

## STATE OF MINNESOTA

## EIGHTY-THIRD SESSION — 2003

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 FORTY-THIRD DAY

SAINT PAUL, MINNESOTA, FRIDAY, APRIL 25, 2003

The House of Representatives convened at 10:30 a.m. and was called to order by Steve Sviggum, Speaker of the House.

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

A quorum was present.

Anderson, I., and Rukavina were excused.

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

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

RECESS

RECONVENED

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

### REPORTS OF STANDING COMMITTEES

Knoblach from the Committee on Ways and Means to which was referred:

H. F. No. 627, A bill for an act relating to appropriations; appropriating money for transportation and other purposes; authorizing issuance of state bonds; modifying provisions relating to reverse auctions, wetland replacement, land appraisal, archaeological or historic sites, high-occupancy vehicle lanes, town line roads and easements, major transportation projects commission, advertisements for bids, city transit capital improvement projects in metropolitan area, bus rapid transit and other transit, local government permits, and other transportation-related activities; providing for fees, accounts, transfers, fund allocations, and expenditures; modifying provisions regulating speed limits, vehicle insurance requirements, essential employee status, the capitol complex security oversight committee, and other activities related to public safety; authorizing administrative powers, penalties, and remedies for public safety purposes; requiring studies and reports; making technical and clarifying changes; changing transit funding, aid, and tax levy provisions; amending Minnesota Statutes 2002, sections 13.44, subdivision 3; 16A.88, subdivision 1; 16C.10, subdivision 7; 103G.222, subdivisions 1, 3; 138.40, subdivisions 2, 3; 160.28, by adding a subdivision; 161.08; 161.20, subdivision 3; 164.12; 168.12, subdivision 5; 168.54, subdivision 4; 168A.29, subdivision 1; 169.14, by adding a subdivision; 169.791, subdivision 1; 169.796, by adding a subdivision; 169.797, subdivision 4a; 169.798, subdivision 1, by adding a subdivision; 171.20, subdivision 4; 171.29, subdivision 2; 174.24, subdivisions 1, 3b; 174.55, subdivision 2; 179A.03, subdivision 7; 179A.10, subdivision 2; 275.71, subdivision 5; 297B.09, subdivision 1; 299A.465, subdivision 4; 299E.03, subdivision 3; 471.345, subdivision 14; 473.446, subdivision 1; Laws 1999, chapter 238, article 1, section 2, subdivision 2; Laws 2001, First Special Session chapter 8, article 1, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 117; 160; 299A; 331A; 373; 414; 473; repealing Minnesota Statutes 2002, sections 16A.88, subdivision 3; 169.794; 169.799; 174.242; Minnesota Rules, parts 7403.1300; 7413.0400; 7413.0500.

Reported the same back with the following amendments:

Page 3, after line 36, insert:

"Of this appropriation \$750,000 each year is for the long-range radar facility in Alexandria. This appropriation is contingent on a partnership with the federal aviation administration for this project."

Page 5, line 25, delete "635,457,000" and insert "636,957,000"

Page 5, line 32, delete the first "310,457,000" and insert "311,957,000"

Page 5, after line 57, insert:

"\$1,500,000 the first year is for grants to cities to reimburse them for actual expenditures made prior to the effective date of this section for the relocation of municipal utilities necessitated by the reconstruction of a trunk highway."

Page 6, after line 31, insert:

"General 940,000 -0-"

Page 7, after line 13, insert:

"(c) Flood Rehabilitation 940,000 -0-

This appropriation is from the general fund for grants to local governments for capital costs related to the rehabilitation, replacement, or reconstruction of roads or bridges damaged or destroyed by flooding or that provide future protection from flood damages in the area included in DR-1419. A grantee shall submit to the commissioner of transportation final plans for each project before grant money may be released. The commissioner shall determine project priorities and plans and require changes to ensure the most prudent use of state resources."

Page 9, line 18, delete "40 percent" and insert "up to \$2,240,000 the first year and up to \$3,120,000 the second year"

Page 9, delete lines 21 to 24 and insert:

"(2) up to \$960,000 the first year and up to \$1,337,000 the second year by the city of Minneapolis, and up to \$160,000 the first year and up to \$223,000 the second year by the city of Bloomington.

The metropolitan council may not spend any state funds for the operation of the Hiawatha light rail transit line other than the appropriation in this paragraph (c)."

Page 12, line 4, delete the first "24,307,000" and insert "24,402,000" and delete the second "24,307,000" and insert "24,362,000"

Page 12, after line 49, insert:

"Section 1. Minnesota Statutes 2002, section 10A.01, subdivision 24, is amended to read:

Subd. 24. [METROPOLITAN GOVERNMENTAL UNIT.] "Metropolitan governmental unit" means any of the seven counties in the metropolitan area as defined in section 473.121, subdivision 2, ~~a regional railroad authority established by one or more of those counties under section 398A.03,~~ a city with a population of over 50,000 located in the seven-county metropolitan area, the metropolitan council, or a metropolitan agency as defined in section 473.121, subdivision 5a.

**[EFFECTIVE DATE.]** This section is effective December 31, 2003."

Pages 14 to 20, delete sections 4 and 5

Page 26, after line 35, insert:

"Sec. 13. Minnesota Statutes 2002, section 168.011, subdivision 22, is amended to read:

Subd. 22. [SPECIAL MOBILE EQUIPMENT.] "Special mobile equipment" means every vehicle not designed or used primarily for the transportation of persons or property and only incidentally operated or moved over a highway, including but not limited to: ditch-digging apparatuses, moving dollies, pump hoists and other water well-drilling equipment registered under chapter 103I, street-sweeping vehicles, and other machinery such as asphalt spreaders, bituminous mixers, bucket loaders, tractors other than truck-tractors, ditchers, leveling graders, finishing machines, motor graders, road rollers, scarifiers, truck-mounted log loaders, earth-moving carryalls, scrapers, power shovels, draglines, self-propelled cranes, and earth-moving equipment. The term does not include travel trailers, dump trucks, truck-mounted transit mixers, truck-mounted feed grinders, or other motor vehicles designed for the transportation of persons or property to which machinery has been attached."

Page 27, after line 30, insert:

"Sec. 15. [168.1293] [SPECIAL LICENSE PLATES; AUTHORIZATION; DISCONTINUANCE.]

