be changed, which shall be a name that satisfies the laws applicable to the converted organization;

(3) the type of organization that the converted organization will be;

(4) a statement that the plan of conversion has been approved by the converting organization under section 302A.685; and

(5) a copy of the articles of incorporation or the articles of organization of the converted organization.

Subd. 2. [ARTICLES SIGNED, FILED.] The articles of conversion must be signed on behalf of the converting organization and filed with the secretary of state. Filing of the articles of conversion is also deemed to be a filing with the secretary of state of the articles of incorporation or the articles of organization of the converted organization.

Subd. 3. [CERTIFICATE.] The secretary of state shall issue a certificate of conversion and a certificate of incorporation or a certificate of organization to the converted organization or its legal representative.

Sec. 141. [302A.689] [ABANDONMENT OF CONVERSION.]

Subdivision 1. [BY SHAREHOLDERS OR PLAN.] After a plan of conversion has been approved by the owners entitled to vote on the approval of the plan as provided in section 302A.685, and before the effective date of the plan, it may be abandoned:

(1) if the owners of the converting organization entitled to vote on the approval of the plan as provided in section 302A.685 have approved the abandonment at a meeting by the affirmative vote of the holders of a majority of the voting power of the shares or membership interests entitled to vote;

(2) if the plan itself provides for abandonment and all conditions for abandonment set forth in the plan are met; or

(3) pursuant to subdivision 2.

Subd. 2. [BY BOARD.] A plan of conversion may be abandoned, before the effective date of the plan, by a resolution of the board of directors or the board of governors of the converting organization abandoning the plan of conversion approved by the affirmative vote of a majority of the directors or governors present.

Subd. 3. [FILING OF ARTICLES.] If articles of conversion have been filed with the secretary of state, but have not yet become effective, the converting organization shall file with the secretary of state articles of abandonment that contain:

(1) the name of the converting organization;

(2) the provision of this section under which the plan is abandoned; and

(3) if the plan is abandoned under subdivision 2, the text of the resolution abandoning the plan.

Sec. 142. [302A.691] [EFFECTIVE DATE OR TIME OF CONVERSION; EFFECT.]

Subdivision 1. [EFFECTIVE DATE OR TIME.] A conversion is effective when the articles of conversion are filed with the secretary of state or on a later date or at a later time specified in the articles of conversion.

Subd. 2. [EFFECT ON ORGANIZATION.] (a) A converted organization is for all purposes the same organization as the converting organization, having been incorporated or organized on the date that the converting organization was originally incorporated or organized.

(b) When a conversion becomes effective:

(1) if the converted organization is a corporation, the converted organization has all the rights, privileges, immunities, and powers, and is subject to all the duties and liabilities, of a corporation incorporated under this chapter;

(2) if the converted organization is a limited liability company, the converted organization has all the rights, privileges, immunities, and powers, and is subject to all the duties and liabilities, of a limited liability company organized under chapter 322B;

(3) all property owned by the converting organization remains vested in the converted organization;

(4) all debts, liabilities, and other obligations of the converting organization continue as obligations of the converted organization;

(5) an action or proceeding pending by or against the converting organization may be continued as if the conversion had not occurred; and

(6) all rights, privileges, immunities, and powers of the converting organization remain vested in the converted organization.

Subd. 3. [EFFECT ON SHAREHOLDERS OR MEMBERS.] When a conversion becomes effective, each share or membership interest in the converting organization is deemed to be converted into shares or membership interests in the converted organization or, in whole or in part, into money or other property to be received under the plan by the shareholders or the members, subject to any dissenters' rights under section 302A.471, in the case of shareholders of the converting organization, or section 322B.383, in the case of members of the converting organization.

Sec. 143. Minnesota Statutes 2002, section 302A.723, subdivision 1, is amended to read:

Subdivision 1. [CONTENTS.] If dissolution of the corporation is approved pursuant to section 302A.721, subdivision 2, the corporation shall file with the secretary of state a notice of intent to dissolve. The notice shall contain:

(a) the name of the corporation;

(b) the date and place of the meeting at which the resolution was approved pursuant to section 302A.721, subdivision 2; and

(c) a statement that the requisite vote of the shareholders was received, or that ~~all~~ the requisite shareholders entitled to vote signed a written action.

Sec. 144. Minnesota Statutes 2002, section 317A.011, is amended by adding a subdivision to read:

Subd. 3b. [BALLOT.] "Ballot" means a written ballot or a ballot transmitted by electronic communication.

Sec. 145. Minnesota Statutes 2002, section 317A.011, subdivision 14, is amended to read:

Subd. 14. [NOTICE.] (a) "Notice" is given by a member of a corporation to the corporation or an officer of the corporation when in writing and mailed or delivered to the corporation or the officer at the registered office of the corporation.

(b) Notice is given by the corporation to a director, officer, member, or other person:

(1) when mailed to the person at an address designated by the person, at the last known address of the person or, in the case of a director, officer, or member, at the address of the person in the corporate records;

(2) when communicated to the person orally;

(3) when handed to the person;

(4) when left at the office of the person with a clerk or other person in charge of the office, or if there is no one in charge, when left in a conspicuous place in the office;

(5) if the person's office is closed or the person to be notified has no office, when left at the dwelling or usual place of abode of the person with a person of suitable age and discretion residing in the house; ~~or~~

(6) when provided to the person by means of electronic communication as provided under section 317A.231 or 317A.450; or

(7) when the method is fair and reasonable when all the circumstances are considered.

(c) Notice by mail is given when deposited in the United States mail with sufficient postage. Notice is considered received when it is given.

Sec. 146. Minnesota Statutes 2002, section 317A.231, subdivision 4, is amended to read:

Subd. 4. [CALLING MEETINGS; NOTICE.] (a) Unless the articles or bylaws provide otherwise, a director may call a board meeting by giving five days' notice to all directors of the date, time, and place of the meeting. The notice need not state the purpose of the meeting unless the articles or bylaws require it.

(b) If the day or date, time, and place of a board meeting have been provided in the articles or bylaws, or announced at a previous meeting of the board, notice is not required. Notice of an adjourned meeting need not be given other than by announcement at the meeting at which adjournment is taken.

(c) Any notice to a director given under any provision of this chapter, the articles, or the bylaws by a form of electronic communication consented to by the director to whom the notice is given is effective when given. The notice is deemed given if by:

(1) facsimile communication, when directed to a telephone number at which the director has consented to receive notice;



(2) electronic mail, when directed to an electronic mail address at which the director has consented to receive notice;

(3) a posting on an electronic network on which the director has consented to receive notice, together with a separate notice to the director of the specific posting, upon the later of:

(i) the posting; or

(ii) the giving of the separate notice; and

(4) any other form of electronic communication by which the director has consented to receive notice, when directed to the director.

An affidavit of the secretary, other authorized officer, or authorized agent of the corporation, that the notice has been given by a form of electronic communication is, in the absence of fraud, prima facie evidence of the facts stated in the affidavit.

(d) Consent by a director to notice given by electronic communication may be given in writing or by authenticated electronic communication. Any consent so given may be relied upon until revoked by the director, provided that no revocation affects the validity of any notice given before receipt of revocation of the consent.

Sec. 147. Minnesota Statutes 2002, section 317A.231, subdivision 5, is amended to read:

Subd. 5. [WAIVER OF NOTICE.] A director may waive notice of a meeting of the board. A waiver of notice by a director entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, orally, by authenticated electronic communication, or by attendance. Attendance by a director at a meeting is a waiver of notice of that meeting, unless the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting.

Sec. 148. Minnesota Statutes 2003 Supplement, section 317A.443, subdivision 2, is amended to read:

Subd. 2. [METHODS.] Unless otherwise provided in the articles or bylaws, members may take action at a meeting by voice or ballot, by unanimous action without a meeting under section 317A.445, by ~~written~~ ballot under section 317A.447, or by ~~electronic~~ remote communication under section 317A.450.

Sec. 149. Minnesota Statutes 2002, section 317A.447, is amended to read:

317A.447 [ACTION BY WRITTEN BALLOT.]

(a) Except as provided in paragraph (e) and unless prohibited or limited by the articles or bylaws, an action that may be taken at a regular or special meeting of members may be taken without a meeting if the corporation mails or otherwise delivers a ~~written~~ ballot to every member entitled to vote on the matter. A corporation may deliver a ballot by electronic communication only if the corporation complies with section 317A.450, subdivision 5, as if the ballot were a notice. Consent by a member to receive notice by electronic communication in a certain manner constitutes consent to receive a ballot by electronic communication in the same manner.

(b) A ~~written~~ ballot must:

(1) set forth each proposed action; and

(2) provide an opportunity to vote for or against each proposed action.

(c) Approval by ~~written~~ ballot under this section is valid only if the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(d) Solicitations for votes by written ballot must:

- (1) indicate the number of responses needed to meet the quorum requirements;
- (2) state the percentage of approvals necessary to approve each matter other than election of directors; and
- (3) specify the time by which a ballot must be received by the corporation in order to be counted.

(e) Except as otherwise provided in the articles or bylaws, a ~~written~~ ballot may not be revoked.

(f) A ballot delivered to the corporation by electronic communication is valid only if authenticated as provided in section 317A.011, subdivision 3a.

Sec. 150. Minnesota Statutes 2002, section 322B.03, subdivision 36a, is amended to read:

Subd. 36a. [PARENT.] "Parent" of a specified limited liability company means a limited liability company or a foreign limited liability company that directly or indirectly through related organizations owns more than 50 percent of the voting power of the membership interests entitled to vote for governors of the specified limited liability company.

Sec. 151. Minnesota Statutes 2002, section 322B.03, subdivision 45a, is amended to read:

Subd. 45a. [SUBSIDIARY.] "Subsidiary" of a specified limited liability company means a limited liability company or a foreign limited liability company having more than 50 percent of the voting power of its membership interests entitled to vote for governors owned directly or indirectly through related organizations by the specified limited liability company.

Sec. 152. Minnesota Statutes 2002, section 322B.115, subdivision 2, is amended to read:

Subd. 2. [STATUTORY PROVISIONS THAT MAY BE MODIFIED ONLY IN ARTICLES OF ORGANIZATION OR A MEMBER CONTROL AGREEMENT.] The following provisions govern a limited liability company unless modified in the articles of organization or a member control agreement under section 322B.37:

- (1) a limited liability company has general business purposes (section 322B.10);
- (2) a limited liability company has certain powers (section 322B.20);
- (3) the power to adopt, amend, or repeal the bylaws is vested in the board of governors (section 322B.603);
- (4) a limited liability company must allow cumulative voting for governors (section 322B.63, subdivision 2);
- (5) the affirmative vote of a majority of governors present is required for an action of the board of governors (section 322B.653);

(6) a written action by the board of governors taken without a meeting must be signed by all governors (section 322B.656);

(7) the board may accept contributions, make contribution agreements, and make contribution allowance agreements (sections 322B.40, subdivision 1; 322B.42; and 322B.43);

(8) all membership interests are ordinary membership interests entitled to vote and are of one class with no series (section 322B.40, subdivision 5, clauses (1) and (2));

(9) all membership interests have equal rights and preferences in all matters not otherwise provided for by the board of governors (section 322B.40, subdivision 5, clause (2));

(10) the value of previous contributions is to be restated when a new contribution is accepted (section 322B.41);

(11) a member has certain preemptive rights, unless otherwise provided by the board of governors (section 322B.33);

(12) the affirmative vote of the owners of a majority of the voting power of the membership interests present and entitled to vote at a duly held meeting is required for an action of the members, except where this chapter requires the affirmative vote of a plurality of the votes cast (section 322B.63, subdivision 1) or a majority of the voting power of all membership interests entitled to vote (section 322B.35, subdivision 1);

(13) the voting power of each membership interest is in proportion to the value reflected in the required records of the contributions of the members (section 322B.356);

(14) members share in distributions in proportion to the value reflected in the required records of the contributions of members (section 322B.50);

(15) members share profits and losses in proportion to the value reflected in the required records of the contributions of members (section 322B.326);

(16) a written action by the members taken without a meeting must be signed by all members (section 322B.35);

(17) members have no right to receive distributions in kind and the limited liability company has only limited rights to make distributions in kind (section 322B.52);

(18) a member is not subject to expulsion (section 322B.306, subdivision 2);

(19) unanimous consent is required for the transfer of governance rights to a person not already a member (section 322B.313, subdivision 2);

(20) for limited liability companies whose existence begins before August 1, 1999, unanimous consent is required to avoid dissolution (section 322B.80, subdivision 1, clause (5)(i));

(21) the termination of a person's membership interest has specified consequences (section 322B.306); and

(22) restrictions apply to the assignment of governance rights (section 322B.313).

Sec. 153. Minnesota Statutes 2002, section 322B.155, is amended to read:

322B.155 [CLASS OR SERIES VOTING ON AMENDMENTS.]

The owners of the outstanding membership interests of a class or series are entitled to vote as a class or series upon a proposed amendment to the articles of organization, whether or not entitled to vote on the amendment by the provisions of the articles of organization, if the amendment would:

(1) effect an exchange, reclassification, or cancellation of all or part of the membership interests of the class or series, or effect a combination of outstanding membership interests of a class or series into a lesser number of membership interests of the class or series where each other class or series is not subject to a similar combination;

(2) effect an exchange, or create a right of exchange, of all or any part of the membership interests of another class or series for the membership interests of the class or series;

(3) change the rights or preferences of the membership interests of the class or series;

~~(4) change the membership interests of the class or series into the same or a different number of membership interests of another class or series;~~

~~(5) create a new class or series of membership interests having rights and preferences prior and superior to the membership interests of that class or series, or increase the rights and preferences or the number of membership interests, of a class or series having rights and preferences prior or superior to the membership interests of that class or series;~~

~~(6) (5) divide the membership interests of the class into series and determine the designation of each series and the variations in the relative rights and preferences between the membership interests of each series or authorize the board of governors to do so;~~

~~(7) (6) limit or deny any existing preemptive rights of the membership interests of the class or series; or~~

~~(8) (7) cancel or otherwise affect distributions on the membership interests of the class or series.~~

Sec. 154. Minnesota Statutes 2002, section 322B.346, subdivision 1, is amended to read:

Subdivision 1. [MAJORITY REQUIRED.] Except for the election of governors, which is governed by section 322B.63, the members shall take action by the affirmative vote of the owners of the greater of: (1) a majority of the voting power of the membership interests present and entitled to vote on that item of business; or (2) a majority of the voting power that would constitute a quorum for the transaction of business at the meeting, except where this chapter, the articles of organization, or a member control agreement, require a larger proportion. If the articles or a member control agreement require a larger proportion than is required by this chapter for a particular action, the articles or the member control agreement control.

Sec. 155. Minnesota Statutes 2002, section 322B.383, subdivision 1, is amended to read:

Subdivision 1. [ACTIONS CREATING DISSENTERS' RIGHTS.] Subject to a member control agreement under section 322B.37, a member of a limited liability company may dissent from, and obtain payment for the fair value of the member's membership interests in the event of, any of the following limited liability company actions:

(1) unless otherwise provided in the articles, an amendment of the articles of organization, but not an amendment to a member control agreement, which materially and adversely affects the rights or preferences of the membership interests of the dissenting member in that it:

(i) alters or abolishes a preferential right of the membership interests;

(ii) creates, alters, or abolishes a right in respect of the redemption of the membership interests, including a provision respecting a sinking fund for the redemption or repurchase of the membership interests;

(iii) alters or abolishes a preemptive right of the owner of the membership interests to make a contribution;

(iv) excludes or limits the right of a member to vote on a matter, or to cumulate votes, except as the right may be excluded or limited through the acceptance of contributions or the making of contribution agreements pertaining to membership interests with similar or different voting rights;

(v) changes a member's right to resign or retire;

(vi) establishes or changes the conditions for or consequences of expulsion; or

(vii) eliminates the right to obtain payment under clause (1);

(2) a sale, lease, transfer, or other disposition of ~~all or substantially all of the~~ property and assets of the limited liability company, ~~but not including a transaction permitted without that requires~~ member approval ~~in~~ under section 322B.77, subdivision 2, ~~or but not including~~ a disposition in dissolution described in section 322B.813, subdivision 4, or a disposition pursuant to an order of a court, or a disposition for cash on terms requiring that all or substantially all of the net proceeds of disposition be distributed to the members in accordance with their respective membership interests within one year after the date of disposition;

(3) a plan of merger to which the limited liability company is a constituent organization;

(4) a plan of exchange to which the limited liability company is a party as the organization whose ownership interests will be acquired by the acquiring organization, if the membership interests being acquired are entitled to be voted on the plan; ~~or~~

(5) a plan of conversion under section 302A.683; or

(6) any other limited liability company action taken pursuant to a member vote with respect to which the articles of organization, a member control agreement, the bylaws, or a resolution approved by the board of governors directs that dissenting members may obtain payment for their membership interests.

Sec. 156. Minnesota Statutes 2002, section 322B.386, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF DISSENT.] If the proposed action must be approved by the members and the limited liability company holds a meeting of members, a member who is entitled to dissent under section 322B.383 and who wishes to exercise dissenters' rights must file with the limited liability company before the vote on the proposed action a written notice of intent to demand the fair value of the membership interests owned by the member and must not vote the membership interests in favor of the proposed action.

Sec. 157. Minnesota Statutes 2002, section 322B.386, subdivision 4, is amended to read:

Subd. 4. [NOTICE OF PROCEDURE.] (a) After the proposed action has been approved by the board of governors and, if necessary, the members, the limited liability company shall send to (i) all members who have complied with subdivision 3, (ii) all members who did not sign or consent to a written action that gave effect to the action creating the right to obtain payment under section 322B.383, and ~~to (iii) all members entitled to dissent if no member vote was required, a notice that contains:~~

(1) the address to which a demand for payment must be sent in order to obtain payment and the date by which the demand must be received;

(2) a form to be used to certify the date on which the member acquired the membership interests and to demand payment; and

(3) a copy of section 322B.383 and this section and a brief description of the procedures to be followed under these sections.

(b) In order to receive the fair value of the membership interests, a dissenting member must demand payment within 30 days after the notice required by paragraph (a) was given, but the dissenter retains all other rights of a member until the proposed action takes effect.

Sec. 158. Minnesota Statutes 2002, section 322B.40, subdivision 6, is amended to read:

Subd. 6. [PROCEDURE FOR FIXING TERMS.] (a) Subject to any restrictions in the articles of organization or a member control agreement, the power granted in subdivision 5 may be exercised by a resolution or resolutions establishing a class or series, setting forth the designation of the class or series, and fixing the relative rights and preferences of the class or series. Any of the rights and preferences of a class or series established in the articles of organization, in a member control agreement, or by resolution of the board of governors:

(1) may be made dependent upon facts ascertainable outside the articles of organization, or outside the resolution or resolutions establishing the class or series, if the manner in which the facts operate upon the rights and preferences of the class or series is clearly and expressly set forth in the articles of organization or in the resolution or resolutions establishing the class or series; and

(2) may incorporate by reference some or all of the terms of any agreements, contracts, or other arrangements entered into by the limited liability company in connection with the establishment of the class or series if the limited liability company retains at its principal executive office a copy of the agreements, contracts, or other arrangements or the portions incorporated by reference.

(b) A statement setting forth the name of the limited liability company and the text of the resolution and certifying the adoption of the resolution and the date of adoption must be filed with the secretary of state before the acceptance of any contributions for which the resolution creates rights or preferences not set forth in the articles of organization or a member control agreement. However, where the members have received notice of the creation of membership interests with rights or preferences not set forth in the articles of organization or a member control agreement before the acceptance of the contributions with respect to the membership interests, the statement may be filed any time within one year after the acceptance of contributions. The resolution is effective when the statement has been filed with the secretary of state; or, if it is not required to be filed with the secretary of state before the acceptance of contributions, on the date of its adoption by the governors.

(c) Filing a statement filed with the secretary of state in accordance with paragraph (b) is not considered an amendment of the articles of organization for purposes of sections 322B.15, 322B.155, and 322B.383. Filing an amendment of such a statement with the secretary of state is considered an amendment of the articles for purposes of sections 322B.15, 322B.155, and 322B.383.

Sec. 159. Minnesota Statutes 2002, section 322B.63, is amended to read:

322B.63 [~~CUMULATIVE VOTING FOR GOVERNORS;~~ CUMULATIVE VOTING.]