Subdivision 1. [DEFINITION.] For purposes of this section "special license plate" means a license plate that is authorized by law to have wording and graphics that differ from a standard Minnesota passenger vehicle license plate, other than a license plate authorized under section 168.10, 168.105, 168.12, 168.123, 168.1235, 168.124, 168.125, 168.1255, 168.128, 168.129, or 168.1296.

Subd. 2. [SUBMISSIONS TO DEPARTMENT.] (a) A person, legal entity, or other requester, however organized, that plans to seek legislation establishing a new special license plate shall submit the following information and fee to the department of public safety:

(1) The requester shall submit a request for the special license plate being sought, describing the proposed license plate in general terms, the purpose of the plate, and the proposed fee or minimum contribution required for the plate.

(2) The requester shall submit the results of a scientific sample survey of Minnesota motor vehicle owners that indicates that at least 10,000 motor vehicle owners intend to purchase the proposed plate with the proposed fee or minimum contribution. The requester's plan to undertake the survey must be reported to the department before the survey is undertaken. The survey must be performed independently of the requester by another person or legal entity, however organized, that conducts similar sample surveys in the normal course of business.

(3) The requester shall submit an application fee in an amount determined by the commissioner, not to exceed \$20,000, to cover the department's cost of reviewing the application and developing the special license plate if authorized. State funds may not be used to pay the application fee.

(4) The requester shall submit a marketing strategy that contains (i) short-term and long-term marketing plans for the requested plate, and (ii) a financial analysis showing the anticipated revenues and the planned expenditures of any fee or contribution derived from the requested plate.

(b) The requester shall submit the information required under paragraph (a) to the department at least 120 days before the convening of the next regular legislative session at which the requester will submit the proposal.

Subd. 3. [DESIGN; REDESIGN.] (a) If the special license plate sought by the requester is approved by law, the requester shall submit the proposed design for the plate to the department as soon as practicable, but not later than 120 days after the effective date of the law authorizing issuance of the plate. The department is responsible for selecting the final design for the special license plate.

(b) The requester that originally requested a special license plate subsequently approved by law may not submit a new design for the plate within the five years following the date of first issuance of the plate unless the inventory of those plates has been exhausted. The requester may deplete the remaining inventory of the plates by reimbursing the department for the cost of the plates.

Subd. 4. [REFUND OF FEE.] If the special license plate requested is not authorized in the legislative session at which authorization was sought, the department shall refund the application fee to the requester.

Subd. 5. [DISCONTINUANCE OF PLATE.] (a) The department shall discontinue the issuance or renewal of any special license plate if (1) less than 1,000 sets of those plates, including annual renewals, have been issued by the end of the first five full registration years during which the plates are available, or (2) less than 1,000 sets of those plates, including annual renewals, have been issued at the end of any subsequent two-year period following the first five years of availability.

(b) The department may discontinue the issuance or renewal of any special license plate, and distribution of any contributions resulting from that plate, if the department determines that (1) the fund or requester receiving the contributions no longer exists, (2) the requester has stopped providing services that are authorized to be funded from the contribution proceeds, (3) the requester has requested discontinuance, or (4) contributions have been used in violation of subdivision 6.

Subd. 6. [USE OF CONTRIBUTIONS.] Contributions made as a condition of obtaining a special license plate, and interest earned on the contributions, may not be spent for commercial or for-profit purposes."

Page 29, after line 4, insert:

"Sec. 19. Minnesota Statutes 2002, section 169.14, subdivision 5a, is amended to read:

Subd. 5a. [SPEED ZONING IN SCHOOL ZONE; SURCHARGE.] (a) Local authorities may establish a school speed limit within a school zone of a public or nonpublic school upon the basis of an engineering and traffic investigation as prescribed by the commissioner of transportation. The establishment of a school speed limit on any trunk highway shall be with the consent of the commissioner of transportation. Such school speed limits shall be in effect when children are present, going to or leaving school during opening or closing hours or during school recess periods. The school speed limit shall not be lower than 15 miles per hour and shall not be more than ~~20~~ 30 miles per hour below the established speed limit on an affected street or highway ~~if the established speed limit is 40 miles per hour or greater.~~

(b) The school speed limit shall be effective upon the erection of appropriate signs designating the speed and indicating the beginning and end of the reduced speed zone. Any speed in excess of such posted school speed limit is unlawful. All such signs shall be erected by the local authorities on those streets and highways under their respective jurisdictions and by the commissioner of transportation on trunk highways.

(c) For the purpose of this subdivision, "school zone" means that section of a street or highway which abuts the grounds of a school where children have access to the street or highway from the school property or where an established school crossing is located provided the school advance sign prescribed by the manual on uniform traffic control devices adopted by the commissioner of transportation pursuant to section 169.06 is in place. All signs erected by local authorities to designate speed limits in school zones shall conform to the manual on uniform control devices.

(d) Notwithstanding section 609.0331 or 609.101 or other law to the contrary, a person who violates a speed limit established under this subdivision is assessed an additional surcharge equal to the amount of the fine imposed for the violation, but not less than \$25."

Page 32, line 31, delete "\$30" and insert "\$20"

Page 34, after line 33, insert:

"Sec. 27. Minnesota Statutes 2002, section 174.03, subdivision 6a, is amended to read:

Subd. 6a. [ECONOMIC ANALYSIS OF NONHIGHWAY ALTERNATIVES.] If the commissioner considers congestion pricing, tolls, mileage pricing, or public-private partnerships in order to meet the transportation needs of commuters in the department's metropolitan district between 2001 and 2020, the commissioner shall, in cooperation with the metropolitan council ~~and the regional railroad authorities in the district~~, compare the economics of these financing methods with the economics of nonhighway alternatives for moving commuters. The commissioner shall analyze the economics as they relate to both individuals and to the transportation system.

**[EFFECTIVE DATE.]** This section is effective December 31, 2003."

Page 38, after line 30, insert:

"Sec. 33. Minnesota Statutes 2002, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. In the case of taxing authorities required to hold a public meeting under subdivision 6, the notice must clearly state that each taxing authority, including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting, a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice, and an address where comments will be received by mail.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, net of the residential and agricultural homestead credit under section 273.1384, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

- (i) the actual tax for taxes payable in the current year;
- (ii) the tax change due to spending factors, defined as the proposed tax minus the constant spending tax amount;
- (iii) the tax change due to other factors, defined as the constant spending tax amount minus the actual current year tax; and
- (iv) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for the Minneapolis library board and the levy for Minneapolis park and recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul library agency must be listed separately from the remaining amount of the city's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

- (e) The notice must clearly state that the proposed or final taxes do not include the following:
  - (1) special assessments;
  - (2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;
  - (3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;
  - (4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and
  - (5) the contamination tax imposed on properties which received market value reductions for contamination.
- (f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

- (1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or
- (2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

- (1) metropolitan council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;
- (2) metropolitan airports commission under section 473.667, 473.671, or 473.672; and
- (3) metropolitan mosquito control commission under section 473.711.

~~For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.~~

(j) If a statutory or home rule charter city or a town has exercised the local levy option provided by section 473.388, subdivision 7, it may include in the notice of its proposed taxes the amount of its proposed taxes attributable to its exercise of the option. In the first year of the city or town's exercise of this option, the statement shall include an estimate of the reduction of the metropolitan council's tax on the parcel due to exercise of that option. The metropolitan council's levy shall be adjusted accordingly.

**[EFFECTIVE DATE.]** This section is effective December 31, 2003."

Page 39, line 34, delete everything after "\$125,583,000"

Page 39, line 35, delete everything before "must" and insert "each year"

Page 42, line 33, after the comma, insert "\$5,000 each year is appropriated to" and delete "is authorized"

Page 42, line 34, delete everything before "for"



Page 49, after line 22, insert:

"Sec. 43. Minnesota Statutes 2002, section 398A.03, subdivision 1, is amended to read:

Subdivision 1. [ORGANIZATION RESOLUTION.] A regional railroad authority may be organized by resolution or joint resolution adopted by the governing body or bodies of one or more counties located outside the metropolitan area as defined in section 473.121, subdivision 2. The governing body or bodies of a municipality or municipalities within a county or counties may request by resolution that the county or counties organize a railroad authority. If the county or counties do not organize an authority within 90 days of receipt of the request, the municipality or municipalities may organize an authority by resolution or joint resolution. A resolution organizing an authority must state:

(a) That the authority is organized under the Regional Railroad Authorities Act as a political subdivision and local government unit of Minnesota, to exercise thereunder part of the sovereign power of the state;

(b) The name of the authority, including the words "regional railroad authority";

(c) The municipality or municipalities adopting the organization resolution;

(d) The number of commissioners of the authority, not less than five; the number to be appointed by the governing body of each municipality; and the names and addresses of the first board of commissioners;

(e) The city and county in which the registered office of the authority is to be situated;

(f) That neither the state of Minnesota, the municipality or municipalities, nor any other political subdivision is liable for obligations of the authority; and

(g) Any other provision for regulating the business of the authority determined by the governing body or bodies adopting the resolution.

**[EFFECTIVE DATE.]** This section is effective December 31, 2003.

Sec. 44. [398A.10] [METROPOLITAN REGIONAL RAIL AUTHORITIES ABOLISHED.]

Subdivision 1. [AUTHORITIES ABOLISHED.] Regional rail authorities established under section 398A.03 in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington are abolished. All property of an abolished regional rail authority is transferred to the county originally establishing the authority.

Subd. 2. [BONDS.] Bonds and other debt authorized by section 398A.07 issued by a regional rail authority abolished under subdivision 1 that are outstanding on the effective date of this section must be paid and retired according to that section and the terms of the bonds or other debt instruments. Any property tax revenues required to fulfill bond obligations under section 398A.07 and under this subdivision shall be levied annually by the county auditor of the county in which the authority was located, as provided under section 475.61, subdivision 2.

**[EFFECTIVE DATE.]** This section is effective December 31, 2003."

Page 50, after line 21, insert:

"Sec. 48. Minnesota Statutes 2002, section 473.399, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] (a) The council shall adopt a plan to ensure that light rail transit facilities in the metropolitan area will be acquired, developed, owned, and capable of operation in an efficient, cost-effective, and coordinated manner in coordination with buses and other transportation modes and facilities. The plan may be developed and adopted in phases corresponding to phasing of construction of light rail. ~~The council may incorporate into its plan appropriate elements of the plans of regional railroad authorities in order to avoid duplication of effort.~~

(b) The light rail transit plan or first phase of the plan required by this section must be adopted by the council before the commissioner of transportation may begin construction of light rail transit facilities. Following adoption of the plan, the county and the commissioner of transportation shall act in conformity with the plan. The commissioner shall prepare or amend the final design plans as necessary to make the plans consistent with the light rail transit plan.

(c) Throughout the development and implementation of the plan, the council shall contract for or otherwise obtain engineering services to assure that the plan adequately addresses the technical aspects of light rail transit.

**[EFFECTIVE DATE.]** This section is effective December 31, 2003.

Sec. 49. Minnesota Statutes 2002, section 473.3994, subdivision 2, is amended to read:

Subd. 2. [PRELIMINARY DESIGN PLANS; PUBLIC HEARING.] Before final design plans are prepared for a light rail transit facility, the commissioner of transportation ~~and the regional railroad authority or authorities in whose jurisdiction the line or lines are located~~ and the county board must hold a public hearing on the physical design component of the preliminary design plans. The commissioner of transportation ~~and the regional railroad authority or authorities in whose jurisdiction the line or lines are located~~ must provide appropriate public notice of the hearing and publicity to ensure that affected parties have an opportunity to present their views at the hearing. The commissioner shall summarize the proceedings and testimony and maintain the record of a hearing held under this section, including any written statements submitted.

**[EFFECTIVE DATE.]** This section is effective December 31, 2003.

Sec. 50. Minnesota Statutes 2002, section 473.3997, is amended to read:

473.3997 [FEDERAL FUNDING; LIGHT RAIL TRANSIT.]

(a) Upon completion of the alternatives analysis and draft environmental impact statement for the central corridor transit improvement project, the council, the commissioner of transportation, ~~and the affected regional rail authorities~~ county board may prepare a joint application for federal assistance for light rail transit facilities in the metropolitan area. The application must be reviewed and approved by the metropolitan council before it is submitted by the council and the commissioner. In reviewing the application the council must consider the information submitted to it under section 473.3994, subdivision 9.

(b) Until the application described in paragraph (a) is submitted, no political subdivision in the metropolitan area may on its own apply for federal assistance for light rail transit planning or construction.