Subdivision 1. [REQUIRED VOTE.] Unless otherwise provided in the articles, governors are elected by a plurality of the voting power of the membership interests present and entitled to vote on the election of governors at a meeting at which a quorum is present.

Subd. 2. [CUMULATIVE VOTING RIGHTS.] Unless the articles of organization or a member control agreement provide that there is no cumulative voting, and except as provided in section 322B.636, subdivision 5, each member entitled to vote for governors has the right to cumulate voting power in the election of governors by giving written notice of intent to cumulate voting power to any manager of the limited liability company before the meeting, or to the presiding manager at the meeting at which the election is to occur at any time before the election of governors at the meeting, in which case:

(1) the presiding manager at the meeting shall announce, before the election of governors, that members shall cumulate their voting power; and

(2) each member shall cumulate that voting power either by casting for one candidate the amount of voting power equal to the number of governors to be elected multiplied by the voting power represented by the membership interests owned by that member, or by distributing all of that voting power on the same principle among any number of candidates.

Subd. 3. [MODIFICATIONS OF CUMULATIVE VOTING.] No amendment to the articles or bylaws that has the effect of denying, limiting, or modifying the right to cumulative voting for members provided in this section may be adopted if the votes of a proportion of the voting power sufficient to elect a governor at an election of the entire board of governors under cumulative voting are cast against the amendment.

Sec. 160. Minnesota Statutes 2002, section 322B.643, subdivision 4, is amended to read:

Subd. 4. [CALLING MEETINGS AND NOTICE.] (a) Unless the articles of organization, a member control agreement, or bylaws provide for a different time period, a governor may call a board meeting by giving at least ten days' notice or, in the case of organizational meetings under section 322B.60, subdivision 2, at least three days' notice to all governors of the date, time, and place of the meeting. The notice need not state the purpose of the meeting unless the articles, a member control agreement, or bylaws require it.

(b) Any notice to a governor given under any provision of this chapter, the articles, a member control agreement, or the bylaws by a form of electronic communication consented to by the governor to whom the notice is given is effective when given. The notice is deemed given if by:

(1) facsimile communication, when directed to a telephone number at which the governor has consented to receive notice;

(2) electronic mail, when directed to an electronic mail address at which the governor has consented to receive notice; and

(3) any other form of electronic communication by which the governor has consented to receive notice, when directed to the governor.

(c) Consent by a governor to notice given by electronic communication may be given in writing or by authenticated electronic communication. Any consent so given may be relied upon until revoked by the governor, provided that no revocation affects the validity of any notice given before receipt of revocation of the consent.

Sec. 161. Minnesota Statutes 2002, section 322B.643, subdivision 6, is amended to read:

Subd. 6. [WAIVER OF NOTICE.] A governor may waive notice of a meeting of the board of governors. A waiver of notice by a governor entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, orally, by authenticated electronic communication, or by attendance. Attendance by a governor at a meeting is a waiver of notice of that meeting, except where the governor objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting after the objection.

Sec. 162. Minnesota Statutes 2002, section 322B.77, subdivision 2, is amended to read:

Subd. 2. [MEMBER APPROVAL AND WHEN REQUIRED.] (a) A limited liability company, by affirmative vote of a majority of the governors present, may sell, lease, transfer, or otherwise dispose of all or substantially all of its property and assets, including its good will, not in the usual and regular course of its business, upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board of governors considers expedient, when approved at a regular or special meeting of the members by the affirmative vote of the owners of a majority of the voting power of the interests entitled to vote. Written notice of the meeting must be given to all members whether or not they are entitled to vote at the meeting. The written notice must state that a purpose of the meeting is to consider the sale, lease, transfer, or other disposition of all or substantially all of the property and assets of the limited liability company.

(b) Member approval is not required under paragraph (a) if, following the sale, lease, transfer, or other disposition of its property and assets, the limited liability company retains a significant continuing business activity. If a limited liability company retains a business activity that represented at least (i) 25 percent of the limited liability company's total assets at the end of the most recently completed fiscal year and (ii) 25 percent of either income from continuing operations before taxes or revenues from continuing operations for that fiscal year, measured on a consolidated basis with its subsidiaries for each of clauses (i) and (ii), then the limited liability company will conclusively be deemed to have retained a significant continuing business activity.

Sec. 163. [322B.78] [CONVERSION.]

A domestic limited liability company may convert to a domestic corporation pursuant to sections 302A.681 to 302A.691.

## ARTICLE 15

### FISCAL YEAR 2005 FUNDING

Sec. 164. [CHAPTERS 321 AND 322A FILING FEES.]

(a) Notwithstanding Minnesota Statutes, section 321.206, and chapter 322A, and effective July 1, 2004, the fee for filing a limited partnership is \$200; the fee for filing an amended certificate of limited partnership is \$100; the fee for filing a certificate requesting authority to transact business in Minnesota as a foreign limited partnership is \$200; and the fee for filing any other record, other than an annual registration prior to revocation of authority to transact business in Minnesota, required or permitted to be delivered for filing on a foreign limited partnership authorized to transact business in Minnesota is \$100.

(b) This section expires June 30, 2005.



Sec. 165. [APPROPRIATION.]

\$75,000 is appropriated in fiscal year 2005 from the general fund to the secretary of state for purposes of implementing this act. This is a onetime appropriation."

Amend the title accordingly

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

The report was adopted.

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

H. F. No. 1838, A bill for an act relating to traffic regulations; allowing permit for articulated buses up to 60 feet in length when operated by a motor carrier of passengers; amending Minnesota Statutes 2002, section 169.86, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 169.81, is amended by adding a subdivision to read:

Subd. 3e. [ARTICULATED BUSES.] Notwithstanding subdivision 2, a motor carrier of passengers registered under section 221.0252 may operate without a permit an articulated bus of up to 61 feet in length."

Delete the title and insert:

"A bill for an act relating to highway traffic regulations; authorizing a motor carrier of passengers to operate an articulated bus up to 61 feet in length without a permit; amending Minnesota Statutes 2002, section 169.81, by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1896, A bill for an act relating to health; providing an exemption from the hospital construction moratorium; amending Minnesota Statutes 2003 Supplement, section 144.551, subdivision 1.

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

The report was adopted.

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

H. F. No. 1983, A bill for an act relating to commerce; enacting the revisions to the general provisions of the Uniform Commercial Code and enacting a revised Article 7 of the Uniform Commercial Code recommended by the National Conference of Commissioners on Uniform State Laws; making conforming changes; amending provisions in Articles 3 and 4 of the Uniform Commercial Code relating to warranties on remotely created items; amending Minnesota Statutes 2002, sections 17.94; 84.787, subdivision 9; 84.797, subdivision 10; 84.92, subdivision 6; 86B.820, subdivision 12; 168A.01, subdivision 20; 234.27; 325L.03; 325L.16; 336.2-103; 336.2-104; 336.2-202; 336.2-310; 336.2-323; 336.2-401; 336.2-503; 336.2-505; 336.2-506; 336.2-509; 336.2-605; 336.2-705; 336.2A-103; 336.2A-501; 336.2A-514; 336.2A-518; 336.2A-519; 336.2A-526; 336.2A-527; 336.2A-528; 336.4-210; 336.4A-105; 336.4A-106; 336.4A-204; 336.5-103; 336.8-102; 336.8-103; 336.9-102; 336.9-203; 336.9-207; 336.9-208; 336.9-301; 336.9-310; 336.9-312; 336.9-313; 336.9-314; 336.9-317; 336.9-338; 336.9-601; 513.33, subdivision 1; 514.963, subdivision 9; 514.965, subdivision 10; 514.973; Minnesota Statutes 2003 Supplement, sections 336.3-103; 336.3-416; 336.3-417; 336.4-104; 336.4-207; 336.4-208; proposing coding for new law in Minnesota Statutes, chapter 336; repealing Minnesota Statutes 2002, sections 336.1-101; 336.1-102; 336.1-103; 336.1-104; 336.1-105; 336.1-106; 336.1-107; 336.1-108; 336.1-109; 336.1-110; 336.1-201; 336.1-202; 336.1-203; 336.1-204; 336.1-205; 336.1-206; 336.1-207; 336.1-208; 336.1-209; 336.2-208; 336.2A-207; 336.7-101; 336.7-102; 336.7-103; 336.7-104; 336.7-105; 336.7-201; 336.7-202; 336.7-203; 336.7-204; 336.7-205; 336.7-206; 336.7-207; 336.7-208; 336.7-209; 336.7-210; 336.7-301; 336.7-302; 336.7-303; 336.7-304; 336.7-305; 336.7-306; 336.7-307; 336.7-308; 336.7-309; 336.7-401; 336.7-402; 336.7-403; 336.7-404; 336.7-501; 336.7-502; 336.7-503; 336.7-504; 336.7-505; 336.7-506; 336.7-507; 336.7-508; 336.7-509; 336.7-601; 336.7-602; 336.7-603; 336.10-104.

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

The report was adopted.

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

H. F. No. 1986, A bill for an act relating to education; requiring persons under 18 years of age to attend school as a requirement to possessing a driver's permit or license; amending Minnesota Statutes 2002, sections 171.04, subdivision 1; 171.05, subdivisions 2, 2b, 3; 260A.03; proposing coding for new law in Minnesota Statutes, chapters 120A; 171.

Reported the same back with the following amendments:

Page 8, line 33, after "transfer" insert "data that are not"

Page 9, line 5, after "truant" insert "consistent with school district student attendance policy and"

Page 9, line 11, after "any" insert "other public school," and after "program" insert a comma

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

The report was adopted.

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

H. F. No. 2002, A bill for an act relating to civil actions; providing a factor for determining the amount of attorney fees awarded in certain actions; proposing coding for new law in Minnesota Statutes, chapter 549.

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

The report was adopted.

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

H. F. No. 2017, A bill for an act relating to insurance; regulating the joint underwriting association; modifying coverage; amending Minnesota Statutes 2002, section 62F.04, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 62F.04, is amended by adding a subdivision to read:

Subd. 2a. [HIGHER LIMITS FOR LONG-TERM CARE PROVIDERS.] In addition to the policies described in subdivision 2, the association may issue policies to long-term care providers who are members of an activated class with limits not to exceed \$2,000,000 for each claimant under one policy and \$4,000,000 for all claimants under one policy in any one year, provided that the association finds that the applicant needs the higher limits in order to conduct its business. Prudent business practice or mere desire to have higher limits is not a sufficient standard for the association to issue such policies.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2027, A bill for an act relating to human services; providing an exemption to the moratorium on nursing home construction; appropriating money; amending Minnesota Statutes 2003 Supplement, section 144A.071, subdivision 4c.

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

The report was adopted.

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

H. F. No. 2040, A bill for an act relating to water; modifying provisions relating to warrantied sewage treatment systems; creating a certification program for new wastewater treatment technology; appropriating money; amending Minnesota Statutes 2002, section 115.55, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 115; repealing Minnesota Statutes 2002, section 115.55, subdivision 10.

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

The report was adopted.

Haas from the Committee on State Government Finance to which was referred:

H. F. No. 2101, A bill for an act relating to state government; providing for local government impact notes; providing that certain rules take effect only upon legislative approval; amending Minnesota Statutes 2002, section 14.19; proposing coding for new law in Minnesota Statutes, chapter 14.

Reported the same back with the following amendments:

Page 2, line 21, delete "100" and insert "50"

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

The report was adopted.

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

H. F. No. 2104, A bill for an act relating to predatory offenders; requiring offenders without a primary address to register under the predatory offender registration law; clarifying the disclosure of information on predatory offenders under the community notification law; moving definitions in the predatory offender registration law; making conforming changes; amending Minnesota Statutes 2002, sections 243.166, as amended; 244.052, subdivision 4; repealing Minnesota Statutes 2002, section 243.166, subdivisions 1, 8.

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

The report was adopted.

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

H. F. No. 2139, A bill for an act relating to title insurance; providing for required premium reserves; defining a term; amending Minnesota Statutes 2002, sections 68A.02; 68A.03, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 68A.

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

The report was adopted.

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

H. F. No. 2153, A bill for an act relating to natural resources; modifying restrictions for certain state leases on Horseshoe Bay in Cook County; amending Laws 1997, chapter 216, section 151.

Reported the same back with the following amendments:

Page 2, line 3, delete "third" and insert "second" and delete "or first cousin"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2178, A bill for an act relating to higher education; making changes to postsecondary enrollment options; requiring equivalent admission standards; amending Minnesota Statutes 2002, section 135A.101, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 12, delete everything after the period

Page 1, line 13, delete "standards of the institution and"

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

The report was adopted.

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

H. F. No. 2187, A bill for an act relating to commerce; requiring debt collection agency employees to be registered instead of licensed; amending Minnesota Statutes 2002, sections 332.33; 332.335, subdivision 1; 332.35; 332.37; 332.395; 332.40; 332.41; 332.42; 332.43, subdivision 1.

Reported the same back with the following amendments:

Page 2, line 1, delete "cancellation."

Page 3, line 17, delete everything after the period and insert "The collection agency must apply for an individual collection registration on a form provided by the commissioner, or electronically when available."

Page 3, delete lines 18 to 20

Page 3, line 21, delete "collection agency."

Page 3, after line 36, insert:

"Subd. 8. [SCREENING PROCESS REQUIREMENT.] Each licensed collection agency must establish procedures to follow when screening an individual collector applicant prior to submitting an applicant to the commissioner for registration. The commissioner may review the procedures to ensure the integrity of the screening process. Failure to establish these procedures is subject to action under section 332.40."

Page 4, line 13, delete "from" and insert "for"

Page 4, line 20, delete "from" and insert "for"

Page 7, line 29, delete "REGISTRANT'S" and insert "REGISTERED INDIVIDUAL COLLECTOR'S"

Page 7, line 31, delete "registrant" and insert "registered individual collector"

Page 7, line 35, delete "registrant" and insert "registered individual collector"

Page 7, line 36, delete "registrant" and insert "registered individual collector"

Page 9, line 19, delete "cancellation."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2212, A bill for an act relating to natural resources; modifying electronic licensing provisions; clarifying certain wild rice provisions; modifying disposition of certain proceeds; modifying snowmobile training and operating requirements; modifying certain fee provisions; eliminating RIM work plan requirement; modifying reporting requirements; modifying motorboat equipment and noise provisions; modifying provisions for cross-country ski passes; providing for certain refunds, fees, and commissions; modifying authority to issue and sell licenses and appoint agents; modifying nonresident minnow transport requirements; providing for rulemaking; appropriating money; amending Minnesota Statutes 2002, sections 84.027, subdivision 15; 84.091, subdivision 1; 84.83, subdivision 2; 84.86, subdivision 1; 84.862, subdivisions 1, 3; 84.872, subdivision 1; 85.41, subdivisions 2, 4, 5; 85.43; 86B.321, subdivision 2; 86B.521, subdivisions 1, 2; 97A.055, subdivision 4; 97A.311, by adding a subdivision; 97A.434, subdivision 3; 97A.4742, subdivision 4; 97A.485, subdivisions 3, 4, 5, 7, 11; 97C.501, subdivision 4; 97C.525, subdivisions 3, 5; Minnesota Statutes 2003 Supplement, sections 84.862, subdivision 2a; 97A.475, subdivision 26; 97A.485, subdivision 6; 103G.615, subdivision 2; repealing Minnesota Statutes 2002, sections 84.862, subdivision 2; 84.95, subdivision 3; 97A.485, subdivisions 2, 8, 10; Minnesota Statutes 2003 Supplement, section 97A.475, subdivision 28.

Reported the same back with the following amendments:

Page 17, line 4, delete the new language

Page 17, lines 6 and 7, strike ", by order, after holding a public hearing"

Page 17, line 7, after the period, insert "The fees must be set by rule and section 16A.1283 does not apply."

Page 17, line 25, delete "section 7" and insert "Minnesota Statutes, section 103G.615, subdivision 2, paragraphs (a) and (b)."

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

The report was adopted.

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

H. F. No. 2213, A bill for an act relating to natural resources; modifying requirements for certain equipment used by the department; exempting certain patrol vehicles from the security barrier requirement; providing for designation of certain enforcement personnel by commissioner's order; amending Minnesota Statutes 2002, section 84.025, subdivision 10; Minnesota Statutes 2003 Supplement, sections 84.029, subdivision 1; 84A.02; 84A.21; 84A.32, subdivision 1; 84A.55, subdivision 8; 85.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 84.

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

The report was adopted.

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

H. F. No. 2214, A bill for an act relating to insurance; requiring that certain information be provided to persons whose continuation health coverage is about to expire; amending Minnesota Statutes 2002, section 62A.65, subdivision 5.

Reported the same back with the following amendments:

Page 3, line 3, after "from" insert "(i) other private sources of health coverage, or (ii)"

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

The report was adopted.

Swenson from the Committee on Agriculture Policy to which was referred:

H. F. No. 2229, A bill for an act relating to agriculture; providing funding for research into creating hydrogen from ethanol to be used to produce affordable electricity; appropriating money.

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

The report was adopted.

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

H. F. No. 2231, A bill for an act relating to public safety; requiring the commissioner of corrections to convene an end-of-confinement review committee to assess the risk level of offenders coming into Minnesota from another state; clarifying current law requiring assessment of offenders released from federal facilities; allowing community notification pursuant to a risk level assigned in another state; requiring the Bureau of Criminal Apprehension to forward registration and notification information on certain offenders to the Department of Corrections; directing the commissioner of corrections to determine whether notification laws of other states are comparable to Minnesota's notification law; amending Minnesota Statutes 2002, sections 243.166, subdivision 9; 244.052, subdivision 3, by adding a subdivision.

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

The report was adopted.

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

H. F. No. 2258, A bill for an act relating to insurance; establishing risk-based capital requirements for health organizations; establishing the minimum standard of valuation for health insurance; enacting model regulations of the National Association of Insurance Commissioners; regulating loss revenue certifications; amending Minnesota Statutes 2002, section 60A.129, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 60A.

Reported the same back with the following amendments:

Page 2, line 6, delete the first comma and insert "or" and delete ", or 62E"

Page 6, line 29, delete "of commerce"

Page 13, line 6, delete "retaking" and insert "rate making"

Page 14, lines 35 and 36, delete "Department of Commerce" and insert "department"

Page 34, after line 35, insert:

"Sec. 2. Minnesota Statutes 2002, section 62D.04, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION REVIEW.] Upon receipt of an application for a certificate of authority, the commissioner of health shall determine whether the applicant for a certificate of authority has:

(a) demonstrated the willingness and potential ability to assure that health care services will be provided in such a manner as to enhance and assure both the availability and accessibility of adequate personnel and facilities;

(b) arrangements for an ongoing evaluation of the quality of health care;

(c) a procedure to develop, compile, evaluate, and report statistics relating to the cost of its operations, the pattern of utilization of its services, the quality, availability and accessibility of its services, and such other matters as may be reasonably required by regulation of the commissioner of health;

(d) reasonable provisions for emergency and out of area health care services;



(e) demonstrated that it is financially responsible and may reasonably be expected to meet its obligations to enrollees and prospective enrollees. In making this determination, the commissioner of health shall require ~~the amounts of net worth and working capital required in section 62D.042,~~ the deposit required in section 62D.041, and in addition shall consider:

(1) the financial soundness of its arrangements for health care services and the proposed schedule of charges used in connection therewith;

(2) arrangements which will guarantee for a reasonable period of time the continued availability or payment of the cost of health care services in the event of discontinuance of the health maintenance organization; and

(3) agreements with providers for the provision of health care services;

(f) demonstrated that it will assume full financial risk on a prospective basis for the provision of comprehensive health maintenance services, including hospital care; provided, however, that the requirement in this paragraph shall not prohibit the following:

(1) a health maintenance organization from obtaining insurance or making other arrangements (i) for the cost of providing to any enrollee comprehensive health maintenance services, the aggregate value of which exceeds \$5,000 in any year, (ii) for the cost of providing comprehensive health care services to its members on a nonelective emergency basis, or while they are outside the area served by the organization, or (iii) for not more than 95 percent of the amount by which the health maintenance organization's costs for any of its fiscal years exceed 105 percent of its income for such fiscal years; and

(2) a health maintenance organization from having a provision in a group health maintenance contract allowing an adjustment of premiums paid based upon the actual health services utilization of the enrollees covered under the contract, except that at no time during the life of the contract shall the contract holder fully self-insure the financial risk of health care services delivered under the contract. Risk sharing arrangements shall be subject to the requirements of sections 62D.01 to 62D.30;

(g) demonstrated that it has made provisions for and adopted a conflict of interest policy applicable to all members of the board of directors and the principal officers of the health maintenance organization. The conflict of interest policy shall include the procedures described in section 317A.255, subdivisions 1 and 2. However, the commissioner is not precluded from finding that a particular transaction is an unreasonable expense as described in section 62D.19 even if the directors follow the required procedures; and

(h) otherwise met the requirements of sections 62D.01 to 62D.30.