**[EFFECTIVE DATE.]** This section is effective December 31, 2003."

Page 61, after line 12, insert:

"Sec. 69. [TRANSFERS.]

(a) The commissioner of finance shall transfer \$155,000 from the remaining balance in the alcohol-impaired driver education account in the special revenue fund to the general fund.

(b) The commissioner of finance shall transfer \$785,000 from the remaining balance in the greater Minnesota transit fund to the general fund.

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

Sec. 70. [HUBBARD MARKETPLACE TRANSIT HUB; TOILET FACILITIES.]

The metropolitan council may not deny bus riders using the Hubbard Marketplace transit hub facility in Robbinsdale the right to use toilet facilities in the hub.

Sec. 71. [APPLICABILITY.]

Sections 1, 27, 33, 43, 44, 48, 49, and 50 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Page 64, after line 4, insert:

#### "ARTICLE 4

#### DRIVER'S LICENSE LAW

Section 1. [171.025] [PROOF OF IDENTITY AND RESIDENCY.]

Subdivision 1. [IN GENERAL.] (a) At the time of application for a driver's license, permit, or identification card, the applicant shall present a Minnesota driver's license, permit, or Minnesota identification card if one of these has been issued to the applicant.

(b) The Minnesota driver's license, identification card, or permit must not have expired more than:

(1) five years before it is presented if it has a color photograph or electronically produced or digitized image of the applicant; or

(2) one year before it is presented if it does not have a color photograph or electronically produced or digitized image of the applicant. A temporary seven-day driver's license issued to a Minnesota-licensed driver only by the state of Minnesota under section 169A.52, subdivision 7, paragraph (c), clause (2), may be presented if it is not expired more than one year.

(c) As proof of full name, date of birth, and identity, the applicant must present one primary document and one secondary document as defined in Minnesota Rules, part 7410.0400, subparts 2 and 3, or successor rules, if the applicant cannot present:

(1) a Minnesota driver's license, identification card, or permit that is current or has expired for five years or less with a color photograph or electronically produced or digitized image; or

(2) a Minnesota driver's license, identification card, or permit that is current or has been expired for one year or less without a color photograph or electronically produced or digitized image.

Subd. 2. [RESIDENCE ADDRESS ON LICENSE, PERMIT, OR IDENTIFICATION CARD.] (a) The department shall issue a Minnesota driver's license, permit, or identification card only to an individual who has a residence address in the state at the time of application, by showing a residence number, street name, street type, directional if any, city, state, and zip code.

(b) The applicant shall indicate on the application form for a Minnesota driver's license, identification card, or permit, the applicant's residence address in the state.

Sec. 2. [171.028] [DOCUMENTING RESIDENCY; RULES AND REGULATIONS.]

Subdivision 1. [PERMANENT STATE RULES.] (a) Adopted exempt Minnesota Rules, part 7410.0400, subparts 2 and 3, as published in the State Register on July 8, 2002, become permanent on the day following final enactment of this section. These rules may subsequently be amended by the commissioner under chapter 14, to administer the provisions of this chapter.

(b) The documents specified in Minnesota Rules, part 7410.0400, subparts 2 and 3, or successor rules, are subject to the variance procedures and criteria in Minnesota Rules, part 7410.0600, or successor rules.

Subd. 2. [INCORPORATION OF FEDERAL REGULATIONS.] As authorized by Public Law 107-296, rules relating to identity and residency documentation standards adopted in Code of Federal Regulations by the United States Department of Homeland Security may be incorporated by reference by the commissioner. These rules may be subsequently amended by the commissioner under chapter 14 to administer the provisions of this chapter.

Subd. 3. [NON-ENGLISH DOCUMENTS; TRANSLATION.] All documents submitted to the department in a language other than English must be accompanied by a translation of that document into the English language.

Subd. 4. [PROOF OF RESIDENCY REQUIRED AT TIME OF APPLICATION.] Proof of residency in the United States is required at the time of application for an initial permit, driver's license, or identification card. The applicant must attest to a residence address in Minnesota and demonstrate proof of either lawful short-term admission to the United States, permanent United States resident status, indefinite authorized presence status, or United States citizenship.

Subd. 5. [PROOF OF RESIDENCY AT RENEWAL.] (a) Proof of residency is required at the time of application for renewal of a driver's license, permit, or identification card.

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

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

Subd. 6. [DOCUMENTS NOT SUFFICIENT TO PROVE RESIDENCY.] The presentation of a driver's license, permit, or identification card from another jurisdiction or another United States state is not acceptable as proof of permanent United States resident status, indefinite authorized presence status, lawful short-term admission to the United States, or United States citizenship.

Subd. 7. [DOCUMENTS SUFFICIENT TO PROVE RESIDENCY.] To demonstrate permanent United States resident status, indefinite authorized presence status, lawful short-term admission, or United States citizenship, an applicant must attest to a Minnesota residence address on the application form and present a primary document specified in Minnesota Rules, part 7410.0400, subpart 2, or successor rules.

Subd. 8. [EVIDENCE REQUIRED WHEN NAME CHANGED.] If there has been a change in the individual's legal full name as it appears on the presented document specified in Minnesota Rules, part 7410.0400, subpart 2, or successor rules, the individual must also present evidence of a change of name as specified in Minnesota Rules, part 7410.0500, or successor rules.

Subd. 9. [LAWFUL SHORT-TERM ADMISSION STATUS.] (a) If the lawful admission period indicated on the federal primary document presented expires in 30 days or more from the date of application for the state driver's license, permit, or identification card, the department shall issue to the applicant a driver's license, permit, or identification card with a status check date that coincides with the lawful admission period on the federal primary document presented.

(b) The department shall not issue a driver's license, permit, or identification card if an individual has no lawful admission status to the United States or if the lawful short-term admission period expires in 30 days or less.

Subd. 10. [STATUS CHECK DATE.] A status check date that coincides with the federal lawful admission period indicated on the federal primary document presented must be indicated on the driver's license, permit, or identification card issued.

Subd. 11. [REISSUANCE.] (a) The department shall reissue a driver's license, permit, or identification card with a new status check date if the applicant presents an employment authorization card (I-688B, I-766 series) or notice of action (I-797A series) issued by the United States Department of Homeland Security to the commissioner to indicate extension of the lawful admission period.