Sec. 3. [REPEALER.]

Minnesota Statutes 2002, sections 62C.09, subdivision 3; 62D.042; and 62D.043, are repealed.

#### ARTICLE 4

#### SECURITIES REGULATION TECHNICAL CHANGES

Section 1. Minnesota Statutes 2002, section 45.027, subdivision 7a, is amended to read:

Subd. 7a. [AUTHORIZED DISCLOSURES OF INFORMATION AND DATA.] (a) The commissioner may release and disclose any active or inactive investigative information and data ~~on licensees~~ to any national securities exchange or national securities association registered under the Securities Exchange Act of 1934 when necessary for the requesting agency in initiating, furthering, or completing an investigation.

(b) The commissioner may release any active or inactive investigative data relating to the conduct of the business of insurance to the Office of the Comptroller of the Currency or the Office of Thrift Supervision in order to facilitate the initiation, furtherance, or completion of the investigation.

Sec. 2. Minnesota Statutes 2002, section 60A.03, subdivision 9, is amended to read:

Subd. 9. [CONFIDENTIALITY OF INFORMATION.] The commissioner may not be required to divulge any information obtained in the course of the supervision of insurance companies, or the examination of insurance companies, including examination related correspondence and workpapers, until the examination report is finally accepted and issued by the commissioner, and then only in the form of the final public report of examinations. Nothing contained in this subdivision prevents or shall be construed as prohibiting the commissioner from disclosing the content of this information to the insurance department of another state ~~or~~ the National Association of Insurance Commissioners, or any national securities association registered under the Securities Exchange Act of 1934, if the recipient of the information agrees in writing to hold it as nonpublic data as defined in section 13.02, in a manner consistent with this subdivision. This subdivision does not apply to the extent the commissioner is required or permitted by law, or ordered by a court of law to testify or produce evidence in a civil or criminal proceeding. For purposes of this subdivision, a subpoena is not an order of a court of law.

Sec. 3. Minnesota Statutes 2002, section 60A.031, subdivision 4, is amended to read:

Subd. 4. [EXAMINATION REPORT; FOREIGN AND DOMESTIC COMPANIES.] (a) The commissioner shall make a full and true report of every examination conducted pursuant to this chapter, which shall include (1) a statement of findings of fact relating to the financial status and other matters ascertained from the books, papers, records, documents, and other evidence obtained by investigation and examination or ascertained from the testimony of officers, agents, or other persons examined under oath concerning the business, affairs, assets, obligations, ability to fulfill obligations, and compliance with all the provisions of the law of the company, applicant, organization, or person subject to this chapter and (2) a summary of important points noted in the report, conclusions, recommendations and suggestions as may reasonably be warranted from the facts so ascertained in the examinations. The report of examination shall be verified by the oath of the examiner in charge thereof, and shall be prima facie evidence in any action or proceedings in the name of the state against the company, applicant, organization, or person upon the facts stated therein.

(b) No later than 60 days following completion of the examination, the examiner in charge shall file with the department a verified written report of examination under oath. Upon receipt of the verified report, the department shall transmit the report to the company examined, together with a notice which provides the company examined with a reasonable opportunity of not more than 30 days to make a written submission or rebuttal with respect to matters contained in the examination report.

(c) Within 30 days of the end of the period allowed for the receipt of written submissions or rebuttals, the commissioner shall fully consider and review the report, together with the written submissions or rebuttals and the relevant portions of the examiner's workpapers and enter an order:

(1) adopting the examination report as filed or with modification or corrections. If the examination report reveals that the company is operating in violation of any law, rule, or prior order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure the violation;

(2) rejecting the examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation, or information, and refile the report as required under paragraph (b); or

(3) calling for an investigatory hearing with no less than 20 days' notice to the company for purposes of obtaining additional documentation, data, information, and testimony.

(d)(1) All orders entered under paragraph (c), clause (1), must be accompanied by findings and conclusions resulting from the commissioner's consideration and review of the examination report, relevant examiner workpapers, and any written submissions or rebuttals. The order is a final administrative decision and may be appealed as provided under chapter 14. The order must be served upon the company by certified mail, together with a copy of the adopted examination report. Within 30 days of the issuance of the adopted report, the company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

(2) A hearing conducted under paragraph (c), clause (3), by the commissioner or authorized representative, must be conducted as a nonadversarial confidential investigatory proceeding as necessary for the resolution of inconsistencies, discrepancies, or disputed issues apparent upon the face of the filed examination report or raised by or as a result of the commissioner's review of relevant workpapers or by the written submission or rebuttal of the company. Within 20 days of the conclusion of the hearing, the commissioner shall enter an order as required under paragraph (c), clause (1).

(3) The commissioner shall not appoint an examiner as an authorized representative to conduct the hearing. The hearing must proceed expeditiously. Discovery by the company is limited to the examiner's workpapers which tend to substantiate assertions in a written submission or rebuttal. The commissioner or the commissioner's representative may issue subpoenas for the attendance of witnesses or the production of documents considered relevant to the investigation whether under the control of the department, the company, or other persons. The documents produced must be included in the record. Testimony taken by the commissioner or the commissioner's representative must be under oath and preserved for the record.

This section does not require the department to disclose information or records which would indicate or show the existence or content of an investigation or activity of a criminal justice agency.

(4) The hearing must proceed with the commissioner or the commissioner's representative posing questions to the persons subpoenaed. Thereafter, the company and the department may present testimony relevant to the investigation. Cross-examination may be conducted only by the commissioner or the commissioner's representative. The company and the department shall be permitted to make closing statements and may be represented by counsel of their choice.

(e)(1) Upon the adoption of the examination report under paragraph (c), clause (1), the commissioner shall continue to hold the content of the examination report as private and confidential information for a period of 30 days except as otherwise provided in paragraph (b). Thereafter, the commissioner may open the report for public inspection if a court of competent jurisdiction has not stayed its publication.

(2) Nothing contained in this subdivision prevents or shall be construed as prohibiting the commissioner from disclosing the content of an examination report, preliminary examination report or results, or any matter relating to the reports, to the Commerce Department or the insurance department of another state or country, or to law enforcement officials of this or another state or agency of the federal government at any time, if the agency or office receiving the report or matters relating to the report agrees in writing to hold it confidential and in a manner consistent with this subdivision.

(3) If the commissioner determines that regulatory action is appropriate as a result of an examination, the commissioner may initiate proceedings or actions as provided by law.

(f) All working papers, recorded information, documents and copies thereof produced by, obtained by, or disclosed to the commissioner or any other person in the course of an examination made under this subdivision must be given confidential treatment and are not subject to subpoena and may not be made public by the commissioner or any other person, except to the extent provided in paragraph (e). Access may also be granted to the National Association of Insurance Commissioners and any national securities association registered under the Securities Exchange Act of 1934. The parties must agree in writing prior to receiving the information to provide to it the same confidential treatment as required by this section, unless the prior written consent of the company to which it pertains has been obtained.

Sec. 4. [EFFECTIVE DATE.]

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

Amend the title as follows:

Page 1, line 2, delete "insurance" and insert "commerce"

Page 1, line 7, after the semicolon, insert "making various securities regulation technical changes;"

Page 1, line 8, delete "section" and insert "sections 45.027, subdivision 7a; 60A.03, subdivision 9; 60A.031, subdivision 4;" and after "2;" insert "62D.04, subdivision 1;"

Page 1, line 10, before the period, insert "; repealing Minnesota Statutes 2002, sections 62C.09, subdivision 3; 62D.042; 62D.043"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2304, A bill for an act relating to drivers' licenses; modifying requirements for operating motor vehicle by holder of provisional license; amending Minnesota Statutes 2002, section 171.055, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 171.055, subdivision 2, is amended to read:

Subd. 2. [USE OF PROVISIONAL LICENSE.] (a) A provisional license holder may operate a motor vehicle only when every occupant under the age of 18 has a seat belt or child passenger restraint system properly fastened. A person who violates this paragraph is subject to a fine of \$25. A peace officer may not issue a citation for a violation of this paragraph unless the officer lawfully stopped or detained the driver of the motor vehicle for a moving violation as defined in section 171.04. The commissioner shall not record a violation of this paragraph on a person's driving record.

(b) For the first six months after receiving the license, a provisional license holder may not operate a motor vehicle:

(1) with more than one passenger under the age of 21, except immediate family members; or

(2) between 12:00 a.m. and 5:00 a.m., unless accompanied by the driver's parent or guardian, or unless driving to or from the driver's job or an activity sponsored by a school or religious organization, or while engaged in hunting or fishing.

(c) If the holder of a provisional license during the period of provisional licensing incurs (1) a conviction for a violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53, (2) a conviction for a crash-related moving violation, (3) a conviction for a violation of a restriction described in paragraph (b), or ~~(3)~~ (4) more than one conviction for a moving violation that is not crash related, the person may not be issued a driver's license until 12 consecutive months have expired since the date of the conviction or until the person reaches the age of 18 years, whichever occurs first."

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

The report was adopted.

Smith from the Committee on Judiciary Policy and Finance to which was referred:

H. F. No. 2308, A bill for an act relating to criminal justice and public safety; providing a life penalty for most first degree criminal sexual conduct crimes; creating indeterminate sentences and mandatory life sentences for second degree criminal sexual conduct and certain third and fourth degree criminal sexual conduct crimes; creating a criminal sexual predatory conduct crime; establishing minimum sentences for certain sex offenses; establishing the Minnesota Sex Offender Review Board; providing procedures for operation of the review board; specifying when an offender may petition for conditional release; directing the Sentencing Guidelines Commission to assess risk levels and presumptive sentences for certain offenses; requiring the commissioner of corrections to establish criteria and procedures for reviewing offenders' petitions for release; specifying that the Open Meeting Law does not apply to meetings and hearings of the Minnesota Sex Offender Review Board; instructing the revisor to renumber various statutes; repealing various laws pertaining to sex offenders; making various technical and conforming changes; providing criminal penalties; amending Minnesota Statutes 2002, sections 13D.01, subdivision 2; 241.67, subdivision 3; 243.166, subdivision 1; 244.05, subdivisions 1, 3, 4, 5, 6, 7; 244.052, subdivision 3; 244.195, subdivision 1; 253B.185, subdivision 2; 401.01, subdivision 2; 609.117, subdivisions 1, 2; 609.1351; 609.341, by adding subdivisions; 609.342; 609.343; 609.344; 609.345; 609.3452, subdivision 4; 609.347; 609.3471; 609.348; 609.353; 631.045; proposing coding for new law in Minnesota Statutes, chapters 244; 609; repealing Minnesota Statutes 2002, sections 609.108; 609.109.

Reported the same back with the following amendments:

Page 2, after line 19, insert:

"Sec. 2. Minnesota Statutes 2002, section 243.166, subdivision 4, is amended to read:

Subd. 4. [CONTENTS OF REGISTRATION.] (a) The registration provided to the corrections agent or law enforcement authority, must consist of a statement in writing signed by the person, giving information required by the Bureau of Criminal Apprehension, a fingerprint card, and photograph of the person taken at the time of the person's release from incarceration or, if the person was not incarcerated, at the time the person initially registered under this section. The registration information also must include a written consent form signed by the person allowing a treatment facility to release information to a law enforcement officer about the person's admission to, or residence in, a treatment facility. Registration information on adults and juveniles may be maintained together notwithstanding section 260B.171, subdivision 3.

(b) For persons required to register under subdivision 1, paragraph (c), following commitment pursuant to a court commitment under section 253B.185 or a similar law of another state or the United States, in addition to other information required by this section, the registration provided to the corrections agent or law enforcement authority must include the person's offense history and documentation of treatment received during the person's commitment. This documentation shall be limited to a statement of how far the person progressed in treatment during commitment.

(c) Within three days of receipt, the corrections agent or law enforcement authority shall forward the registration information to the Bureau of Criminal Apprehension. The bureau shall ascertain whether the person has registered with the law enforcement authority where the person resides. If the person has not registered with the law enforcement authority, the bureau shall send one copy to that authority.

(d) The corrections agent or law enforcement authority may require that a person required to register under this section appear before the agent or authority to be photographed. The agent or authority shall forward the photograph to the Bureau of Criminal Apprehension.

(e) During the period a person is required to register under this section, the following shall apply:

(1) The Bureau of Criminal Apprehension shall mail a verification form to the last reported address of the person's residence. This verification form shall provide notice to the offender that, if the offender does not return the verification form as required, information about the offender may be made available to the public through electronic, computerized, or other accessible means.

(2) The person shall mail the signed verification form back to the Bureau of Criminal Apprehension within ten days after receipt of the form, stating on the form the current and last address of the person's residence and the other information required under subdivision 4a.

(3) If the person fails to mail the completed and signed verification form to the Bureau of Criminal Apprehension within ten days after receipt of the form, the person shall be in violation of this section.

(4) For any person who fails to mail the completed and signed verification form to the Bureau of Criminal Apprehension within ten days after receipt of the form and who has been determined to be a level III offender under section 244.052, the Bureau of Criminal Apprehension shall immediately investigate and notify local law enforcement authority to investigate the person's location and to ensure compliance with this section. The Bureau of Criminal Apprehension also shall immediately give notice of the person's violation of this section to the law enforcement authority having jurisdiction over the person's last registered address or addresses.

For persons required to register under subdivision 1, paragraph (c), following commitment pursuant to a court commitment under section 253B.185 or a similar law of another state or the United States, the bureau shall comply with clause (1) at least four times each year. For all other persons required to register under this section, the bureau shall comply with clause (1) each year within 30 days of the anniversary date of the person's initial registration.

(f) When sending out a verification form, the Bureau of Criminal Apprehension must determine whether the person to whom the verification form is being sent has signed a written consent form as provided for in paragraph (a). If the person has not signed such a consent form, the Bureau of Criminal Apprehension must send a written consent form to the person along with the verification form. A person who receives this written consent form must sign and return it to the Bureau of Criminal Apprehension at the same time as the verification form.

(g) For the purposes of this subdivision, "treatment facility" means a residential facility, as defined in section 244.052, subdivision 1, and residential chemical dependency treatment programs and halfway houses licensed under chapter 245A, including, but not limited to, those facilities directly or indirectly assisted by any department or agency of the United States.

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

Page 3, strike line 7

Page 3, line 8, delete "609.3459" and strike ", the supervised release term"

Page 3, strike lines 9 to 11

Page 4, line 17, after the period, insert "The commissioner also shall give the board, on request, any and all information the commissioner gathered for use in compiling the report."

Page 7, line 8, delete "supervised" and insert "conditional"

Page 9, line 31, delete "less" and insert "fewer"

Page 10, line 29, delete "and to" and insert a comma, and after "commissioner" insert ", and the Minnesota Sex Offender Review Board"

Page 10, line 30, after the period, insert "The committee also shall give the board, on request, any and all information the committee reviewed in making its risk assessment."

Page 14, line 10, strike everything after "section"

Page 14, line 23, delete "(b)" and insert "(a)"

Page 15, line 6, after the period, insert "If the sentencing guidelines do not provide the presumptive sentence for the offense, the minimum term of imprisonment is as provided by statute or, if not so provided, as determined by the court."

Page 17, line 23, after the stricken "Guidelines" insert a stricken period

Page 20, line 14, delete everything after "months"

Page 20, delete lines 15 and 16

Page 20, line 17, delete "offense"

Page 29, line 22, after "the" insert "presumptive"

Page 29, after line 31, insert:

"(b) Prior to the time of sentencing, the prosecutor may file a motion for a downward durational departure under the sentencing guidelines. The court may grant this motion if the court finds substantial and compelling reasons to do so. In no case shall the court impose a minimum term of imprisonment that is less than a year and a day. A sentence imposed under this subdivision is a departure from the sentencing guidelines."

Page 29, line 32, delete "(b)" and insert "(c)"

Page 29, line 34, delete "(c)" and insert "(d)"

Page 30, line 2, after "sections" insert "244.05, subdivision 8:"

Page 30, line 3, delete the second comma and insert a semicolon

Page 31, line 11, delete everything after "the" and insert "minimum term of imprisonment shall be two-thirds of the minimum sentence specified in this subdivision, plus disciplinary time"

Page 31, delete line 12

Page 31, line 13, delete everything before the comma

Page 31, line 27, delete "or"

Page 31, line 29, before the period, insert "; or

(3) the offender planned for or prepared for the crime prior to its commission"

Page 32, line 29, delete everything after "the" and insert "minimum term of imprisonment shall be two-thirds of the minimum sentence specified in this subdivision, plus disciplinary time"

Page 32, delete line 30

Page 32, line 31, delete everything before the comma

Page 32, line 33, delete "shall be" and insert "is"

Page 33, line 16, delete everything after "the" and insert "minimum term of imprisonment shall be two-thirds of the minimum sentence specified in this subdivision, plus disciplinary time"

Page 33, delete line 17

Page 33, line 18, delete everything before the comma

Page 33, line 20, delete "shall be" and insert "is"

Page 34, line 2, delete everything after "the" and insert "minimum term of imprisonment shall be two-thirds of the minimum sentence specified in this subdivision, plus disciplinary time"

Page 34, delete line 3

Page 34, line 4, delete everything before the comma

Page 34, line 6, delete "shall be" and insert "is"

Page 36, after line 19, insert:

"Section 1. Minnesota Statutes 2002, section 13.851, is amended by adding a subdivision to read:



Subd. 9. [PREDATORY OFFENDERS; MINNESOTA SEX OFFENDER REVIEW BOARD.] Certain data classified under chapter 13 are made accessible to the Minnesota Sex Offender Review Board under section 244.0515.

[EFFECTIVE DATE.] This section is effective August 1, 2004."

Page 37, lines 26 and 33, delete "commission" and insert "board"

Page 38, after line 21, insert:

"(b) The board shall have access to the following data on an inmate only for purposes of making the conditional release decision:

(1) private medical data under section 13.384 or 144.335, or welfare data under section 13.46 that relate to medical treatment of the inmate;

(2) private and confidential court services data under section 13.84;

(3) private and confidential corrections data under section 13.85;

(4) private criminal history data under section 13.87;

(5) the community investigation report prepared under section 244.05, subdivision 5, and any information gathered for use in compiling the report; and

(6) the risk assessment report prepared under section 244.052, subdivision 5, and any information used to make the risk assessment.

Data collected and maintained by the board under this paragraph may not be disclosed outside the board, except as provided under section 13.05, subdivision 3 or 4. The inmate has access to data on the inmate collected and maintained by the board, unless the data are confidential data received under this paragraph."

Page 38, line 22, delete "(b)" and insert "(c)"

Page 38, line 31, delete "(c)" and insert "(d)"

Page 40, line 17, before "The" insert "(a) For the purposes of this section and except as provided in paragraph (b), the Minnesota Sex Offender Review Board and the commissioner of corrections are not subject to chapter 14.

(b)"

Page 41, line 6, delete "accept," and after "modify" delete the comma

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

The report was adopted.

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

H. F. No. 2356, A bill for an act relating to natural resources; providing for a determination of unrefunded gasoline tax attributable to motor boats; requiring a report.

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

The report was adopted.

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

H. F. No. 2363, A bill for an act relating to natural resources; modifying provisions for the control of invasive and nonnative species; providing criminal and civil penalties; requiring rulemaking; amending Minnesota Statutes 2002, sections 17.4982, subdivision 18a; 84D.01, subdivisions 6, 9, 12, 13, 15, 17, 18, by adding subdivisions; 84D.02, subdivisions 1, 3, 4, 5, 6; 84D.03; 84D.04; 84D.05; 84D.06; 84D.07; 84D.08; 84D.09, subdivision 2; 84D.10, subdivisions 1, 3; 84D.11, subdivisions 1, 2, 2a; 84D.12; 84D.13, subdivisions 3, 4, 5; 86B.415, subdivision 7; 97C.821; Minnesota Statutes 2003 Supplement, sections 18.78, subdivision 2; 84.027, subdivision 13; 84D.14; repealing Minnesota Statutes 2002, section 84D.01, subdivisions 5, 7; Minnesota Rules, part 6216.0400, subpart 3.