(b) If the applicant presents an accepted application from the United States Department of Homeland Security for an extension of or change in the federal lawful admission period, the department shall reissue the driver's license, permit, or identification card with a status check date extension of six months from the date of the federal receipt for the extension or change in order to provide a grace period while the application for the extension is processed.

(c) The department shall reissue a driver's license, permit, or identification card without a status check date if (1) the applicant presents a subsequent federal document indicating permanent United States resident status, indefinite authorized presence status, or United States citizenship, and (2) the applicant pays the duplicate fee as specified in section 171.06.

Sec. 3. Minnesota Statutes 2002, section 171.06, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF APPLICATION; OTHER INFORMATION.] (a) An application must:

(1) state the full name, date of birth, sex, and residence address of the applicant;

(2) as may be required by the commissioner, contain a description of the applicant, which consists of the applicant's height in feet and inches, weight in pounds, and eye color, and any other facts pertaining to the applicant, the applicant's driving privileges, and the applicant's ability to operate a motor vehicle with safety;

(3) for a class C, class B, or class A driver's license, state the applicant's social security number or, for a class D driver's license, have a space for the applicant's social security number and state that providing the number is optional, or otherwise convey that the applicant is not required to enter the social security number;

(4) contain a space where the applicant may indicate a desire to make an anatomical gift according to paragraph (b); and

(5) contain a notification to the applicant of the availability of a living will/health care directive designation on the license under section 171.07, subdivision 7.

(b) If the applicant does not indicate a desire to make an anatomical gift when the application is made, the applicant must be offered a donor document in accordance with section 171.07, subdivision 5. The application must contain statements sufficient to comply with the requirements of the Uniform Anatomical Gift Act (1987), sections 525.921 to 525.9224, so that execution of the application or donor document will make the anatomical gift as provided in section 171.07, subdivision 5, for those indicating a desire to make an anatomical gift. The application must be accompanied by information describing Minnesota laws regarding anatomical gifts and the need for and benefits of anatomical gifts, and the legal implications of making an anatomical gift, including the law governing revocation of anatomical gifts. The commissioner shall distribute a notice that must accompany all applications for and renewals of a driver's license or Minnesota identification card. The notice must be prepared in conjunction with a Minnesota organ procurement organization that is certified by the federal Department of Health and Human Services and must include:

(1) a statement that provides a fair and reasonable description of the organ donation process, the care of the donor body after death, and the importance of informing family members of the donation decision; and

(2) a telephone number in a certified Minnesota organ procurement organization that may be called with respect to questions regarding anatomical gifts.

(c) The application must be accompanied also by information containing relevant facts relating to:

(1) the effect of alcohol on driving ability;

(2) the effect of mixing alcohol with drugs;

(3) the laws of Minnesota relating to operation of a motor vehicle while under the influence of alcohol or a controlled substance; and

(4) the levels of alcohol-related fatalities and accidents in Minnesota and of arrests for alcohol-related violations.

Sec. 4. Minnesota Statutes 2002, section 171.07, subdivision 1, is amended to read:

Subdivision 1. [LICENSE; CONTENTS.] (a) Upon the payment of the required fee, the department shall issue to every qualifying applicant a license designating the type or class of vehicles the applicant is authorized to drive as applied for. This license must bear a distinguishing number assigned to the licensee; the full name, date of birth, residence address and permanent mailing address if different; a description of the licensee in a manner as the commissioner deems necessary, which consists of the applicant's height in feet and inches, weight in pounds, eye color, and sex; and the usual signature of the licensee. No license is valid unless it bears the usual signature of the licensee. Every license must bear a colored photograph or an electronically produced image of the licensee.

(b) Every license issued to an applicant under the age of 21 must be of a distinguishing color and plainly marked "Under-21."

(c) The department shall use processes in issuing a license that prohibit, as nearly as possible, the ability to alter or reproduce a license, or prohibit the ability to superimpose a photograph or electronically produced image on a license, without ready detection.

(d) A license issued to an applicant age 65 or over must be plainly marked "senior" if requested by the applicant.

Sec. 5. Minnesota Statutes 2002, section 171.07, subdivision 3, is amended to read:

Subd. 3. [IDENTIFICATION CARD; FEE.] (a) Upon payment of the required fee, the department shall issue to every qualifying applicant a Minnesota identification card. The department may not issue a Minnesota identification card to a person who has a driver's license, other than a limited license, from any jurisdiction, or has an identification card from any jurisdiction, unless and until the person's license or identification card from any jurisdiction has been invalidated. The card must bear a distinguishing number assigned to the applicant; a colored photograph or an electronically produced image of the applicant; the applicant's full name, date of birth, and residence address; a description of the applicant in the manner as the commissioner deems necessary, which consists of the applicant's height in feet and inches, weight in pounds, eye color, and sex; and the usual signature of the applicant.

(b) Each identification card issued to an applicant under the age of 21 must be of a distinguishing color and plainly marked "Under-21."

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

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

Sec. 6. [171.075] [DRIVER'S IMAGE FOR LICENSE, PERMIT, OR CARD.]

Subdivision 1. [FULL FACE IMAGE.] The applicant for a driver's license, permit, or identification card must have a full face image taken by the department that is a representation of the true appearance of the applicant. The face of the applicant must be uncovered and unobscured.

Subd. 2. [USE OF PREVIOUS IMAGE.] The use of the previous image on file with the department is limited to:

(1) duplicate drivers' licenses and identification cards; and

(2) one renewal cycle for a person who applied to the department and certifies that the person is out of the state at the time the driver's license or identification card expires and intends to return within four years.

Subd. 3. [UPDATED IMAGE REQUIRED UPON RETURN.] Within 30 days after the return to Minnesota of an applicant whose previous image was used in accordance with subdivision 2, clause (2), the applicant shall appear at a driver's license renewal office and shall allow an updated image to be taken. The applicant shall comply with the identity provisions of Minnesota Rules, part 7410.0400, subparts 2 and 3, or successor rules.

Sec. 7. Minnesota Statutes 2002, section 171.14, is amended to read:

171.14 [CANCELLATION.]