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

The report was adopted.

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

H. F. No. 2368, A bill for an act relating to game and fish; modifying deer hunting provisions and fees; modifying restriction on importation of cervidae carcasses; modifying restriction on the transport of game birds; clarifying validity of firearms safety certificates issued to youth; modifying turtle license requirements; eliminating prohibition on the use of vehicles for trapping beaver and otter; amending Minnesota Statutes 2002, sections 97A.545, subdivision 5; 97B.015, subdivision 5; 97B.301, subdivisions 6, 7; Minnesota Statutes 2003 Supplement, sections 97A.475, subdivision 2; 97A.505, subdivision 8; 97C.605, subdivision 2c; repealing Minnesota Statutes 2002, section 97B.935.

Reported the same back with the following amendments:

Page 1, after line 16, insert:

"Section 1. Minnesota Statutes 2002, section 97A.015, subdivision 24, is amended to read:

Subd. 24. [GAME BIRDS.] "Game birds" means migratory waterfowl, pheasant, ruffed grouse, sharp-tailed grouse, Canada spruce grouse, prairie chickens, gray partridge, bob-white quail, turkeys, coots, gallinules, sora and Virginia rails, American woodcock, ~~and~~ common snipe, and mourning doves.

Sec. 2. Minnesota Statutes 2002, section 97A.015, subdivision 52, is amended to read:

Subd. 52. [UNPROTECTED BIRDS.] "Unprotected birds" means English sparrow, blackbird, starling, magpie, cormorant, common pigeon, chukar partridge, quail other than bob-white quail, mute swan, Eurasian collared dove, and great horned owl.

Sec. 3. Minnesota Statutes 2002, section 97A.085, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT BY COMMISSIONER.] The commissioner may designate ~~a contiguous area of at least 640 acres~~ as a game refuge if more than 50 percent of the area is in public ownership. The game refuge must be a contiguous area of at least 640 acres unless it borders or includes a marsh, or other body of water or watercourse suitable for wildlife habitat.

Sec. 4. Minnesota Statutes 2002, section 97A.085, subdivision 3, is amended to read:

Subd. 3. [ESTABLISHMENT BY PETITION OF LAND HOLDERS.] The commissioner may designate a land area or portion of a land area described in a petition as a game refuge. The petition must be signed by the owner, the lessee, or the person in possession of each tract in the area. A certificate of the auditor of the county where the lands are located must accompany the petition stating that the persons named in the petition are the owners, lessees, or persons in possession of all of the land described according to the county records. The game refuge must be a contiguous area of at least 640 acres unless it borders or includes a marsh, or other body of water or watercourse suitable for wildlife habitat.

Sec. 5. Minnesota Statutes 2002, section 97A.085, subdivision 4, is amended to read:

Subd. 4. [ESTABLISHMENT BY PETITION OF COUNTY RESIDENTS.] The commissioner may designate as a game refuge public waters or a contiguous area ~~of at least 640 acres~~, described in a petition, signed by 50 or more residents of the county where the public waters or area is located. The game refuge must be a contiguous area of at least 640 acres unless it borders or includes a marsh, or other body of water or watercourse suitable for wildlife habitat. The game refuge may be designated only if the commissioner finds that protected wild animals are depleted and are in danger of extermination, or that it will best serve the public interest.

Sec. 6. Minnesota Statutes 2002, section 97A.095, subdivision 1, is amended to read:

Subdivision 1. [MIGRATORY WATERFOWL ~~REFUGES~~ SANCTUARY.] The commissioner ~~shall~~ may designate by rule any part of a state game refuge or any part of a lake that is designated for management purposes under section 97A.101, subdivision 2, as a migratory waterfowl ~~refuge~~ sanctuary if there is presented to the commissioner a petition signed by ten resident licensed hunters describing an area that is primarily a migratory waterfowl refuge. The commissioner shall post the area as a migratory waterfowl ~~refuge~~ sanctuary. A person may not enter a posted migratory waterfowl ~~refuge~~ sanctuary during the open migratory waterfowl season unless accompanied by or under a permit issued by a conservation officer or ~~game refuge~~ wildlife manager. Upon a request from a private landowner within a migratory waterfowl ~~refuge~~ sanctuary, an annual permit must be issued to provide access to the property during the waterfowl season. The permit shall include conditions that allow no activity which would disturb waterfowl using the refuge during the waterfowl season.

Sec. 7. Minnesota Statutes 2002, section 97A.095, subdivision 2, is amended to read:

Subd. 2. [WATERFOWL FEEDING AND RESTING AREAS.] The commissioner may, by rule, designate any part of a lake as a migratory feeding ~~or~~ and resting area. Before designation, the commissioner must receive a petition signed by at least ten local resident licensed hunters describing the area of a lake that is a substantial feeding or resting area for migratory waterfowl, and find that the statements in the petition are correct, and that adequate,

free public access to the lake exists near the designated area. The commissioner shall post the area as a migratory waterfowl feeding and resting area. Except as authorized in rules adopted by the commissioner, a person may not enter a posted migratory waterfowl feeding and resting area, during a period when hunting of migratory waterfowl is allowed, with watercraft or aircraft propelled by a motor, other than an electric motor of less than 30 pounds thrust. The commissioner may, by rule, further restrict the use of electric motors in migratory waterfowl feeding and resting areas.

Sec. 8. Minnesota Statutes 2002, section 97A.420, subdivision 4, is amended to read:

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

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

(c) The scope of the hearing must be limited to the issue of whether there is probable cause to believe that the person ~~violated section 97A.338~~ has unlawfully taken, possessed, or transported wild animals with a restitution value over \$500.

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

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

Sec. 9. Minnesota Statutes 2002, section 97A.421, is amended by adding a subdivision to read:

Subd. 4a. [SUSPENSION FOR FAILURE TO APPEAR IN COURT OR TO PAY A FINE OR SURCHARGE.] When a court reports to the commissioner that a person (1) has failed to appear in court under the summons issued to them for a violation of the game and fish laws or (2) has been convicted of violating a provision of the game and fish laws, has been sentenced to the payment of a fine or had a surcharge levied against them, and refused or failed to comply with that sentence or to pay the fine or surcharge, the commissioner shall suspend the game and fish license and permit privileges of the person for three years or until notified by the court that the person has appeared in court under clause (1) or that any fine or surcharge due the court has been paid under clause (2).

Sec. 10. Minnesota Statutes 2002, section 97A.435, subdivision 4, is amended to read:

Subd. 4. [SEPARATE SELECTION OF ELIGIBLE LICENSEES.] ~~(a)~~ The commissioner may conduct a separate selection for up to 20 percent of the turkey licenses to be issued for any area. Only persons who are owners or tenants of and who live on at least 40 acres of agricultural or grazing land in the area, and their family members, are eligible applicants for turkey licenses for the separate selection. The qualifying agricultural or grazing land may be noncontiguous. Persons who are unsuccessful in a separate selection must be included in the selection for the remaining licenses. Persons who obtain a license in a separate selection must allow public turkey hunting on their land during that turkey season. A license issued under this subdivision is restricted to the land owned or leased by the holder of the license within the permit area where the qualifying land is located.

~~(b) The commissioner may by rule establish criteria for determining eligible family members under this subdivision."~~

Page 2, after line 13, insert:

"Sec. 12. Minnesota Statutes 2002, section 97A.475, subdivision 20, is amended to read:

Subd. 20. [TRAPPING LICENSE.] The fee for a license to trap fur-bearing animals is:

(1) for ~~persons~~ residents over age 13 and under age 18, \$6; ~~and~~

(2) for ~~persons~~ residents age 18 and older, \$20; and

(3) for nonresidents, \$73."

Page 3, after line 19, insert:

"Sec. 16. Minnesota Statutes 2002, section 97B.075, is amended to read:

97B.075 [HUNTING RESTRICTED BETWEEN EVENING AND MORNING.]

(a) A person may not take protected wild animals, except raccoon and fox, with a firearm between the evening and morning times established by commissioner's rule, except as provided in this section.

(b) Big game may be taken from one-half hour before sunrise until one-half hour after sunset,~~and,~~

(c) Except as otherwise prescribed by the commissioner ~~during the first eight days of the season~~ before the Saturday nearest October 8, until January 1, 2004, waterfowl may be taken from one-half hour before sunrise until sunset during the entire season prescribed by the commissioner. On the opening day of the duck season, shooting hours for migratory game birds, except woodcock and mourning doves, begin at 9:00 a.m."

Page 4, after line 14, insert:

"Sec. 19. Minnesota Statutes 2002, section 97B.601, subdivision 3, is amended to read:

Subd. 3. [NONRESIDENTS: RACCOON, BOBCAT, FOX, COYOTE, CANADA LYNX.] A nonresident may not take raccoon, bobcat, fox, coyote, or Canada lynx by firearms without a separate license to take that animal in addition to a small game license.

Sec. 20. Minnesota Statutes 2002, section 97B.601, is amended by adding a subdivision to read:

Subd. 3a. [NONRESIDENTS; TRAPPING SMALL GAME.] A nonresident may take small game by trapping only on land owned by the nonresident, if the nonresident possesses a trapping license and a small game license.

Sec. 21. [97B.717] [MOURNING DOVES.]

Subdivision 1. [SEASON.] The commissioner shall prescribe an open season for taking mourning doves.

Subd. 2. [LICENSE REQUIRED.] A person may not take mourning doves without a small game license in possession.

Sec. 22. Minnesota Statutes 2002, section 97B.721, is amended to read:

97B.721 [LICENSE AND STAMP VALIDATION REQUIRED TO TAKE TURKEY; TAGGING AND REGISTRATION REQUIREMENTS.]

(a) Except as provided in paragraph (b) or section 97A.405, subdivision 2, a person may not take a turkey without possessing a turkey license and a turkey stamp validation.

(b) The requirement in paragraph (a) to have a turkey stamp validation does not apply to persons under age 18. An unlicensed adult age 18 or older may assist a licensed wild turkey hunter under the age of 16. The unlicensed adult may not shoot or possess a firearm or bow while assisting a youth under this paragraph.

(c) The commissioner may by rule prescribe requirements for the tagging and registration of turkeys."

Page 4, after line 32, insert:

"Sec. 24. [REPORT; CHANGE IN SHOOTING HOURS.]

By January 15, 2007, the commissioner of natural resources shall report to the chairs of the senate and house committees having jurisdiction over natural resources policy, evaluating the impacts of the change in shooting hours under section 16, including harvest success and the effect on local waterfowl populations.

Sec. 25. [REPORT; MOURNING DOVE SEASON.]

The commissioner of natural resources shall report to the legislature by August 1, 2005, on the results of the mourning dove season authorized by Minnesota Statutes, section 97B.717. The report must include a description of the impact of the season on the mourning dove population in the state.

Page 4, after line 33, insert:

"(a) Minnesota Statutes 2002, section 97B.731, subdivision 2, is repealed."

Page 4, line 34, before "Minnesota" insert "(b)"

Page 4, after line 34, insert:

"Sec. 27. [EFFECTIVE DATE.]

Sections 1, 2, 8, 21, 25, and 26, paragraph (a), are effective the day following final enactment.

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

The report was adopted.

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

H. F. No. 2410, A bill for an act relating to real estate; prohibiting restrictions on real estate use that restrict display of flags; making attorney fees for foreclosure of association assessment liens consistent with those permitted for mortgage foreclosures; amending Minnesota Statutes 2002, sections 515.07; 515A.2-103; 515A.3-102; 515A.3-115; 515B.2-103; 515B.3-102; Minnesota Statutes 2003 Supplement, section 515B.3-116; proposing coding for new law in Minnesota Statutes, chapter 500.

Reported the same back with the following amendments:

Pages 4 to 6, delete section 5

Pages 8 to 12, delete section 8

Page 12, line 31, delete "8" and insert "6" and delete "Sections 5"

Page 12, delete line 32

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete "making"

Page 1, delete lines 4 and 5

Page 1, line 6, delete "mortgage foreclosures;"

Page 1, line 8, delete "515A.3-115;" and delete "Minnesota Statutes"

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

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2431, A bill for an act relating to county recorders; providing that the county recorder may accept security deposits to guarantee payment of charges; making conforming changes; amending Minnesota Statutes 2002, section 386.78.

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

The report was adopted.

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

H. F. No. 2436, A bill for an act relating to health; providing for public health emergencies; amending Minnesota Statutes 2002, sections 12.03, subdivision 4d; 12.39, subdivision 2; 144.419, subdivision 1; 144.4195, subdivisions 1, 2, 3, 5; Minnesota Statutes 2003 Supplement, section 13.37, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 12; 144.

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

The report was adopted.

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

H. F. No. 2442, A bill for an act relating to farm products; regulating liens and financing statements; establishing filing requirements; setting fees; amending Minnesota Statutes 2002, sections 336A.01; 336A.02; 336A.03; 336A.04; 336A.05; 336A.06; 336A.07; 336A.08; 336A.09; 336A.10; 336A.11, subdivisions 1, 2; 336A.12; 336A.13; proposing coding for new law in Minnesota Statutes, chapter 336A; repealing Minnesota Rules, parts 8265.0100; 8265.0200; 8265.0300; 8265.0400; 8265.0500; 8265.0600.

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

The report was adopted.

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

H. F. No. 2497, A bill for an act relating to human services; child protection; modifying requirements for a relative search; amending Minnesota Statutes 2002, section 260C.212, subdivision 5.

Reported the same back with the following amendments:

Page 1, line 18, reinstate the stricken "six"

Page 1, line 19, delete "three"

Page 1, line 21, strike "Relatives should"

Page 1, strike lines 22 to 24

Page 2, line 6, after the period, insert "A decision by a relative not to be a placement resource at the beginning of the case shall not affect whether the relative is considered for placement of the child with that relative later."

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

The report was adopted.



Haas from the Committee on State Government Finance to which was referred:

H. F. No. 2520, A bill for an act relating to lawful gambling; providing for certain tipboard games; amending Minnesota Statutes 2002, sections 349.12, subdivision 34; 349.151, by adding a subdivision; 349.1711, subdivision 2; 349.211, by adding a subdivision; repealing Minnesota Statutes 2002, section 349.2127, subdivision 9.

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

The report was adopted.

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

H. F. No. 2522, A bill for an act relating to townships; clarifying levy and spending authority; defining total revenue; amending Minnesota Statutes 2002, sections 365.43, subdivision 1; 365.431.

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

The report was adopted.

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

H. F. No. 2534, A bill for an act relating to education; allowing student athletes to participate in sports competitions and on nonschool sports teams during the high school sports season; amending Minnesota Statutes 2002, section 128C.05, by adding a subdivision.

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

The report was adopted.

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

H. F. No. 2539, A bill for an act relating to highways; requiring commissioner of transportation to prepare toll facilities plan; prohibiting noncompete provisions in toll facility development agreements from restricting or prohibiting development, design, construction, or operation of public transit; amending Minnesota Statutes 2002, sections 160.84, subdivision 9; 160.86; proposing coding for new law in Minnesota Statutes, chapter 160.

Reported the same back with the following amendments:

Page 3, delete lines 35 and 36 and insert:

"(g) A development agreement may not contain a provision that (1) prohibits or restricts a road authority from constructing, improving, or maintaining any highway within its jurisdiction, or (2) prohibits or restricts the development, design, construction, or operation of public transit facilities or service, including commuter rail lines."

Page 4, delete lines 1 to 4

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

The report was adopted.

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

H. F. No. 2551, A bill for an act relating to commerce; regulating safe deposit companies; modifying collateral requirements applicable to depositories of local public funds; amending Minnesota Statutes 2002, section 55.15; Minnesota Statutes 2003 Supplement, section 118A.03, subdivision 2.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

H. F. No. 2555, A bill for an act relating to drivers' licenses; limiting issuance of instruction permit and provisional driver's license after certain convictions; amending Minnesota Statutes 2002, sections 171.05, by adding a subdivision; 171.055, subdivision 1.

Reported the same back with the following amendments:

Page 1, line 15, after "a" insert "crash-related" and delete everything after "violation" and insert a period

Page 1, delete line 16

Page 2, line 34, after "a" insert "crash-related" and delete everything after "violation,"

Page 2, line 35, delete everything before "and"

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

The report was adopted.

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

H. F. No. 2558, A bill for an act relating to education; authorizing rulemaking and implementing the rigorous core academic standards in social studies and science; amending Minnesota Statutes 2003 Supplement, section 120B.021, subdivision 3.

Reported the same back with the following amendments:

Page 2, line 34, delete "after "grade 6" insert "or grade 8"" and insert "delete "place the 4-6 standards at grade levels that accommodate their particular curriculum, provided that all standards have been mastered by the end of grade 6." and insert "organize the grades 4-8 standards in one of two ways: (1) banding grades 4-5 together and grades 6-7-8 together; or (2) banding grades 4-5-6 together and grades 7-8 together. The standards should be mastered by the end of the highest grade in the band""

Page 2, line 35, delete "after "grade 6" insert "or grade 8"" and insert "delete "place the 4-6 standards at grade levels that accommodate their particular curriculum, provided that all standards have been mastered by the end of grade 6." and insert "organize the grades 4-8 standards in one of two ways: (1) banding grades 4-5 together and grades 6-7-8 together; or (2) banding grades 4-5-6 together and grades 7-8 together. The standards should be mastered by the end of the highest grade in the band""

Page 3, after line 6, insert:

"Sec. 4. [K-12 SCIENCE STANDARDS RULES.]

Beginning no later than July 1, 2004, the education commissioner shall amend the K-12 academic science standards incorporated by reference under this act using the expedited process under Minnesota Statutes, section 14.389. In addition to technical changes, corrections, clarifications, and similarly needed revisions, the K-12 academic science standards shall be modified as indicated:

Page 1, below the word "Science" in the title, insert "The grade level designations in the Minnesota Academic Standards for Science are strongly recommended. However, school districts may place the (K-2, 3-5, 6-8) standards at grade levels that accommodate their particular curriculum. The standards should be mastered by the end of the highest grade in the band.""

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2613, A bill for an act relating to highways; repealing authorization for construction of future toll roads and bridges; amending Minnesota Statutes 2002, sections 165.07, subdivision 4; 165.08, subdivision 3; 165.13; 469.055, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 160; repealing Minnesota Statutes 2002, sections 160.84; 160.85; 160.86; 160.87; 160.88; 160.89; 160.90; 160.91; 160.92; 165.08, subdivision 2; Minnesota Statutes 2003 Supplement, section 160.93.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 160.85, subdivision 1, is amended to read:

Subdivision 1. [ROAD AUTHORITY.] A road authority may solicit or accept proposals from and enter into development agreements with counties or private operators for developing, financing, designing, constructing, improving, rehabilitating, owning, and operating toll facilities wholly or partly within the road authority's jurisdiction. A road authority may solicit proposals from private operators only after the county in which the proposed toll facilities will be located has refused to submit a proposal. If a road authority solicits toll facility proposals, it must publish a notice of solicitation in the State Register.

Sec. 2. Minnesota Statutes 2002, section 160.85, subdivision 3, is amended to read:

Subd. 3. [APPROVAL.] No road authority and private operator may execute a development agreement without the approval of the final agreement by the commissioner. A road authority and private operator in the metropolitan area must obtain the approvals required in sections 161.162 to 161.167 and 473.166. ~~Except as otherwise provided in sections 161.162 to 161.167,~~ The governing body of a county or municipality through which a facility passes may veto the project within 30 days of approval by the commissioner.

Sec. 3. Minnesota Statutes 2002, section 160.85, subdivision 3a, is amended to read:

Subd. 3a. [INFORMATION MEETING.] Before approving or denying a development agreement, the commissioner shall hold a public information meeting in any municipality or county in which any portion of the proposed toll facility runs. The commissioner shall determine the time and place of the information meeting. The commissioner shall make the proposed development agreement available for public review at the meeting and for a reasonable period of time before the meeting.

Sec. 4. Minnesota Statutes 2002, section 160.85, subdivision 5, is amended to read:

Subd. 5. [RIGHT-OF-WAY ACQUISITION.] A private operator may acquire right-of-way by ~~donation~~, lease, or purchase. A road authority may acquire right-of-way by donation, purchase, or eminent domain and may ~~donate~~, sell, or lease a right-of-way to a private operator for fair value.

Sec. 5. Minnesota Statutes 2002, section 160.86, is amended to read:

160.86 [TOLL FACILITY DEVELOPMENT AGREEMENT; REQUIREMENTS.]

Subdivision 1. [REQUIRED PROVISIONS.] A development agreement must include the following provisions:

(a) The toll facility must meet the road authority's standards of design and construction for roads and bridges of the same functional classification.

(b) The commissioner must review and approve the location and design of a bridge over navigable waters as if the bridge were constructed by a road authority. This requirement does not diminish the private operator's responsibility for bridge safety.

(c) The private operator shall manage and operate the toll facility in cooperation with the road authority and subject to the development agreement.

(d) The toll facility is subject to regular inspections by the road authority and the commissioner.

(e) The agreement must provide the terms and conditions of maintenance, snow removal, and police services to the toll facility. The road authority must provide the services. The services must meet at least the road authority's standards for facilities of the same functional classification.

(f) The agreement must establish a reasonable rate of return on investment and capital during the term of the agreement.

Subd. 2. [PROHIBITED PROVISIONS.] (a) A development agreement may not include a noncompete clause or any provision that would restrict the road authority from constructing, improving, or maintaining any highway within its jurisdiction.

(b) The road authority may not allow the private operator to acquire or use the right-of-way unless the operator gives fair value for the interest in the property.

Sec. 6. Minnesota Statutes 2002, section 160.88, is amended to read:

160.88 [PUBLIC TOLL FACILITIES.]

Subject to the provisions of sections 161.162 to 161.167 and 473.166, a road authority may develop, finance, design, construct, improve, rehabilitate, own, and operate a toll facility.

Sec. 7. Minnesota Statutes 2002, section 161.162, subdivision 2, is amended to read:

Subd. 2. [FINAL LAYOUT.] (a) "Final layout" means geometric layouts and supplemental drawings that show the location, character, dimensions, access, and explanatory information about the highway construction or improvement work being proposed. "Final layout" includes, where applicable, traffic lanes, shoulders, trails, intersections, signals, bridges, approximate right-of-way limits, existing ground line and proposed grade line of the highway, turn lanes, access points and closures, sidewalks, proposed design speed, noise walls, transit considerations, auxiliary lanes, interchange locations, interchange types, sensitive areas, existing right-of-way, traffic volume and turning movements, location of stormwater drainage, location of municipal utilities, toll facilities, project schedule and estimated cost, and the name of the project manager.

(b) "Final layout" does not include a cost participation agreement. For purposes of this subdivision "cost participation agreement" means a document signed by the commissioner and the governing body of a municipality that states the costs of a highway construction project that will be paid by the municipality.

Sec. 8. Minnesota Statutes 2002, section 161.163, subdivision 1, is amended to read:

Subdivision 1. [PROJECTS REQUIRING REVIEW.] Sections 161.162 to 161.167 apply only to projects that alter access, increase or reduce highway traffic capacity, establish or modify toll facilities, or require acquisition of permanent rights-of-way.

Sec. 9. Minnesota Statutes 2002, section 161.164, subdivision 2, is amended to read:

Subd. 2. [GOVERNING BODY ACTION.] (a) Within 15 days of receiving a final layout from the commissioner, the governing body shall schedule a public hearing on the final layout. The governing body shall, within 60 days of receiving a final layout from the commissioner, conduct a public hearing at which the Department of Transportation shall present the final layout for the project. The governing body shall give at least 30 days' notice of the public hearing.

(b) Within 90 days from the date of the public hearing, the governing body shall approve or disapprove the final layout in writing, as follows:

(1) If the governing body approves the final layout or does not disapprove the final layout in writing within 90 days, in which case the final layout is deemed to be approved, the commissioner may continue the project development.

(2) If the final construction plans contain changes in access, traffic capacity, toll facilities, or acquisition of permanent right-of-way from the final layout approved by the governing body, the commissioner shall resubmit the portion of the final construction plans where changes were made to the governing body. The governing body must approve or disapprove the changes, in writing, within 60 days from the date the commissioner submits them.

(3) If the governing body disapproves the final layout, the commissioner may make modifications requested by the municipality, decide not to proceed with the project, or refer the final layout to an appeal board. The appeal board shall consist of one member appointed by the commissioner, one member appointed by the governing body, and a third member agreed upon by both the commissioner and the governing body. If the commissioner and the governing body cannot agree upon the third member, the chief justice of the Supreme Court shall appoint a third member within 14 days of the request of the commissioner to appoint the third member.

Sec. 10. Minnesota Statutes 2002, section 161.165, subdivision 2, is amended to read:

Subd. 2. [ACTION ON APPROVED FINAL LAYOUT.] (a) If the appeal board recommends approval of the final layout or does not submit its findings and recommendations within 60 days of the hearing, in which case the final layout is deemed approved, the commissioner may prepare substantially similar final construction plans and proceed with the project.

(b) If the final construction plans change access, traffic capacity, toll facilities, or acquisition of permanent right-of-way from the final layout approved by the appeal board, the commissioner shall submit the portion of the final construction plans that shows the changes, to the governing body for its approval or disapproval under section 161.164, subdivision 2.

Sec. 11. Minnesota Statutes 2002, section 161.165, subdivision 3, is amended to read:

Subd. 3. [ACTION ON FINAL LAYOUT APPROVED WITH CHANGES.] (a) If, within 60 days, the appeal board recommends approval of the final layout with modifications, the commissioner may:

(1) prepare final construction plans with the recommended modifications, notify the governing body, and proceed with the project;

(2) decide not to proceed with the project; or

(3) prepare final construction plans substantially similar to the final layout referred to the appeal board, and proceed with the project. The commissioner shall, before proceeding with the project, file a written report with the governing body and the appeal board stating fully the reasons for doing so.

(b) If the final construction plans contain changes in access ~~or~~ traffic capacity, or toll facilities, or require additional acquisition of permanent right-of-way from the final layout reviewed by the appeal board or the governing body, the commissioner shall resubmit the portion of the final construction plans that shows the changes, to the governing body for its approval or disapproval under section 161.164, subdivision 2.

Sec. 12. Minnesota Statutes 2002, section 161.165, subdivision 4, is amended to read:

Subd. 4. [ACTION ON DISAPPROVED FINAL LAYOUT.] (a) If, within 60 days, the appeal board recommends disapproval of the final layout, the commissioner may either:

(1) decide not to proceed with the project; or

(2) prepare final construction plans substantially similar to the final layout referred to the appeal board, notify the governing body and the appeal board, and proceed with the project. Before proceeding with the project, the commissioner shall file a written report with the governing body and the appeal board stating fully the reasons for doing so.

(b) If the final construction plans contain changes in access ~~or~~ traffic capacity, or toll facilities, or require additional acquisition of permanent right-of-way from the final layout reviewed by the appeal board or the governing body, the commissioner shall resubmit the portion of the final construction plans that shows the changes, to the governing body for its approval or disapproval under section 161.164, subdivision 2.

Sec. 13. Minnesota Statutes 2002, section 161.166, subdivision 2, is amended to read:

Subd. 2. [ACTION ON APPROVED FINAL LAYOUT.] If the appeal board recommends approval of the final layout or does not submit its findings or recommendations within 60 days of the hearing, in which case the the final layout is deemed approved, the commissioner may prepare substantially similar final construction plans and proceed with the project. If the final construction plans change access ~~or~~, traffic capacity, or toll facilities, or require additional acquisition of right-of-way from the final layout approved by the appeal board, the commissioner shall submit the portion of the final construction plan that shows the changes, to the governing body for its approval or disapproval under section 161.164, subdivision 2.

Sec. 14. Minnesota Statutes 2002, section 161.166, subdivision 3, is amended to read:

Subd. 3. [ACTION ON FINAL LAYOUT APPROVED WITH CHANGES.] (a) If the appeal board approves the final layout with modifications, the commissioner may:

(1) prepare final construction plans including the modifications, notify the governing body, and proceed with the project;

(2) decide not to proceed with the project; or

(3) prepare a new final layout and resubmit it to the governing body for approval or disapproval under section 161.164, subdivision 2.

(b) If the final construction plans contain changes in access ~~or~~, traffic capacity, or toll facilities, or require additional acquisition of permanent right-of-way from the final layout reviewed by the appeal board or the governing body, the commissioner shall resubmit the portion of the final construction plans that shows the changes, to the governing body for its approval or disapproval under section 161.164, subdivision 2.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 to 14 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to highways; allowing counties right of first refusal in toll facility contracts; requiring commissioner of transportation to allow public review of proposed toll facility development agreement; prohibiting private toll facility operator from acquiring right-of-way by donation; prohibiting noncompete clause in private toll facility development agreement; including toll facilities as element of final layout for municipal consent purposes; amending Minnesota Statutes 2002, sections 160.85, subdivisions 1, 3, 3a, 5; 160.86; 160.88; 161.162, subdivision 2; 161.163, subdivision 1; 161.164, subdivision 2; 161.165, subdivisions 2, 3, 4; 161.166, subdivisions 2, 3."

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

The report was adopted.

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

H. F. No. 2649, A bill for an act relating to insurance; requiring discounts on commercial auto policies for taxi service operators whose drivers complete an accident prevention course; proposing coding for new law in Minnesota Statutes, chapter 65B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [STUDY OF MOTOR VEHICLE INSURANCE FOR PRIVATE TRANSIT COMPANIES AND TAXI SERVICES.]

The commissioner of commerce must study, in consultation with insurers, taxi services, and private transit companies, and provide a written report to the legislature, no later than December 15, 2004, on options to reduce motor vehicle insurance premiums for private transit companies and taxi services. The commissioner must evaluate the feasibility of reducing premiums through:

(1) measures to increase competition in that insurance market;

(2) the formulation of purchasing pools for that type of insurance;

(3) requiring the state to insure or self-insure those vehicles at cost in the same manner in which it insures or self-insures state-owned vehicles;

(4) granting private transit companies and taxi services the right to join existing insurance pools or arrangements available to political subdivisions;

(5) providing coverage through the state auto plan;

(6) legislation to control costs by providing liability damage limits in civil lawsuits; and

(7) other possible options identified by the commissioner."

Delete the title and insert:

"A bill for an act relating to insurance; requiring the commissioner of commerce to study and report on options to reduce motor vehicle insurance premiums for private transit companies and taxi services."

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

The report was adopted.



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

H. F. No. 2657, A bill for an act relating to highways; requiring construction of noise barriers on trunk highways in certain instances; proposing coding for new law in Minnesota Statutes, chapter 161.

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

The report was adopted.

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

H. F. No. 2659, A bill for an act relating to human services; modifying the nursing home property reimbursement rate for a previously approved moratorium exception project; amending Minnesota Statutes 2003 Supplement, section 144A.071, subdivision 4c.

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

The report was adopted.

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

H. F. No. 2660, A bill for an act relating to natural resources; creating a forest management investment fund; amending Minnesota Statutes 2002, sections 84A.51, subdivision 2; 89.035; proposing coding for new law in Minnesota Statutes, chapter 89.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 84A.51, subdivision 2, is amended to read:

Subd. 2. [FUNDS TRANSFERRED; APPROPRIATED.] Money in any fund established under section 84A.03, 84A.22, or 84A.32, subdivision 2, is transferred to the consolidated account, except as provided in subdivision 3. The money in the consolidated account, or as much of it as necessary, is appropriated for the purposes of sections 84A.52 and 84A.53. Of any remaining balance, the amount derived from timber sales receipts is transferred to the forest management investment fund and the amount derived from all other receipts is transferred to the general fund.

Sec. 2. Minnesota Statutes 2002, section 89.035, is amended to read:

89.035 [INCOME FROM STATE FOREST LANDS, DISPOSITION.]

All income which may be received from lands acquired by the state heretofore or hereafter for state forest purposes by gift, purchase or eminent domain and tax-forfeited lands to which the county has relinquished its equity to the state for state forest purposes shall be paid into the state treasury and credited to the ~~general fund~~ following funds except where the conveyance to and acceptance by the state of lands for state forest purposes provides for other disposition of receipts. The income derived from timber sales receipts shall be credited to the forest management investment fund and the amounts derived from all other receipts shall be credited to the general fund.

## Sec. 3. [89.039] [FOREST MANAGEMENT INVESTMENT FUND.]

Subdivision 1. [FUND ESTABLISHED; SOURCES.] The forest management investment fund is created as a fund in the state treasury and money in the fund may be spent only for the purposes provided in subdivision 2. The following revenue shall be deposited in the forest management investment fund:

(1) timber sales receipts transferred from the consolidated conservation areas account as provided in section 84A.51, subdivision 2; and

(2) timber sales receipts from forest lands as provided in section 89.035.

Subd. 2. [PURPOSES OF FUND.] Subject to appropriation by the legislature, money in the forest management investment fund may be spent only for the following purposes:

(1) reforestation and timber stand improvement, including forest pest management;

(2) timber sales administration, contract marking of commercial thinning sales, cultural resource reviews, and other timber sales costs; and

(3) state forest road maintenance costs.

Sec. 4. Laws 2003, chapter 128, article 1, section 5, subdivision 4, is amended to read:

## Subd. 4. Forest Management

	33,066,000	<del>33,066,000</del>	<u>33,666,000</u>
Summary by Fund			
General	32,824,000	<del>32,824,000</del>	<u>27,209,000</u>
Game and Fish	242,000		242,000
<u>Forest Management Investment</u>			<u>6,215,000</u>

\$7,650,000 the first year and \$7,650,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. If the appropriation for either year is insufficient to cover all costs of presuppression and suppression, the amount necessary to pay for these costs during the biennium is appropriated from the general fund. By November 15 of each year, the commissioner of natural resources shall submit a report to the chairs of the house of representatives ways and means committee, the senate finance committee, the environment and agriculture budget division of the senate finance committee, and the house of representatives environment and natural resources finance committee, identifying all firefighting costs incurred and reimbursements received in the prior fiscal year. The report must be in a format agreed to by the house environment finance committee chair, the senate environment budget division chair, the department, and the department of finance. These appropriations

may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations shall be deposited into the general fund.

\$730,000 the first year and \$730,000 the second year are for the forest resources council for implementation of the Sustainable Forest Resources Act.

\$350,000 the first year and \$350,000 the second year are for the FORIST timber management information system and for increased forestry management.

\$242,000 the first year and \$242,000 the second year are from the game and fish fund to implement ecological classification systems (ECS) standards on forested landscapes. This is a onetime appropriation from revenue deposited to the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$6,215,000 the second year is from the forest management investment fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

Notwithstanding Minnesota Statutes, section 89.37, subdivision 4, up to \$600,000 for fiscal year 2005 is transferred from the forest nursery account to the forest management investment fund to provide for cash flow needs. The amount of the transfer shall be repaid to the forest nursery account from the forest management investment fund no later than June 30, 2012."

Delete the title and insert:

"A bill for an act relating to natural resources; creating a forest management investment fund; appropriating money; amending Minnesota Statutes 2002, sections 84A.51, subdivision 2; 89.035; Laws 2003, chapter 128, article 1, section 5, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 89."

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

The report was adopted.

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

H. F. No. 2668, A bill for an act relating to traffic regulations; modifying requirements for using child passenger-restraint systems and seat belts; making clarifying changes; amending Minnesota Statutes 2002, sections 169.685, subdivision 5; 169.686, subdivision 1; Minnesota Statutes 2003 Supplement, section 169.686, subdivision 2.

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

The report was adopted.

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

H. F. No. 2670, A bill for an act relating to insurance; regulating coverages, fees, forms, disclosures, reports, and premiums; amending Minnesota Statutes 2002, sections 60A.14, subdivision 1; 60A.23, subdivision 8; 60A.966; 60A.969; 62A.136; 62A.31, subdivision 1h; 62A.318; 65A.29, subdivision 11; 65B.48, subdivision 3; 72A.20, subdivisions 13, 15; 72A.201, subdivisions 3, 4; 79.56, subdivisions 1, 3; 79.62, subdivision 3; 79A.12, subdivision 2; 176.191, subdivision 3; Minnesota Statutes 2003 Supplement, section 62A.316; proposing coding for new law in Minnesota Statutes, chapter 79; repealing Minnesota Statutes 2002, sections 61A.072, subdivision 2; 62E.05, subdivision 2.

Reported the same back with the following amendments:

Page 7, after line 2, insert:

"Section 1. Minnesota Statutes 2003 Supplement, section 62A.021, subdivision 1, is amended to read:

Subdivision 1. [LOSS RATIO STANDARDS.] (a) Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, health care policies or certificates shall not be delivered or issued for delivery to an individual or to a small employer as defined in section 62L.02, unless the policies or certificates can be expected, as estimated for the entire period for which rates are computed to provide coverage, to return to Minnesota policyholders and certificate holders in the form of aggregate benefits not including anticipated refunds or credits, provided under the policies or certificates, (1) at least 75 percent of the aggregate amount of premiums earned in the case of policies issued in the small employer market, as defined in section 62L.02, subdivision 27, calculated on an aggregate basis; and (2) at least 65 percent of the aggregate amount of premiums earned in the case of each policy form or certificate form issued in the individual market; calculated on the basis of incurred claims experience or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis and earned premiums for the period and according to accepted actuarial principles and practices. Assessments by the reinsurance association created in chapter 62L and all types of taxes, surcharges, or assessments created by Laws 1992, chapter 549, or created on or after April 23, 1992, or assessments made under section 62E.11, subdivision 6, are included in the calculation of incurred claims experience or incurred health care expenses. The applicable percentage for policies and certificates issued in the small employer market, as defined in section 62L.02, increases by one percentage point on July 1 of each year, beginning on July 1, 1994, until an 82 percent loss ratio is reached on July 1, 2000. The applicable percentage for policy forms and certificate forms issued in the individual market increases by one percentage point on July 1 of each year, beginning on July 1, 1994, until a 72 percent loss ratio is reached on July 1, 2000. A health carrier that enters a market after July 1, 1993, does not start at the beginning of the phase-in schedule and must instead comply with the loss ratio requirements applicable to other health carriers in that market for each time period. Premiums earned and claims incurred in markets other than the small employer and individual markets are not relevant for purposes of this section.

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

(c) A health carrier that issues health care policies and certificates to individuals or to small employers, as defined in section 62L.02, in this state shall file annually its rates, rating schedule, and supporting documentation including ratios of incurred losses to earned premiums by policy form or certificate form duration for approval by the commissioner according to the filing requirements and procedures prescribed by the commissioner. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable

assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which rates are computed. The demonstration shall exclude active life reserves. If the data submitted does not confirm that the health carrier has satisfied the loss ratio requirements of this section, the commissioner shall notify the health carrier in writing of the deficiency. The health carrier shall have 30 days from the date of the commissioner's notice to file amended rates that comply with this section. If the health carrier fails to file amended rates within the prescribed time, the commissioner shall order that the health carrier's filed rates for the nonconforming policy form or certificate form be reduced to an amount that would have resulted in a loss ratio that complied with this section had it been in effect for the reporting period of the supplement. The health carrier's failure to file amended rates within the specified time or the issuance of the commissioner's order amending the rates does not preclude the health carrier from filing an amendment of its rates at a later time. The commissioner shall annually make the submitted data available to the public at a cost not to exceed the cost of copying. The data must be compiled in a form useful for consumers who wish to compare premium charges and loss ratios.

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

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

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

(f) The loss ratio phase-in as described in paragraph (a) does not apply to individual policies and small employer policies issued by a health plan company that is assessed less than three percent of the total annual amount assessed by the Minnesota Comprehensive Health Association. These policies must meet a 68 percent loss ratio for individual policies, a 71 percent loss ratio for small employer policies with fewer than ten employees, and a 75 percent loss ratio for all other small employer policies.

(g) Notwithstanding paragraphs (a) and (f), the loss ratio shall be 60 percent for a health plan as defined in section 62A.011, offered by an insurance company licensed under chapter 60A that is assessed less than ten percent of the total annual amount assessed by the Minnesota Comprehensive Health Association. For purposes of the percentage calculation of the association's assessments, an insurance company's assessments include those of its affiliates.