Subdivision 1. [AUTHORITY.] The commissioner ~~shall have authority to~~ may cancel any driver's license or identification card upon ~~determination~~ determining that the licensee or cardholder:

(1) was not entitled to the issuance ~~thereof hereunder, or that the licensee~~ of the license or identification card;

(2) failed to give the required or correct information in the application, ~~or;~~

(3) committed any fraud or deceit in making such application. The commissioner may also cancel the driver's license of any person who; or

(4) at the time of the cancellation, would not have been entitled to receive a license under the provisions of section 171.04 this chapter.

Subd. 2. [CANCELLATION; DENIAL.] Pursuant to this section and section 171.04, the commissioner shall cancel a driver's license, permit, or identification card as follows, whichever occurs first:

(1) on the status check date unless the state document holder presents federal proof of extension of the lawful admission period or a receipt from the United States Department of Homeland Security for an application for an extension or change in the lawful admission status; or

(2) when the department receives notice from the United States Department of Homeland Security that the individual has been deported.

Subd. 3. [WARNING OF POSSIBLE CANCELLATION.] (a) If the status check date is to expire in more than 60 days, a notice warning the state document holder that the driver's license, permit, or identification card will be canceled on the status check date must be sent by first class mail to the document holder's residence address on file with the department. If application is being made and the status check date would expire in 60 days or less from the date of application, the department shall directly issue to the applicant a general notice warning of cancellation on the status check date and send a follow-up notice as described in paragraphs (b) and (c).

(b) The notice must contain:

(1) the person's full name, date of birth, unique state document number, and current address from the department record; and

(2) the date the notice is mailed or directly issued.

(c) The notice must indicate that:

(1) the driver's license, permit, or identification card will be canceled on the status check date;

(2) the driver's license, permit, or identification card may be reissued if the document holder presents federal proof of extension of the lawful admission period or a receipt from the United States Department of Homeland Security for application for an extension or change of the lawful admission period; and

(3) the individual may request an administrative review of the possible cancellation under Minnesota Rules, part 7409.4600, or successor rules.

Subd. 4. [CANCELLATION ORDER.] (a) At least seven days before the status check date, the department shall issue to the document holder a cancellation order indicating that the driver's license, permit, or identification card is canceled. The notice must be sent by first class mail to the address shown on department records.

(b) The notice must contain:

(1) the person's full name, date of birth, unique state document number, and current address from the department record; and

(2) the date the order is mailed.



(c) The notice must indicate that:

(1) application may be made for a new driver's license, permit, or identification card if the individual can present proof to the department of current authorized legal presence in the United States; and

(2) the document holder may request an administrative review of the cancellation under Minnesota Rules, part 7409.4600, or successor rules.

Subd. 5. [ADMINISTRATIVE REVIEW.] Any administrative review of the cancellation of the state document or the denial to issue a state document under this part must be conducted under Minnesota Rules, part 7409.4600, or successor rules.

Subd. 6. [FEES.] (a) A state document holder who applies for a six-month extension of the status check date on the driver's license, permit, or identification card before the status check date expires must not be charged a fee for reissuance of the state document if there is no change to the address or name on the state document.

(b) If the status check date on the driver's license, permit, or identification card is current or has expired and the applicant presents federal documentation indicating an extended lawful admission period, the applicant shall pay the fee for a duplicate card as specified in section 171.06.

(c) The state document holder is required to pay the renewal fee as specified in section 171.06 upon the expiration of the driver's license, permit, or identification card.

Sec. 8. Minnesota Statutes 2002, section 171.22, subdivision 2, is amended to read:

Subd. 2. [PENALTIES.] Any person who violates any provision of subdivision 1, clause (4), (7), or (8), is guilty of a gross misdemeanor. Any person who violates any other provision of subdivision 1 is guilty of a misdemeanor.

Sec. 9. [171.324] [QUALIFICATIONS OF HAZARDOUS MATERIAL DRIVERS.]

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

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

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

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

Sec. 10. Minnesota Statutes 2002, section 609.531, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purpose of sections 609.531 to 609.5318, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a dangerous weapon as defined under section 609.02, subdivision 6, that the actor used or had in possession in furtherance of a crime.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the bureau of criminal apprehension, the Minnesota division of driver and vehicle services, the Minnesota state patrol, a county sheriff's department, the suburban Hennepin regional park district park rangers, the department of natural resources division of enforcement, the University of Minnesota police department, or a city or airport police department.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter, chapter 152, or chapter 624;

(2) the use of forged documents in applying for a driver's license;

(3) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 325E.17; 325E.18; 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.527; 609.528; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.631; 609.66, subdivision 1e; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 609.895; 617.246; or a gross misdemeanor or felony violation of section 609.891 or 624.7181; or any violation of section 609.324.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4."

Adjust amounts accordingly

Renumber the sections in sequence and correct the internal references

Delete the title and insert:

"A bill for an act relating to appropriations; appropriating money for transportation, public safety, and other purposes; authorizing issuance of state bonds; modifying provisions relating to reverse auctions, land appraisal, archaeological or historic sites, high-occupancy vehicle lanes, town line roads and easements, major transportation projects commission, advertisements for bids, regional railroad authorities, city transit capital improvement projects in metropolitan area, bus rapid transit and other transit, local government permits, and other transportation-related activities; providing for fees, funds and accounts, transfers, allocations, and expenditures; modifying provisions regulating special mobile equipment, special vehicle license plates, speed limits, vehicle insurance requirements, drivers' licenses and identification cards, essential employee status, the capitol complex security oversight committee, and other activities related to public safety; authorizing administrative powers, penalties, and remedies for public safety purposes; requiring studies and reports; making technical and clarifying changes; changing transit funding, aid, and tax levy provisions; amending Minnesota Statutes 2002, sections 10A.01, subdivision 24; 13.44, subdivision 3; 16A.88, subdivision 1; 16C.10, subdivision 7; 138.40, subdivisions 2, 3; 160.28, by adding a subdivision; 161.08; 161.20, subdivision 3; 164.12; 168.011, subdivision 22; 168.12, subdivision 5; 168.54, subdivision 4; 168A.29, subdivision 1; 169.14, subdivision 5a, by adding a subdivision; 169.791, subdivision 1; 169.796, by adding a subdivision; 169.797, subdivision 4a; 169.798, subdivision 1, by adding a subdivision; 171.06,

subdivision 3; 171.07, subdivision 3; 171.14; 171.20, subdivision 4; 171.22, subdivision 2; 171.29, subdivision 2; 174.03, subdivision 6a; 174.24, subdivisions 1, 3b; 174.55, subdivision 2; 179A.03, subdivision 7; 179A.10, subdivision 2; 275.065, subdivision 3; 275.71, subdivision 5; 297B.09, subdivision 1; 299A.465, subdivision 4; 299E.03, subdivision 3; 398A.03, subdivision 1; 471.345, subdivision 14; 473.399, subdivision 1; 473.3994, subdivision 2; 473.3997; 473.446, subdivision 1; 609.531, subdivision 1; Laws 1999, chapter 238, article 1, section 2, subdivision 2; Laws 2001, First Special Session chapter 8, article 1, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 117; 160; 168; 171; 299A; 331A; 373; 398A; 414; 473; repealing Minnesota Statutes 2002, sections 16A.88, subdivision 3; 169.794; 169.799; 174.242; Minnesota Rules, parts 7403.1300; 7413.0400; 7413.0500."