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

Page 3, after line 2, insert:

"Sec. 3. Minnesota Statutes 2002, section 60A.171, subdivision 11, is amended to read:

Subd. 11. Upon termination of an agency, a company is prohibited from soliciting business in the notice of nonrenewal required by section 60A.37. If termination of an agency contract is the ground for nonrenewal of a policy of homeowner's insurance, as defined under section 65A.27, subdivision 4, the company must provide notice

to the policyholder that the policy is not being renewed due to the termination of the company's contract with the agency. If the agency is unable to replace the homeowner's insurance policy with a suitable policy from another insurer, the agent must notify the policyholder of the policyholder's right to renew with the company terminating the agency contract. The company must renew the policy if the insured or the insured's agent makes a written request for the renewal before the renewal date."

Page 11, line 9, strike "\$40" and insert "\$100"

Page 11, line 25, strike "family members," and strike the second comma

Page 18, line 19, delete "the following as claims:" and insert "as a claim the insured's inquiry about a hypothetical claim, or the insured's inquiry to the insured's agent regarding a potential claim."

Page 18, delete lines 20 to 25

Page 20, line 5, delete everything after "hypothetical" and insert "claim or has made an inquiry to the insured's agent regarding a potential claim"

Page 20, delete lines 6 and 7

Page 20, line 8, delete everything before the period

Page 24, line 24, strike "health insurance" and after "policy" insert "of accident and sickness"

Page 28, line 30, after "filed" insert "or certified"

Page 29, after line 22, insert:

"Sec. 21. Minnesota Statutes 2003 Supplement, section 79A.04, subdivision 10, is amended to read:

Subd. 10. [NOTICE; OBLIGATION OF FUND.] In the event of bankruptcy, insolvency, or certificate of default, the commissioner shall immediately notify by certified mail the commissioner of finance, the surety, the issuer of an irrevocable letter of credit, and any custodian of the security required in this chapter. At the time of notification, the commissioner shall also call the security and transfer and assign it to the self-insurers' security fund. The commissioner shall also immediately notify by certified mail the self-insurers' security fund, and order the security fund to assume the insolvent self-insurers' obligations for which it is liable under chapter 176. The security fund shall commence payment of these obligations within 14 days of receipt of this notification and order. Payments shall be made to claimants whose entitlement to benefits can be ascertained by the security fund, with or without proceedings before the Department of Labor and Industry, the Office of Administrative Hearings, the Workers' Compensation Court of Appeals, or the Minnesota Supreme Court. Upon the assumption of obligations by the security fund pursuant to the commissioner's notification and order, the security fund has the right to immediate possession of any posted or deposited security and the custodian, surety, or issuer of any irrevocable letter of credit or the commissioner, if in possession of it, shall turn over the security, proceeds of the surety bond, or letter of credit to the security fund together with the interest that has accrued since the date of the self-insured employer's insolvency. The security fund has the right to the immediate possession of all of the worker's compensation claim files and data of the self-insurer, and the possessor of the files and data must turn the files and data, or complete copies of them, over to the security fund within five days of the notification provided under this subdivision. If the possessor of the files and data fails to timely turn over the files and data to the security fund, it is liable to the security fund for a penalty of \$500 per day for each day after the five-day period has expired. The security fund is entitled to recover its reasonable attorney fees and costs in any action brought to obtain possession of the worker's

compensation claim files and data of the self-insurer, and for any action to recover the penalties provided by this subdivision. The self-insurers' security fund may administer payment of benefits or it may retain a third-party administrator to do so.

Sec. 22. Minnesota Statutes 2002, section 79A.06, subdivision 5, is amended to read:

Subd. 5. [PRIVATE EMPLOYERS WHO HAVE CEASED TO BE SELF-INSURED.] (a) Private employers who have ceased to be private self-insurers shall discharge their continuing obligations to secure the payment of compensation which is accrued during the period of self-insurance, for purposes of Laws 1988, chapter 674, sections 1 to 21, by compliance with all of the following obligations of current certificate holders:

(1) Filing reports with the commissioner to carry out the requirements of this chapter;

(2) Depositing and maintaining a security deposit for accrued liability for the payment of any compensation which may become due, pursuant to chapter 176. However, if a private employer who has ceased to be a private self-insurer purchases an insurance policy from an insurer authorized to transact workers' compensation insurance in this state which provides coverage of all claims for compensation arising out of injuries occurring during the entire period the employer was self-insured, whether or not reported during that period, the policy will:

(i) discharge the obligation of the employer to maintain a security deposit for the payment of the claims covered under the policy;

(ii) discharge any obligation which the self-insurers' security fund has or may have for payment of all claims for compensation arising out of injuries occurring during the period the employer was self-insured, whether or not reported during that period; and

(iii) discharge the obligations of the employer to pay any future assessments to the self-insurers' security fund.

A private employer who has ceased to be a private self-insurer may instead buy an insurance policy described above, except that it covers only a portion of the period of time during which the private employer was self-insured; purchase of such a policy discharges any obligation that the self-insurers' security fund has or may have for payment of all claims for compensation arising out of injuries occurring during the period for which the policy provides coverage, whether or not reported during that period.

A policy described in this clause may not be issued by an insurer unless it has previously been approved as to form and substance by the commissioner; and

(3) Paying within 30 days all assessments of which notice is sent by the security fund, for a period of seven years from the last day its certificate of self-insurance was in effect. Thereafter, the private employer who has ceased to be a private self-insurer may either: (i) continue to pay within 30 days all assessments of which notice is sent by the security fund until it has no incurred liabilities for the payment of compensation arising out of injuries during the period of self-insurance; or (ii) pay the security fund a cash payment equal to four percent of the net present value of all remaining incurred liabilities for the payment of compensation under sections 176.101 and 176.111 as certified by a member of the casualty actuarial society. Assessments shall be based on the benefits paid by the employer during the calendar year immediately preceding the calendar year in which the employer's right to self-insure is terminated or withdrawn.

(b) With respect to a self-insurer who terminates its self-insurance authority after April 1, 1998, that member shall obtain and file with the commissioner an actuarial opinion of its outstanding liabilities as determined by an associate or fellow of the Casualty Actuarial Society within 120 days of the date of its termination. If the actuarial opinion is not timely filed, the self-insurers' security fund may, at its discretion, engage the services of an actuary for

this purpose. The expense of this actuarial opinion shall be assessed against and be the obligation of the self-insurer. The commissioner may issue a certificate of default against the self-insurer for failure to pay this assessment to the self-insurers' security fund as provided by section 79A.04, subdivision 9. The opinion must separate liability for indemnity benefits from liability from medical benefits, and must discount each up to four percent per annum to net present value. Within 30 days after notification of approval of the actuarial opinion by the commissioner, the member shall pay to the security fund an amount equal to 120 percent of that discounted outstanding indemnity liability, multiplied by the greater of the average annualized assessment rate since inception of the security fund or the annual rate at the time of the most recent assessment before termination. If the payment is not made within 30 days of the notification, interest on it at the rate prescribed by section 549.09 shall be paid by the former member to the security fund until the principal amount is paid in full.

(c) A former member who terminated its self-insurance authority before April 1, 1998, who has paid assessments to the self-insurers' security fund for seven years, and whose annualized assessment is \$500 or less, may buy out of its outstanding liabilities to the self-insurers' security fund by an amount calculated as follows: 1.35 multiplied by the indemnity case reserves at the time of the calculation, multiplied by the then current self-insurers' security fund annualized assessment rate.

(d) A former member who terminated its self-insurance authority before April 1, 1998, and who is paying assessments within the first seven years after ceasing to be self-insured under paragraph (a), clause (3), may elect to buy out its outstanding liabilities to the self-insurers' security fund by obtaining and filing with the commissioner an actuarial opinion of its outstanding liabilities as determined by an associate or fellow of the Casualty Actuarial Society. The opinion must separate liability for indemnity benefits from liability for medical benefits, and must discount each up to four percent per annum to net present value. Within 30 days after notification of approval of the actuarial opinion by the commissioner, the member shall pay to the security fund an amount equal to 120 percent of that discounted outstanding indemnity liability, multiplied by the greater of the average annualized assessment rate since inception of the security fund or the annual rate at the time of the most recent assessment.

(e) A former member who has paid the security fund according to paragraphs (b) to (d) and subsequently receives authority from the commissioner to again self-insure shall be assessed under section 79A.12, subdivision 2, only on indemnity benefits paid on injuries that occurred after the former member received authority to self-insure again; provided that the member furnishes verified data regarding those benefits to the security fund.

(f) In addition to proceedings to establish liabilities and penalties otherwise provided, a failure to comply may be the subject of a proceeding before the commissioner. An appeal from the commissioner's determination may be taken pursuant to the contested case procedures of chapter 14 within 30 days of the commissioner's written determination.

Any current or past member of the self-insurers' security fund is subject to service of process on any claim arising out of chapter 176 or this chapter in the manner provided by section 5.25, or as otherwise provided by law. The issuance of a certificate to self-insure to the private self-insured employer shall be deemed to be the agreement that any process which is served in accordance with this section shall be of the same legal force and effect as if served personally within this state."

Page 30, after line 4, insert:

"Sec. 24. Minnesota Statutes 2002, section 79A.22, subdivision 11, is amended to read:

Subd. 11. [DISBURSEMENT OF FUND SURPLUS.] (a) ~~One hundred~~ Except as otherwise provided in paragraphs (b) and (c), 100 percent of any surplus money for a fund year in excess of 125 percent of the amount necessary to fulfill all obligations under the Workers' Compensation Act, chapter 176, for that fund year may be declared refundable to ~~a member~~ eligible members at any time. ~~The date shall be no earlier than 18 months following the end of such fund year. The first disbursement of fund surplus may not be made prior to the written approval of the commissioner. There can be no more than one refund made in any 12-month period.~~



(b) Except as otherwise provided in paragraph (c), for groups that have been in existence for five years or more, 100 percent of any surplus money for a fund year in excess of 110 percent of the amount necessary to fulfill all obligations under the Workers' Compensation Act, chapter 176, for that fund year may be declared refundable to eligible members at any time.

(c) Excess surplus distributions under paragraphs (a) and (b) may not be greater than the combined surplus of the group at the time of the distribution.

(d) When all the claims of any one fund year have been fully paid, as certified by an actuary, all surplus money from that fund year may be declared refundable.

~~(b)~~ (e) The commercial self-insurance group shall give ten days' prior notice to the commissioner of any refund. Said The notice shall must be accompanied by a statement from the commercial self-insurer group's certified public accountant certifying that the proposed refund is in compliance with ~~paragraph (a)~~ this subdivision.

Sec. 25. Minnesota Statutes 2002, section 79A.22, is amended by adding a subdivision to read:

Subd. 14. [ALL STATES COVERAGE.] Policies issued by commercial self-insurance groups pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, commonly known as "all states coverage." The coverage shall be provided to members of the group which are temporarily performing work in another state."

Page 30, after line 24, insert:

"Sec. 27. [MEDICARE SUPPLEMENT WORKING GROUP.]

The commissioner of commerce shall convene an informal working group of interested parties to address issues related to the stabilization of the Medicare supplemental coverage market in the state. The group must, at a minimum, identify necessary changes to state statutes and regulations resulting from changes made to the Medicare program by Congress; address the implications of regional designations on Minnesota seniors, providers, and health plans; analyze the benefits and limitations of National Association of Insurance Commissioners policy standardization; review the rating structure and approval process for supplemental policies; analyze the implications on policyholders of closed books of business; review extended basic offer requirements and market practices; recommend implementation strategies for the inclusion of innovative benefits into policies; review the role of the Minnesota Comprehensive Health Association in the supplemental market; and identify coordination strategies with long-term care policies. The working group must consult with the Department of Human Services to ensure coordination of the subsidy provisions of the legislation. Interested parties include health plan companies, insurance agents, representatives of senior organizations, and health care providers. The working group must present its findings and recommendations to the legislature by January 15, 2005."

Page 30, line 27, before "and" insert "62E.03;"

Page 30, line 29, delete "15" and insert "17"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "regulating the workers' compensation self-insurance security fund; requiring a study;"

Page 1, line 5, after "1;" insert "60A.171, subdivision 11;"

Page 1, line 9, after the second "3;" insert "79A.06, subdivision 5;" and after "2;" insert "79A.22, subdivision 11, by adding a subdivision;"

Page 1, line 11, delete "section" and insert "sections 62A.021, subdivision 1;" and after "62A.316;" insert "79A.04, subdivision 10;"

Page 1, line 14, after "2;" insert "62E.03;"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2671, A bill for an act relating to motor carriers; modifying provisions governing motor carriers; making technical and clarifying changes; amending Minnesota Statutes 2002, sections 221.0314, subdivisions 7, 9; 221.033, subdivision 1; 221.036, subdivisions 1, 3, 12; 221.037, subdivision 2; 221.605, subdivision 1; 299K.07; Minnesota Statutes 2003 Supplement, sections 169.86, subdivision 5; 221.602, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 221; repealing Minnesota Statutes 2002, sections 221.011, subdivision 2b; 221.033, subdivision 3; 221.034; Minnesota Rules, parts 8860.0100; 8860.0200; 8860.0300; 8860.0400; 8860.0500; 8860.0600; 8860.0700; 8860.0800.

Reported the same back with the following amendments:

Page 5, after line 12, insert:

"Sec. 2. Minnesota Statutes 2002, section 221.011, subdivision 6, is amended to read:

Subd. 6. [PERSON.] "Person" means any individual, firm, copartnership, cooperative, company, association and corporation, or their lessees, trustees, or receivers. "Person" does not include the federal government, the state, or any political subdivision.

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

Sec. 3. Minnesota Statutes 2002, section 221.0269, subdivision 3, is amended to read:

Subd. 3. [TERMINATION OF RELIEF EFFORTS.] (a) Upon termination of direct assistance to an emergency relief effort, a carrier or driver is subject to the requirements of section 221.0314, except that a driver may return empty to a carrier's terminal or the driver's normal work reporting location without complying with that section. A driver who informs the carrier that the driver needs immediate rest must be permitted at least eight consecutive hours off duty before the driver is required to return to the terminal or location. Having returned to the terminal or other location, the driver must be relieved of all duty and responsibilities.

(b) When a driver has been relieved of all duty and responsibilities upon termination of direct assistance to an emergency relief effort, no carrier shall permit or require any driver used by it to drive nor shall any such driver drive in commerce until the driver:

(1) has met the requirements of Code of Federal Regulations, title 49, section 395.3, paragraph (a); and

(2) has had at least ~~24~~ 34 consecutive hours off duty if (i) the driver has been on duty for more than 60 hours in any seven consecutive days at the time the driver is relieved of all duty if the employing carrier does not operate every day in the week, or (ii) the driver has been on duty for more than 70 hours in any eight consecutive days at the time the driver is relieved of all duty if the employing carrier operates every day in the week.

(c) For purposes of this section, direct assistance to an emergency relief effort terminates when a driver or commercial motor vehicle is used to transport cargo not destined for the emergency relief effort, or when the carrier dispatches that driver or vehicle to another location to begin operations in commerce."

Page 11, line 2, after "1" insert "to 8, 10" and delete "and 13" and insert ", and 15"

Page 11, line 3, delete "Section 13" and insert "Sections 9 and 15"

Amend the title as follows:

Page 1, line 5, after "sections" insert "221.011, subdivision 6; 221.0269, subdivision 3;"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2678, A bill for an act relating to natural resources; modifying provisions for the operation of off-highway vehicles; providing an exemption from rulemaking; providing for an off-highway vehicle grant program; modifying decal requirements for off-highway motorcycles; modifying all-terrain vehicle provisions; providing for certain class fees; modifying provisions for reviewing forest classification status; requiring determination of unrefunded gas tax attributable to all-terrain vehicle use; requiring a report; appropriating money; amending Minnesota Statutes 2002, sections 84.798, subdivision 1; 84.925, subdivision 1; 84.9256, subdivision 1; 84.9257; 84.928, subdivisions 2, 6; 89.19; Minnesota Statutes 2003 Supplement, sections 84.773; 84.777; 84.788, subdivision 3; 84.92, subdivision 8; 84.926; Laws 2003, chapter 128, article 1, section 167, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84; repealing Minnesota Statutes 2003 Supplement, section 84.901.

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

The report was adopted.

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

H. F. No. 2704, A bill for an act relating to public safety; requiring commissioner of public safety to adopt rules for fire-resistant standards for cigarettes and authorizing expedited process to adopt those rules; proposing coding for new law in Minnesota Statutes, chapter 299F.

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

The report was adopted.

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

H. F. No. 2720, A bill for an act relating to insurance; amending the Insurance Guaranty Association Act to improve coverage for political subdivisions of this state when their insurance company becomes insolvent; amending Minnesota Statutes 2003 Supplement, section 60C.09, subdivision 2.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Jobs and Economic Development Finance without further recommendation.

The report was adopted.

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

H. F. No. 2724, A bill for an act relating to human services; making changes affecting counties, human services policy, mental health, continuing care for the elderly; amending Minnesota Statutes 2002, sections 119B.02, subdivision 4; 119B.03, subdivision 6; 119B.09, subdivision 4; 119B.21, subdivision 5; 144A.071, subdivision 1a; 245.462, subdivision 18; 245.464, by adding a subdivision; 256B.431, subdivision 37; 256D.02, subdivision 17; 256D.06, subdivision 5; 256J.67, subdivisions 1, 3; 257.85, subdivisions 2, 3; 259.23, subdivisions 1, 2; 259.41, subdivision 3; 259.79, subdivision 1; 260C.001, subdivision 3; 260C.007, subdivisions 7, 8, 18, 22, 27; 260C.151, subdivision 6; 260C.178; 260C.201, subdivisions 1, 2, 6, 10, 11; 260C.312; 260C.317, subdivision 3; 626.556, subdivisions 1, 10f, 11c, by adding subdivisions; Minnesota Statutes 2003 Supplement, sections 119B.025, subdivision 1; 119B.125, subdivisions 1, 2; 256.01, subdivision 2; 256B.0622, subdivision 8; 256B.431, subdivision 38; 256J.40; 256J.425, subdivision 7; 256J.46, subdivision 1; 256J.521, subdivision 2; 256J.626, subdivisions 6, 7; 256J.95, subdivisions 10, 12; 260.012; 626.556, subdivisions 2, 3, 10, 10b, 10e, 10i, 11; repealing Minnesota Statutes 2002, sections 626.5551, subdivisions 1, 2, 3, 4, 5; Minnesota Statutes 2003 Supplement, sections 256D.06, subdivision 7; 256J.57, subdivision 2; Laws 2001, First Special Session chapter 9, article 9, section 52; Minnesota Rules, part 9560.0220, subpart 6, item B.

Reported the same back with the following amendments:

Page 3, line 33, after "2" insert "and the reinstatement list of those families whose assistance was terminated with the approval of the commissioner under Minnesota Rules, part 3400.0183, subpart 1"

Page 11, lines 21 to 23, delete the new language

Page 11, line 26, after "a" insert "district"

Page 11, line 27, before the period, insert ", or a tribal court order issued on or after July 1, 2004"

Page 12, line 9, strike "27" and insert "11"

Page 13, line 3, before the period, insert "except as provided in paragraph (b)"

Page 13, line 4, delete everything after "(b)"

Page 13, delete line 5

Page 13, line 7, delete "court" and insert "county"

Page 13, delete lines 10 to 15 and insert:

"(c) Upon request of the petitioner, the court having jurisdiction over the matter under section 260C.317, subdivision 3, may transfer venue of an adoption proceeding involving a child under the guardianship of the commissioner to the county of the petitioner's residence upon determining that:

(1) the commissioner has given consent to the petitioner's adoption of the child or that consent is unreasonably withheld;

(2) there is no other adoption petition for the child that has been filed or is reasonably anticipated by the commissioner or the commissioner's delegate to be filed; and

(3) transfer of venue is in the best interests of the child.

Transfer of venue under this paragraph shall be according to the rules of adoption court procedure."