With the recommendation that when so amended the bill pass.

The report was adopted.

Knoblach from the Committee on Ways and Means to which was referred:

H. F. No. 750, A bill for an act relating to appropriations; appropriating money to fund corrections, public safety, courts, and other agencies; establishing, funding, modifying, or regulating certain corrections, public safety, court, and other criminal justice programs, policies, duties, activities, or practices; making technical, conforming, and clarifying changes; providing criminal penalties; setting fines, surcharges, and fees; amending Minnesota Statutes 2002, sections 8.06; 152.021, subdivisions 2a, 3; 169A.03, subdivision 21, by adding a subdivision; 169A.20, subdivision 2; 169A.25, subdivision 1; 169A.26, subdivision 1; 169A.27, subdivision 1; 169A.275, subdivisions 3, 4, by adding a subdivision; 169A.40, subdivision 3; 169A.44; 169A.51, subdivision 5; 169A.53, subdivision 3; 169A.54, subdivision 6; 169A.60, subdivisions 8, 13; 241.016, subdivision 1; 243.53, subdivision 1; 260B.105, subdivisions 1, 2; 260B.125, subdivision 8; 260B.130, subdivision 1; 260B.141, subdivision 4; 260B.143, subdivision 1; 260B.193, subdivision 5; 260C.163, subdivision 5; 270A.03, subdivision 5; 299C.05; 299C.06; 299C.10, subdivision 4, by adding a subdivision; 299C.48; 299F.46, subdivision 1, by adding subdivisions; 299M.01, by adding subdivisions; 299M.03, by adding subdivisions; 299M.04; 299M.11, subdivisions 1, 2; 357.021, subdivisions 2, 6, 7; 357.022; 357.08; 546.27; 590.05; 609.055, subdivision 2; 609.101, subdivision 4; 609.105, subdivision 1, by adding subdivisions; 609.115, subdivision 1; 609.119; 609.135, subdivisions 1, 2; 609.185; 609.322, by adding a subdivision; 609.324; 609.3241; 609.527, subdivision 3; 609.68; 609.681; 609.748, subdivisions 1, 3, 4, 5; 611.14; 611.17; 611.18; 611.25, subdivision 1; 611.26, subdivision 6; 611.272; 629.471, by adding a subdivision; 641.14; 641.263, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 169A; 243; 244; 299A; 299F; 641; repealing Minnesota Statutes 2002, sections 123B.73; 147.111, subdivision 6; 147A.14, subdivision 6; 148.102, subdivision 4; 148.263, subdivision 5; 148B.07, subdivision 6; 148B.283, subdivision 7; 148B.63, subdivision 6; 149A.61, subdivision 5; 150A.13, subdivision 6; 152.135, subdivision 4; 153.24, subdivision 5; 156.122; 241.41; 241.42; 241.43; 241.44; 241.441; 241.45; 244.19, subdivision 3a; 340A.905; 626A.17; 631.40, subdivisions 1a, 1b; Laws 2002, chapter 220, article 6, section 6.

Reported the same back with the following amendments:

Page 3, after line 7, insert:

"[COURT REPORTER; SOFTWARE AND EQUIPMENT FUNDING.] The supreme court administrator may appropriate funds to court reporters to fund periodic computer software and equipment upgrades to ensure the accuracy and integrity of court records."

Page 3, delete lines 37 to 46 and insert:

"[EQUIPMENT; CHEMICAL ASSESSMENT TEAMS; DULUTH.] The commissioner may not relocate or reassign to another location or chemical assessment team the equipment currently housed or stored in or around Duluth and intended for use by the chemical assessment teams responsible for responding to incidents in and around Duluth."

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

Page 7, after line 13, insert:

"\$2,500,000 each year is for grants to counties to offset the cost of housing short-term offenders with less than six months to serve as required by article 5. The commissioner shall distribute the grants based on the average number of short-term offenders coming from each county in fiscal years 2002 and 2003. These grants are available until June 30, 2007."

Page 9, after line 36, insert:

"Sec. 2. Minnesota Statutes 2002, section 243.49, is amended to read:

243.49 [COMMITMENT PAPERS; DUTY OF COURT ADMINISTRATOR.]

If so directed by the court, upon a plea of guilty or finding of guilty after trial, the court administrator of ~~every~~ a court which sentences a defendant for a felony or gross misdemeanor to the custody of the commissioner of corrections or to the superintendent of the work house or work farm, shall provide the officer or person having custody of the defendant a certified record for commitment, including (1) a copy of the indictment and plea, (2) a transcript of the sentencing proceedings, with the date thereof, together with the defendant's statement under oath, if obtained, as to the defendant's true name, residence, if any, the date and place of birth, the names and addresses of parents and other relatives and of employers and others who know the defendant well, social and other affiliations, past occupations and employments, former places of residence and the period of time and the dates the defendant has resided in each, citizenship, the number, dates, places and causes of any prior convictions, and (3) if the person pleaded guilty, a transcript of the sentencing proceedings. If prepared, the record shall also include the trial judge's impressions of the defendant's mental and physical condition, general character, capacity, disposition, habits and special needs. The court reporter shall provide the ~~required~~ necessary transcripts. The certified record for commitment may be used as evidence in any postconviction proceeding brought by the defendant. If so directed by the court, the court administrator shall also deliver to the sheriff or other officer or person conveying the defendant to the correctional facility, work house, or work farm designated by the commissioner of corrections or the judge a warrant of commitment together with a certified copy of the warrant directing the conveyor to deliver the person and the certified record for commitment to the principal officer in charge of the correctional facility, work house, or work farm. Upon the delivery of any person, the principal officer in charge of the correctional facility, work house, or work farm shall keep the certified copy of the warrant of commitment and endorse the principal officer's receipt upon the original, which shall be filed with the sentencing court. The court administrator shall retain one copy of the required transcripts, and a tape recording and the court reporter's notes of all other proceedings."