Page 20, line 6, after the semicolon, insert "or"

Page 23, line 34, delete "proadoptive" and insert "preadoptive"

Page 24, line 6, after "facility" insert "or program within a particular corrections facility not meeting requirements for Title IV-E facilities as determined by the commissioner"

Page 27, line 35, delete "that"

Page 28, line 12, delete "but" and insert "and"

Page 30, line 20, delete "ordered"

Page 42, line 4, after "or" insert "to"

Page 89, lines 11 and 12, reinstate the stricken language

Page 92, lines 15 and 16, reinstate the stricken language

Page 106, delete lines 22 to 24

Page 106, line 36, after "adult" insert "or family"

Page 122, line 15, after "Existing" insert "2-1-1"

Page 122, after line 32, insert:

"Sec. 3. Minnesota Statutes 2002, section 256.01, is amended by adding a subdivision to read:

Subd. 21. [HOMELESS SERVICES.] The commissioner of human services may contract directly with nonprofit organizations providing homeless services in two or more counties.

[EFFECTIVE DATE.] This section is effective immediately following final enactment."

Page 123, line 16, delete everything after the period

Page 123, delete lines 17 to 19

Page 124, lines 6 to 8, delete the new language

Page 124, after line 8, insert:

"Sec. 4. Minnesota Statutes 2002, section 256B.5012, is amended by adding a subdivision to read:

Subd. 6. [FACILITY CONVERSION.] (a) For the rate year beginning July 1, 2004, a 51-bed facility located in Ramsey County and licensed as an intermediate care facility for persons with mental retardation and related conditions since 1977 shall receive an incremental increase in rates of \$15.73 per calendar day above the rate in effect on June 30, 2004.

(b) Effective the day following final enactment until the complete closure of this facility, the occupancy requirements under this section, and the hospital and therapeutic leave provisions under Minnesota Rules, part 9505.0415, subparts 1 to 7, shall not apply during the conversion to closure of this 51-bed facility.

Sec. 5. [REPEALER.]

Laws 2003, First Special Session chapter 14, article 3, section 56, is repealed effective immediately following final enactment."

Amend the title as follows:

Page 1, line 3, after "policy," insert "child care assistance programs, adoption and child placement, child welfare, economic support," and after "health," insert "and"

Page 1, line 9, after the first semicolon, insert "256.01, by adding a subdivision;" and after "37;" insert "256B.5012, by adding a subdivision;"

Page 1, line 26, delete everything after the semicolon

Page 1, delete line 27

Page 1, line 28, delete everything before "Laws"

Page 1, line 30, after the semicolon, insert "Laws 2003, First Special Session chapter 14, article 3, section 56;"

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

The report was adopted.

Swenson from the Committee on Agriculture Policy to which was referred:

H. F. No. 2750, A bill for an act relating to agriculture; changing provisions of the biodiesel content mandate; appropriating money; amending Minnesota Statutes 2002, sections 239.77, subdivision 1, by adding a subdivision; 239.771.

Reported the same back with the following amendments:

Page 2, line 2, delete "2.0 percent" and delete "by"

Page 2, line 3, delete "volume"

Page 2, delete lines 4 and 5

Page 2, delete section 4

Amend the title as follows:

Page 1, line 3, delete "appropriating money;"

With the recommendation that when so amended the bill be re-referred to the Committee on Agriculture and Rural Development Finance without further recommendation.

The report was adopted.

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

H. F. No. 2799, A bill for an act relating to employment; modifying state dislocated worker program provisions; amending Minnesota Statutes 2002, section 116L.17, subdivisions 1, 4, 5, 6; Minnesota Statutes 2003 Supplement, section 116L.17, subdivisions 2, 3; repealing Minnesota Statutes 2002, section 116L.17, subdivision 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 116L.17, subdivision 1, is amended to read:

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "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~~ permanently separated or has received a notice of ~~termination~~ permanent separation from public or private sector employment; and 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) (3)~~ 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; or~~

~~(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) (4)~~ 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.

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

~~(d) (e)~~ "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) (f)~~ "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.

Sec. 2. Minnesota Statutes 2003 Supplement, section 116L.17, subdivision 2, is amended to read:

Subd. 2. [GRANTS.] The board shall make grants to workforce service areas or other eligible organizations to provide services to dislocated workers: as follows:

(a) The board shall allocate funds available for the purposes of this section in its discretion to respond to large substantial layoffs and plant closings.

(b) The board shall regularly allocate funds to provide services to individual dislocated workers or small groups. The initial allocation for this purpose must be at least 35 percent and no more than 50 percent of the actual collections, including penalty and interest accounts, interest, and other earnings of the workforce development fund during the period for which the allocation is made deposits and transfers into the workforce development fund, less any collection costs paid out of the fund and any amounts appropriated by the legislature from the workforce development fund for programs other than the state dislocated worker program. 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.

(c) Following the initial allocation, the board may consider additional allocations to provide services to individual dislocated workers. The board's decision to allocate additional funds shall be based on relevant economic indicators including: the number of substantial layoffs to date, notices of substantial layoffs for the remainder of the fiscal year, evidence of declining industries, the number of permanently separated individuals applying for unemployment benefits by workforce service area, and the number of individuals exhausting unemployment benefits by workforce service area. The board must also consider expenditures of allocations to workforce service areas under paragraph (b) made during the first two quarters of the fiscal year and federal resources that have been or are likely to be allocated to Minnesota for the purposes of serving dislocated workers affected by substantial layoffs or plant closings.



(d) The board may, in its discretion, allocate funds carried forward from previous years under subdivision 9 for large, small, or individual layoffs.

Sec. 3. Minnesota Statutes 2003 Supplement, section 116L.17, subdivision 3, is amended to read:

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 method 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 June 15 reflect recent trends in the number of permanently separated individuals applying for unemployment benefits in a given workforce service area. The board shall evaluate and adjust obligations quarterly, based on a similar method.~~

Sec. 4. Minnesota Statutes 2002, section 116L.17, subdivision 4, is amended to read:

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 assistance to help the participant relocate to employ existing skills; out-of-area job search assistance; family care assistance, including child care; commuting assistance; emergency 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; with the goal of reemployment;~~

~~(3) specific, short-term training to help the participant enhance current skills in a similar occupation or industry; entrepreneurial training, customized training, or on-the-job training; basic and remedial education to enhance current skills; and literacy and work-related English training for non-English speakers; and~~

~~(4) long-term training in a new occupation or industry, including occupational skills training or customized training in an accredited program recognized by one or more relevant industries. Such training shall only be provided to dislocated workers whose skills are obsolete and who have no other transferable skills likely to result in employment at a comparable wage rate. Training shall only be provided for occupations or industries with reasonable expectations of job availability based on the service provider's thorough assessment of local labor market information where the individual currently resides or is willing to relocate.~~

Sec. 5. Minnesota Statutes 2002, section 116L.17, subdivision 5, is amended to read:

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

- (1) no more than ten percent may be allocated for administration;
- (2) at least 50 percent must be allocated for training assistance as provided in subdivision 4, clause ~~(2)~~ (4); and
- (3) no more than 15 percent may be allocated for support services as provided in subdivision 4, clause ~~(3)~~ (2).

(b) A waiver of the training assistance minimum in clause ~~(2)~~ (4) 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)~~ (2) may be sought, but no waiver shall allow more than 20 percent of the grant to be spent on support services. A waiver may be granted below the minimum and above the maximum otherwise allowed by this paragraph if funds other than state funds appropriated for the dislocated worker program are used to fund training assistance.

Sec. 6. Minnesota Statutes 2002, section 116L.17, subdivision 6, is amended to read:

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.~~ (a) The commissioner, in consultation with the board, shall enter into contracts with local workforce councils, including the allocations determined by the board in subdivision 3. Contracts shall also require local workforce councils to report participant data to the commissioner regularly, in order to meet the requirements of this subdivision. The commissioner shall also enter into contracts with eligible organizations involved with substantial layoffs or plant closings. These contracts shall require the eligible organizations to report participant data to the commissioner regularly, in order to meet the requirements of this subdivision.

(b) The commissioner shall establish performance outcome measures for all local workforce councils and eligible organizations involved with substantial layoffs or plant closings. The commissioner may request additional information to calculate these performance measures.

(c) The commissioner, in consultation with the board, local workforce councils, and eligible organizations involved with substantial layoffs or plant closings, shall establish minimum standards for the performance measures described in paragraph (b).

(d) Local workforce councils may establish and report on additional performance outcomes based on unique features of local labor markets and other geographic differences.

(e) The commissioner shall provide a report to the legislature by March 1 of each year on the previous fiscal year's program performance using the data in paragraphs (b) and (d) and analysis of whether local workforce councils and eligible organizations involved with substantial layoffs or plant closings are meeting the minimum standards described in paragraph (c). The commissioner shall inform any local workforce council or eligible organization that does not meet minimum performance standards in a given year of their status.

Sec. 7. [REPEALER.]

Minnesota Statutes 2002, section 116L.17, subdivision 7, is repealed."

Delete the title and insert:

"A bill for an act relating to employment; modifying state dislocated worker program provisions; amending Minnesota Statutes 2002, section 116L.17, subdivisions 1, 4, 5, 6; Minnesota Statutes 2003 Supplement, section 116L.17, subdivisions 2, 3; repealing Minnesota Statutes 2002, section 116L.17, subdivision 7."

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

The report was adopted.

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

H. F. No. 2805, A bill for an act relating to health; requiring approval of an exception to the moratorium on certification of nursing home beds; appropriating money.

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

The report was adopted.

Westrom from the Committee on Regulated Industries to which was referred:

H. F. No. 2806, A bill for an act relating to energy; establishing renewable energy working group to study renewable energy development in the state; requiring a report.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [DEFINITION.]

"Legislative Electric Energy Task Force (LEETF) staff" means the staff members of the Office of Senate Counsel and Research and the house research department responsible for providing legislative drafting and policy analysis to the LEETF.

Sec. 2. [RENEWABLE ENERGY WORKING GROUP.]

Subdivision 1. [MEMBERSHIP.] By June 15, 2004, LEETF staff shall convene a renewable energy working group consisting of six at-large members and the following 12 members, one representative from each of the following groups: investor-owned utilities, municipal electric utilities, cooperative electric associations, environmental advocates, developers of large-scale wind energy projects, community energy developers, local governments, business customers, biomass or other renewable energy projects, the residential utility unit of the Office of the Minnesota Attorney General, the Minnesota Department of Commerce, and the Midwest Independent System Operator.

Subd. 2. [APPOINTMENT.] The chairs of the LEETF and the chairs of the senate and house of representatives committees with primary jurisdiction over energy policy shall jointly appoint the working group members.

Subd. 3. [CHARGE.] (a) The renewable energy working group shall assess the future development of renewable energy production and use in Minnesota, over the next five-, ten-, and 20-year periods.

(b) In developing its recommendations, the working group shall:

(1) compile an inventory of existing renewable energy projects in Minnesota, and any projects known to be under development;

(2) determine the extent to which current and future planned electric transmission capacity in the state may be a constraint to the development of conventional and renewable electricity production in the state; and

(3) recommend how existing state programs or policies to develop renewable energy could be amended, coordinated, and integrated.

Subd. 4. [EXPENSES.] Expenses of the renewable energy working group shall not exceed \$10,000 without the approval of the chairs of the LEETF.

Subd. 5. [REPORT.] The renewable energy working group shall present its findings and recommendations in a report to the LEETF by December 1, 2004."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations and Veterans Affairs Policy.

The report was adopted.

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

H. F. No. 2814, A bill for an act relating to human services; modifying procedures for calculating nursing facility operating payment rates for a project approved under the moratorium exception process; amending Minnesota Statutes 2002, section 256B.43, by adding a subdivision.

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

The report was adopted.

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

H. F. No. 2820, A bill for an act relating to education; providing for enhanced reading requirements for certain teachers; providing for literacy specialist licensure; providing for rulemaking; amending Minnesota Statutes 2002, sections 122A.06, subdivision 4; 122A.18, subdivision 2a, by adding a subdivision; Minnesota Statutes 2003 Supplement, section 122A.09, subdivision 4.

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

The report was adopted.

Swenson from the Committee on Agriculture Policy to which was referred:

H. F. No. 2894, A bill for an act relating to agriculture; providing for a dairy upgrade pilot loan program; establishing an account; transferring balances; appropriating money; amending Minnesota Statutes 2002, sections 41B.046, subdivision 5; 41B.049, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 41B; repealing Minnesota Statutes 2002, section 41B.046, subdivision 3.

Reported the same back with the following amendments:

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 2002, section 41B.036, is amended to read:

41B.036 [GENERAL POWERS OF THE AUTHORITY.]

For the purpose of exercising the specific powers granted in section 41B.04 and effectuating the other purposes of sections 41B.01 to 41B.23 the authority has the general powers granted in this section.

- (a) It may sue and be sued.
- (b) It may have a seal and alter the seal.
- (c) It may make, and from time to time, amend and repeal rules consistent with sections 41B.01 to 41B.23.
- (d) It may acquire, hold, and dispose of real or personal property for its corporate purposes.
- (e) It may enter into agreements, contracts, or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association, or organization, including contracts or agreements for administration and implementation of all or part of sections 41B.01 to 41B.23.
- (f) It may acquire real property, or an interest therein, in its own name, by purchase or foreclosure, where such acquisition is necessary or appropriate.
- (g) It may provide general technical services related to rural finance.
- (h) It may provide general consultative assistance services related to rural finance.
- (i) It may promote research and development in matters related to rural finance.
- (j) It may enter into agreements with lenders, borrowers, or the issuers of securities for the purpose of regulating the development and management of farms financed in whole or in part by the proceeds of qualified agricultural loans.
- (k) It may enter into agreements with other appropriate federal, state, or local governmental units to foster rural finance. It may give advance reservations of loan financing as part of the agreements, with the understanding that the authority will only approve the loans pursuant to normal procedures, and may adopt special procedures designed to meet problems inherent in such programs.
- (l) It may undertake and carry out studies and analyses of rural financing needs within the state and ways of meeting such needs including: data with respect to geographical distribution; farm size; the distribution of farm credit needs according to debt ratios and similar factors; the amount and quality of available financing and its

distribution according to factors affecting rural financing needs and the meeting thereof; and may make the results of such studies and analyses available to the public and may engage in research and disseminate information on rural finance.

(m) It may survey and investigate the rural financing needs throughout the state and make recommendations to the governor and the legislature as to legislation and other measures necessary or advisable to alleviate any existing shortage in the state.

(n) It may establish cooperative relationships with such county and multicounty authorities as may be established and may develop priorities for the utilization of authority resources and assistance within a region in cooperation with county and multicounty authorities.

(o) It may contract with, use, or employ any federal, state, regional, or local public or private agency or organization, legal counsel, financial advisors, investment bankers or others, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted in sections 41B.01 to 41B.23 and to carry out the objectives of sections 41B.01 to 41B.23 and may pay for the services from authority funds.

(p) It may establish cooperative relationships with counties to develop priorities for the use of authority resources and assistance within counties and to consider county plans and programs in the process of setting the priorities.

(q) It may delegate any of its powers to its officers or staff.

(r) It may enter into agreements with qualified agricultural lenders or others insuring or guaranteeing to the state the payment of all or a portion of qualified agricultural loans.

(s) It may enter into agreements with eligible agricultural lenders providing for advance reservations of purchases of participation interests in restructuring loans, if the agreements provide that the authority may only purchase participation interests in restructuring loans under the normal procedure. The authority may provide in an agreement for special procedures or requirements designed to meet specific conditions or requirements.

(t) It may allow farmers who are natural persons to combine programs of the federal Agriculture Credit Act of 1987 with programs of the Rural Finance Authority.

(u) It, after providing notice to the State Board of Investment, may transfer funds from the security account created under section 41B.19, subdivision 5, in such amounts and for such time as funds may be available, to a special revenue account for qualified agricultural loans or for participation in qualified agricultural loans created through agreements under paragraph (k).

(v) From within available funds generated by program fees, it may provide partial or full tuition assistance for farm management programs required under section 41B.03, subdivision 3, clause (7)."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "sections" insert "41B.036;"

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

The report was adopted.

**SECOND READING OF HOUSE BILLS**

H. F. Nos. 892, 1645, 1712, 1838, 1983, 2002, 2017, 2139, 2153, 2187, 2258, 2410, 2431, 2534, 2551, 2558, 2670 and 2671 were read for the second time.

**INTRODUCTION AND FIRST READING OF HOUSE BILLS**

The following House Files were introduced:

Magnus and Harder introduced:

H. F. No. 2949, A bill for an act relating to human services; repealing increased nursing home surcharge on private pay residents on a certain date; amending Minnesota Statutes 2003 Supplement, section 256.9657, subdivision 1.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Westrom, Hoppe and Beard introduced:

H. F. No. 2950, A bill for an act relating to state government; modifying the provision of telecommunications and information services by the commissioner of administration; amending Minnesota Statutes 2002, section 16B.465, as amended.

The bill was read for the first time and referred to the Committee on Regulated Industries.

Hausman introduced:

H. F. No. 2951, A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money for renovation of the Como Park Zoo in St. Paul.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance.

Lesch; Sieben; Sertich; Carlson; Juhnke; Greiling; Johnson, S., and Thao introduced:

H. F. No. 2952, A bill for an act relating to employment; regulating payment for overtime work; amending Minnesota Statutes 2002, section 177.25, subdivision 1.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Cox introduced:

H. F. No. 2953, A bill for an act relating to public utilities; authorizing the district court to hear appeals of lesser utility fines; amending Minnesota Statutes 2002, section 216D.08, subdivision 1.

The bill was read for the first time and referred to the Committee on Regulated Industries.

Mahoney; Rukavina; Nelson, M., and Entenza introduced:

H. F. No. 2954, A bill for an act relating to occupations; providing for the licensure of mechanical/HVAC contractors and employees; requiring rulemaking; providing penalties; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 326B.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Mahoney; Nelson, M.; Kelliher; Hilstrom and Sertich introduced:

H. F. No. 2955, A bill for an act relating to employment; requiring payment of the prevailing wage on tax-subsidized power plant construction projects; proposing coding for new law in Minnesota Statutes, chapter 177.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Slawik, Kelliher, Goodwin, Entenza, Hornstein, Bernardy, Davnie, Greiling and Wagenius introduced:

H. F. No. 2956, A bill for an act relating to crimes; establishing a crime for manufacturing, transferring, or possessing certain semiautomatic assault weapons and large capacity ammunition magazines; providing criminal penalties; amending Minnesota Statutes 2002, sections 624.712, subdivision 7, by adding a subdivision; 624.713, as amended; proposing coding for new law in Minnesota Statutes, chapter 624.

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

Entenza, Slawik, Greiling and Davnie introduced:

H. F. No. 2957, A bill for an act relating to education; directing a school superintendent annually to notify the school board where responsibility resides for administering the early childhood family education and school readiness programs; amending Minnesota Statutes 2002, section 124D.13, subdivision 1.

The bill was read for the first time and referred to the Committee on Education Policy.

Sykora and Bernardy introduced:

H. F. No. 2958, A bill for an act relating to community education; establishing a school district levy to pay for the colocation of government services; proposing coding for new law in Minnesota Statutes, chapter 124D.

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



Sykora introduced:

H. F. No. 2959, A bill for an act relating to education; authorizing the Board of School Administrators to amend licensure rules.

The bill was read for the first time and referred to the Committee on Education Policy.

Kelliher, Entenza, Hornstein and Huntley introduced:

H. F. No. 2960, A bill for an act relating to health; establishing a right to reproductive privacy; proposing coding for new law as Minnesota Statutes, chapter 145D.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Rukavina introduced:

H. F. No. 2961, A bill for an act relating to local government; authorizing the city of Hoyt Lakes to extend its zoning and subdivision regulations within part of the town of White subject to the town of White's consent.

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

Juhnke introduced:

H. F. No. 2962, A bill for an act relating to highways; imposing requirements on expenditure of certain trunk highway bond proceeds and advance construction authorizations.

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

Juhnke introduced:

H. F. No. 2963, A bill for an act relating to airports; requiring transfer of money from the budget reserve and cash flow account to the state airports fund.

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

Juhnke introduced:

H. F. No. 2964, A bill for an act relating to railroads; authorizing state bonding for rail service improvement.

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

Westrom and Johnson, J., introduced:

H. F. No. 2965, A bill for an act relating to education finance; modifying the debt service equalization aid program to encourage sound historic preservation and cost-efficient remodeling projects; modifying the review and comment process; amending Minnesota Statutes 2002, sections 123B.02, subdivision 8; 123B.53, subdivision 5; 123B.71, by adding a subdivision; Minnesota Statutes 2003 Supplement, section 123B.71, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 211B.

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

Krinkie introduced:

H. F. No. 2966, A bill for an act relating to public safety; modifying provisions relating to continuing health care for disabled peace officers and firefighters; amending Minnesota Statutes 2002, section 299A.465, subdivisions 1, 5, by adding a subdivision.

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

Wilkin, Abeler and Wardlow introduced:

H. F. No. 2967, A bill for an act relating to human services; establishing an additional priority category for home and community-based waiver services; continuing funding for certain persons using the consumer-directed community supports service option; amending Minnesota Statutes 2002, section 256B.0916, subdivisions 2, 6a.

The bill was read for the first time and referred to the Committee on Health and Human Services Finance.

Clark introduced:

H. F. No. 2968, A bill for an act relating to the environment; adding environmental mapping requirements.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Demmer introduced:

H. F. No. 2969, A bill for an act relating to education finance; authorizing a school district to build a school building using design-build construction techniques; amending Minnesota Statutes 2002, sections 123B.52, subdivision 1; 471.345, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 123B.

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

Bradley introduced:

H. F. No. 2970, A bill for an act relating to health; modifying fees for radioactive and nuclear material; approving state agreement with the Nuclear Regulatory Commission; amending Minnesota Statutes 2002, section 144.1205, subdivisions 2, 4, 8, 9; repealing Minnesota Statutes 2003 Supplement, section 144.1202, subdivision 4.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Finstad, Dorn and Lesch introduced:

H. F. No. 2971, A bill for an act relating to local government; removing the acreage limit on property-owner-petitioned annexation if certain conditions are met; amending Minnesota Statutes 2002, section 414.033, subdivision 2.

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

Zellers introduced:

H. F. No. 2972, A bill for an act relating to taxation; increasing certain local government aid payments; amending Minnesota Statutes 2003 Supplement, section 477A.011, subdivision 36.

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

Westerberg introduced:

H. F. No. 2973, A bill for an act relating to highways; authorizing state bonding for improvements to marked Trunk Highway 65 to facilitate bus rapid transit.

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

Osterman, Pugh, Otto, Lesch, Thissen, Paulsen, Samuelson, Cox, Erickson and Jacobson introduced:

H. F. No. 2974, A bill for an act relating to elections; requiring candidates to file a list of persons and groups endorsed by the candidate; proposing coding for new law in Minnesota Statutes, chapter 10A.

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

Peterson introduced:

H. F. No. 2975, A bill for an act relating to taxation; authorizing cities to establish water submetering programs and to finance water programs with revenue obligations; amending Minnesota Statutes 2002, section 471.342, subdivisions 3, 5, by adding a subdivision.

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

Strachan introduced:

H. F. No. 2976, A bill for an act relating to corrections; authorizing the Fugitive Apprehension Unit to share in certain asset forfeitures under the forfeiture law; amending Minnesota Statutes 2002, sections 609.531, subdivision 1; 609.5311, subdivisions 2, 3; 609.5312, subdivision 1; 609.5314, subdivision 1; 609.5318, subdivision 1; Minnesota Statutes 2003 Supplement, sections 609.5312, subdivisions 3, 4; 609.5317, subdivision 1.

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

Kahn, Rhodes and Johnson, S., introduced:

H. F. No. 2977, A bill for an act relating to liquor; authorizing the city of St. Paul to issue a liquor license for special events at the State Capitol.

The bill was read for the first time and referred to the Committee on Regulated Industries.

Powell introduced:

H. F. No. 2978, A bill for an act relating to education; continuing research of kindergarten programs; providing a grant to Independent School District No. 191, Burnsville; appropriating money.

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

Lesch introduced:

H. F. No. 2979, A bill for an act relating to crimes; enhancing penalties to the felony level for second or subsequent indecent exposure and interference with privacy offenses; amending Minnesota Statutes 2002, sections 609.746, subdivision 1; 617.23, subdivision 3.

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

Lesch introduced:

H. F. No. 2980, A bill for an act relating to crime prevention and public safety; increasing the statutory maximum sentences for sex and sex-related offenses; providing for indeterminate sentences with lifetime maximums for repeat sex and sex-related offenses; streamlining the patterned and predatory offender sentencing law; amending Minnesota Statutes 2002, sections 244.05, subdivisions 4, 5; 609.108, subdivisions 1, 3; 609.109, subdivision 7; 609.341, by adding subdivisions; 609.342, subdivisions 2, 3; 609.343, subdivisions 2, 3; 609.344, subdivisions 2, 3; 609.345, subdivisions 2, 3; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 2002, section 609.108, subdivision 2.

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

Lesch introduced:

H. F. No. 2981, A bill for an act relating to criminal justice; creating indeterminate sentences and mandatory life sentences for certain criminal sexual conduct crimes; restructuring the patterned and predatory sex offender law; requiring the Department of Corrections to establish release criteria for sex offenders committed to the commissioner's custody with indeterminate sentences; establishing a sex offender release review board; instructing the revisor to make technical, conforming changes; providing criminal penalties; amending Minnesota Statutes 2002, sections 244.05, subdivisions 4, 5, 6, 7; 244.052, subdivision 3; 609.108; 609.109; 609.1351; 609.341, by adding subdivisions; 609.342; 609.343; 609.344; 609.345; 609.3452, subdivision 4; 609.347; 609.3471; 609.348; 609.353; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 2002, section 609.108, subdivisions 2, 3, 6, 7.

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

Sykora, Rhodes, Slawik and Davnie introduced:

H. F. No. 2982, A bill for an act relating to early childhood education; establishing a school readiness kindergarten assessment initiative; appropriating money.

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

Westrom introduced:

H. F. No. 2983, A bill for an act relating to telecommunications; providing for nondiscriminatory intercarrier compensation; authorizing rulemaking; proposing coding for new law in Minnesota Statutes, chapter 237.

The bill was read for the first time and referred to the Committee on Regulated Industries.

Nelson, C., and Bradley introduced:

H. F. No. 2984, A bill for an act relating to human services; limiting the number of absent days reimbursed under child care assistance; amending Minnesota Statutes 2002, section 119B.13, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Health and Human Services Finance.

Blaine and Walz introduced:

H. F. No. 2985, A bill for an act relating to capital improvements; clarifying the purposes of an earlier appropriation; amending Laws 2000, chapter 492, article 1, section 15, subdivision 4, as amended.

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

Dill, Rukavina, Sertich and Anderson, I., introduced:

H. F. No. 2986, A bill for an act relating to natural resources; requiring permits to be issued for a taconite pellet production facility.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Tingelstad introduced:

H. F. No. 2987, A bill for an act relating to municipal tort liability; providing immunity from tort liability for a limited partnership in which a community action agency is a general partner; amending Minnesota Statutes 2003 Supplement, section 466.01, subdivision 1.

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

Atkins introduced:

H. F. No. 2988, A bill for an act relating to insurance; amending retaliatory provisions; amending Minnesota Statutes 2002, sections 60A.14, subdivision 2; 297I.05, subdivision 11.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Lipman introduced:

H. F. No. 2989, A bill for an act relating to elections; making certain technical changes in the Minnesota Election Law; amending Minnesota Statutes 2002, sections 200.02, subdivision 20; 201.071, subdivision 1, by adding a subdivision; 201.081; 201.091, subdivision 4; 201.096; 201.11; 201.121, by adding a subdivision; 201.14; 201.15, as amended; 201.161; 201.211; 203B.04, subdivisions 1, 4, 5; 203B.06, subdivisions 4, 7; 203B.07; 203B.10; 203B.11, subdivision 1; 203B.12, subdivision 2; 203B.20; 203B.21, subdivision 3; 203B.22; 203B.24; 204B.14, subdivision 2; 204B.16, subdivisions 1, 5; 204B.18; 204B.25, subdivision 3; 204B.27, subdivision 3; 204B.45, subdivision 2; 204C.06, subdivision 2; 204C.10; 204C.24, subdivision 1; 204C.30, by adding a subdivision; 204D.06; 204D.23, subdivision 4; 206.64, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 201; 203B; 204B; 204C; 205; 205A; 206; repealing Minnesota Statutes 2002, section 203B.02, subdivision 1a; Minnesota Rules, parts 8200.1200; 8200.2600; 8200.2700; 8200.2900; 8200.3550; 8200.3600; 8200.3700; 8200.3800; 8200.3900; 8200.6200; 8200.9120; 8210.0200; 8210.0225; 8210.0500; 8210.0600; 8210.0700; 8210.0800; 8210.2300; 8210.2400.

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

Samuelson introduced:

H. F. No. 2990, A bill for an act relating to health; providing information on FDA-approved methods of contraception and natural family planning; amending Minnesota Statutes 2003 Supplement, section 256J.45, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 145.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Krinkie introduced:

H. F. No. 2991, A bill for an act relating to capital improvements; authorizing spending to acquire and better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing sale of state bonds; appropriating money; amending Laws 2003, First Special Session chapter 20, article 1, section 15.

The bill was read for the first time and referred to the Committee on Capital Investment.

Urdahl, Demmer, Koenen, Blaine and Heidgerken introduced:

H. F. No. 2992, A bill for an act relating to agriculture; providing milk producer payments to beginning milk producers; establishing a dairy modernization grant program; proposing coding for new law in Minnesota Statutes, chapter 41A.

The bill was read for the first time and referred to the Committee on Agriculture Policy.

Urdahl and Juhnke introduced:

H. F. No. 2993, A bill for an act relating to appropriations; appropriating money for the pilot marketing program of the West Central Growth Alliance.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance.

Solberg introduced:

H. F. No. 2994, A bill for an act relating to drainage maintenance; reestablishing the Aitkin Drainage and Conservancy District.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Koenen, Seifert, Heidgerken, Urdahl, Eken, Juhnke, Peterson and Otremba introduced:

H. F. No. 2995, A bill for an act relating to agriculture; creating an on-farm processing loan program; amending Minnesota Statutes 2002, section 41B.049.

The bill was read for the first time and referred to the Committee on Agriculture Policy.

Thissen introduced:

H. F. No. 2996, A bill for an act relating to property taxation; exempting the first tier of commercial-industrial property from the state general tax; amending Minnesota Statutes 2002, section 275.025, subdivision 2; Minnesota Statutes 2003 Supplement, section 275.025, subdivision 4.

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

Clark introduced:

H. F. No. 2997, A bill for an act relating to human services; eliminating the cap on dental services in medical assistance and general assistance medical care; amending Minnesota Statutes 2003 Supplement, sections 256B.0625, subdivision 9; 256D.03, subdivision 4.

The bill was read for the first time and referred to the Committee on Health and Human Services Finance.

Dill and Rukavina introduced:

H. F. No. 2998, A bill for an act relating to natural resources; requiring the sale and purchase of certain fire-suppression aircraft.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance.

Biernat introduced:

H. F. No. 2999, A bill for an act relating to education finance; authorizing certain capital account transfers; amending Minnesota Statutes 2002, section 123B.80, by adding a subdivision.

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

Jacobson introduced:

H. F. No. 3000, A bill for an act relating to gambling; making various changes to lawful gambling provisions; amending Minnesota Statutes 2002, sections 349.12, subdivision 31; 349.15, subdivision 2; 349.163, subdivision 9; 349.1711, by adding a subdivision; 349.18, subdivision 2; 349.19, subdivision 5; Minnesota Statutes 2003 Supplement, sections 349.12, subdivision 18; 349.167, subdivisions 2, 4; 349.18, subdivision 1; repealing Minnesota Statutes 2002, section 349.1711, subdivision 4.

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

Mahoney; Nelson, M.; Penas; Davnie; Hilty; Marquart; Johnson, S.; Kelliher; Clark; Entenza and Rukavina introduced:

H. F. No. 3001, A resolution memorializing Congress to give high priority to preserving the rights of the states and of local governments to govern themselves, when considering ratification of the Central American Free Trade Agreement.

The bill was read for the first time and referred to the Committee on Commerce, Jobs and Economic Development.

Dill and Howes introduced:

H. F. No. 3002, A bill for an act relating to natural resources; appropriating money for a snowmobile use study.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance.

Rhodes introduced:

H. F. No. 3003, A bill for an act relating to education; reallocating federal funds; funding a study to merge the Minneapolis Library Board and the Hennepin County Library Board.

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

Pelowski, Dorn, Entenza, Latz and Carlson introduced:

H. F. No. 3004, A bill for an act proposing an amendment to the Minnesota Constitution, article XIII, by adding a section; requiring the state to pay two-thirds of the cost of instruction at public higher education institutions.

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



Soderstrom and Hilty introduced:

H. F. No. 3005, A bill for an act relating to elections; changing times for voting on changing county seats; amending Minnesota Statutes 2002, section 372.07.

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

Cox, Ozment, Otto, Slawik and Abeler introduced:

H. F. No. 3006, A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money to the Metropolitan Council for land banking grants.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance.

Gunther, Kelliher and Clark introduced:

H. F. No. 3007, A bill for an act relating to energy; providing for certain electric service for on-site distributed generation owned and operated by political subdivision; amending Minnesota Statutes 2002, section 216B.1611, subdivision 2.

The bill was read for the first time and referred to the Committee on Regulated Industries.

Nelson, C., introduced:

H. F. No. 3008, A bill for an act relating to state lands; authorizing conveyance of certain surplus state land.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Severson introduced:

H. F. No. 3009, A bill for an act relating to state government; prohibiting executive branch employees from receiving cash payments for discussing the work of an executive agency; amending Minnesota Statutes 2002, section 43A.38, by adding a subdivision.

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

Magnus introduced:

H. F. No. 3010, A bill for an act relating to state lands; authorizing public sale of certain tax-forfeited land that borders public water in Rock County.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Lesch; Otremba; Thao; Nelson, M.; Wasiluk; Davnie and Kahn introduced:

H. F. No. 3011, A bill for an act proposing an amendment to the Minnesota Constitution, article XIII, by adding a section; affirming that every resident of Minnesota has the right to affordable, basic health care.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Meslow and Lesch introduced:

H. F. No. 3012, A bill for an act relating to courts; authorizing retired court commissioners to be appointed to perform judicial duties in the district court; amending Minnesota Statutes 2002, sections 2.724, subdivision 3; 489.01, by adding a subdivision.

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

Magnus and Harder introduced:

H. F. No. 3013, A bill for an act relating to taxation; property; providing for the valuation and classification of land on which energy conversion systems are located; amending Minnesota Statutes 2002, section 272.02, subdivision 22.

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

### **CONSENT CALENDAR**

Seifert moved that the Consent Calendar be continued. The motion prevailed.

### **REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION**

Paulsen from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Calendar for the Day for Monday, March 15, 2004:

H. F. Nos. 1721 and 1861; S. F. No. 1814; H. F. No. 1898; S. F. No. 1613; H. F. No. 2085 and S. F. No. 1626.

### **CALENDAR FOR THE DAY**

Seifert moved that the Calendar for the Day be continued. The motion prevailed.

### **MOTIONS AND RESOLUTIONS**

Mullery moved that the name of Biernat be added as an author on H. F. No. 2144. The motion prevailed.

Cox moved that the name of Harder be added as an author on H. F. No. 2188. The motion prevailed.

Urdahl moved that the name of Abeler be added as an author on H. F. No. 2209. The motion prevailed.

Lanning moved that the name of Ruth be added as an author on H. F. No. 2228. The motion prevailed.

Samuelson moved that the name of Harder be added as an author on H. F. No. 2425. The motion prevailed.

Abeler moved that the name of Sieben be added as an author on H. F. No. 2505. The motion prevailed.

Smith moved that the name of Ellison be added as an author on H. F. No. 2585. The motion prevailed.

Howes moved that the name of Dill be added as an author on H. F. No. 2660. The motion prevailed.

Boudreau moved that the name of Ruth be added as an author on H. F. No. 2709. The motion prevailed.

Demmer moved that the name of Harder be added as an author on H. F. No. 2746. The motion prevailed.

Finstad moved that the name of Harder be added as an author on H. F. No. 2846. The motion prevailed.

Hausman moved that the name of Harder be added as an author on H. F. No. 2878. The motion prevailed.

Peterson moved that the name of Kelliher be added as an author on H. F. No. 2899. The motion prevailed.

Peterson moved that the name of Kelliher be added as an author on H. F. No. 2900. The motion prevailed.

Strachan moved that the name of Powell be added as an author on H. F. No. 2921. The motion prevailed.

Vandever moved that the names of Hackbarth, Jacobson and Ozment be added as authors on H. F. No. 2930. The motion prevailed.

Severson moved that the name of Larson be added as an author on H. F. No. 2934. The motion prevailed.

Vandever moved that H. F. No. 2335 be recalled from the Committee on Governmental Operations and Veterans Affairs Policy and be re-referred to the Committee on Judiciary Policy and Finance. The motion prevailed.

Hilty moved that S. F. No. 755 be recalled from the Committee on State Government Finance and be re-referred to the Committee on Taxes. The motion prevailed.

Stang, Knoblach, DeLaForest, Penas, Dorn, Hoppe and Lenczewski introduced:

House Resolution No. 19, A House resolution honoring Saint John's University Football Coach John Gagliardi on becoming the winningest coach in college football history.

#### SUSPENSION OF RULES

Stang moved that the rules be so far suspended that House Resolution No. 19 be now considered and be placed upon its adoption. The motion prevailed.

## HOUSE RESOLUTION NO. 19

A House resolution honoring Saint John's University Football Coach John Gagliardi on becoming the winningest coach in college football history.

*Whereas*, Saint John's University Football Coach John Gagliardi's coaching career began in 1943 when his high school coach at Trinidad, Colorado Catholic was drafted into World War II and Gagliardi, as captain, took over the reins of the team at the age of 16; and over the next six years, Gagliardi's teams won four conference titles at Trinidad and St. Mary's; and

*Whereas*, after graduation from Colorado College in 1949, Gagliardi's first college coaching position was at Carroll College in Helena, Montana; he led Carroll to three conference titles in his first four seasons as a college coach, and also coached basketball and baseball teams and won championships in those sports as well; and

*Whereas*, Gagliardi's success caught the attention of Saint John's University in Collegeville, Minnesota, a program that had not won a conference title in 15 years; in his first season, Gagliardi won the MIAC title in football and also won a championship coaching the track team, all the while leading the Saint John's hockey team to a 42-25-1 record over five seasons; and

*Whereas*, since then, Gagliardi has won four national football championships (1963, 1965, 1976, and 2003) and made the 2000 national title game as well as the 2001 and 2002 national semifinals; in 2001, Gagliardi became only the third coach in NCAA college football history to coach 500 career games; and

*Whereas*, Gagliardi's teams have won 26 conference titles, appeared in 49 postseason games, been nationally ranked 37 times, and have a 35-14 postseason record; in 1993, Saint John's scored an average of 61.5 points per game, a record that may never be broken; and

*Whereas*, Gagliardi's success has led to widespread national coverage of the Saint John's football program from media outlets such as the Wall Street Journal, Sports Illustrated, The New York Times, The Today Show, the Washington Post, and USA Today, as well as several books written about Gagliardi and the program; and

*Whereas*, the award that goes to the nation's outstanding Division III player is now called the Gagliardi Trophy, and Gagliardi currently owns a 414-114-11 (.778) collegiate career record and a 390-108-10 (.777) record at Saint John's; he broke the all-time record held by former Grambling State head coach Eddie Robinson with a 29-26 win over Bethel on November 8, 2003; *Now, Therefore*,

*Be It Resolved* by the House of Representatives of the State of Minnesota that it congratulates Saint John's University Football Coach John Gagliardi on becoming the winningest coach in college football history and extends best wishes to him for the future.

*Be It Further Resolved* that the Chief Clerk of the House of Representatives is directed to prepare an enrolled copy of this resolution, to be authenticated by his signature and that of the Speaker, and transmit it to John Gagliardi.

Stang moved that House Resolution No. 19 be now adopted. The motion prevailed and House Resolution No. 19 was adopted.

The Speaker called Urdahl to the Chair.

The Speaker resumed the Chair.

ADJOURNMENT

Seifert moved that when the House adjourns today it adjourn until 3:00 p.m., Monday, March 15, 2004. The motion prevailed.

Seifert moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 3:00 p.m., Monday, March 15, 2004.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