Page 14, after line 5, insert:

"Sec. 7. Minnesota Statutes 2002, section 550.36, is amended to read:

550.36 [STAY OF EXECUTION ON MONEY JUDGMENT; LIMITATION ON BOND AMOUNT.]

(a) Subject to the limitation in paragraph (b), execution of a judgment for the payment of money only shall be stayed ~~for six months~~ during the course of all appeals or discretionary appellate reviews of a judgment if, within ten days after the entry thereof, the judgment debtor shall file with the court administrator a bond, running to the

judgment creditor, the creditor's personal representatives and assigns, in double the amount of the judgment, to be approved by the court, and conditioned for the payment of the judgment, with interest during the time for which the stay is granted. Interest shall be computed in the same manner and at the same rate provided for interest on verdicts in section 549.09. Within two days thereafter notice that such bond has been filed, with a copy of the same, shall be served on the judgment creditor, if the creditor be a resident of the county, or upon the creditor's agent or attorney, if the creditor has one, and the judgment creditor may except to the sufficiency of the bond; and, upon the creditor's application upon notice or order to show cause, the court, if it find the bond insufficient, may order execution to issue notwithstanding the same, unless the judgment debtor give such further bond as it shall deem sufficient. If the condition of any such bond be not performed, the execution shall issue for the amount of the judgment, with interest and costs, against the judgment debtor and the sureties. When an execution issues against sureties the officer shall certify in the return what amount, if any, was collected from them and the date thereof. If a stay be granted after execution issued, any levy made thereon shall be released and the execution shall be returned and the reason noted by the officer.

(b)(1) Notwithstanding paragraph (a) or any other provision of law or court rule to the contrary, if a plaintiff in a civil action obtains a judgment under any legal theory that requires any defendant to make payments in order to comply with the judgment, the amount of the appeal bond necessary to stay execution during the course of all appeals or discretionary reviews of that judgment by an appellate court shall be set in accordance with applicable laws or court rules, except that the total appeal bond that is required of all appellants shall not exceed \$25,000,000 regardless of the value of the judgment.

(2) Notwithstanding clause (1), if a judgment creditor proves by a preponderance of the evidence that a judgment debtor is dissipating assets outside the ordinary course of business to avoid payment of a judgment, a court may enter orders that:

(i) are necessary to protect the judgment creditor; and

(ii) require the judgment debtor to post a bond that is equal to the total amount of the judgment.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to all cases pending on or filed after that date."

Page 16, line 34, delete everything after "2002," and insert "section"

Page 16, delete lines 35 and 36

Page 17, delete lines 1 and 2

Page 17, line 3, delete "; and 631.40, subdivisions 1a and 1b, are" and insert ", is"

Page 44, line 36, delete "section" and insert "sections"

Page 60, line 16, delete "2005" and insert "2007"

Page 60, line 21, delete "2005" and insert "2007"

Page 61, line 33, delete "2005" and insert "2007"

Pages 64 and 65, delete section 9

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 18, after the second semicolon insert "243.49;"

Page 1, line 28, after "546.27;" insert "550.36;"

Page 1, line 34, delete "1,"

Page 1, line 40, delete everything after the first semicolon

Page 1, delete lines 41 to 43

Page 1, line 44, delete "150A.13, subdivision 6;"

Page 1, line 45, delete everything before "241.41"

Page 2, line 1, delete "340A.905;" and delete "631.40, subdivisions 1a, 1b;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Paulsen from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 779, A bill for an act relating to state government; appropriating money for environmental and natural resources purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; amending Minnesota Statutes 2002, sections 16A.531, subdivision 1, by adding a subdivision; 17.4988; 84.027, subdivision 13; 84.029, subdivision 1; 84.085, subdivision 1; 84.091, subdivisions 2, 3; 84.0911; 84.788, subdivisions 2, 3; 84.794, subdivision 2; 84.803, subdivision 2; 84.92, subdivision 8; 84.927, subdivision 2; 84A.02; 84A.21; 84A.32, subdivision 1; 84A.55, subdivision 8; 84D.14; 85.04; 85.052, subdivision 3; 85.053, subdivision 1; 85.055, subdivision 1; 85A.02, subdivision 17; 88.17, subdivision 1, by adding a subdivision; 97A.015, subdivisions 24, 52; 97A.045, subdivision 7, by adding a subdivision; 97A.071, subdivision 2; 97A.075, subdivisions 1, 2, 4, by adding a subdivision; 97A.105, subdivision 1; 97A.401, subdivision 3; 97A.411, subdivision 2; 97A.441, subdivision 7, by adding a subdivision; 97A.475, subdivisions 2, 3, 4, 5, 10, 15, 26, 27, 28, 29, 30, 38, 39, 40, 42, by adding a subdivision; 97A.505, by adding subdivisions; 97B.311; 103B.231, subdivision 3a; 103B.305, subdivision 3, by adding subdivisions; 103B.311, subdivisions 1, 2, 3, 4; 103B.315, subdivisions 4, 5, 6; 103B.321, subdivisions 1, 2; 103B.325, subdivisions 1, 2; 103B.331, subdivisions 1, 2, 3; 103B.3363, subdivision 3; 103B.3369, subdivisions 2, 4, 5, 6; 103B.355; 103D.341, subdivision 2; 103D.345, by adding a subdivision; 103D.405, subdivision 2; 103D.537; 103G.005, subdivision 10e; 103G.222, subdivision 1; 103G.2242, by adding subdivisions; 103G.271, subdivisions 6, 6a, by adding a subdivision; 103G.611, subdivision 1; 103G.615, subdivision 2; 103I.235, subdivision 1; 115.03, by adding subdivisions; 115.073; 115.56, subdivision 4; 115A.0716, subdivision 3; 115A.54, by adding a subdivision; 115A.545, subdivision 2; 115A.908, subdivision 2; 115A.9651, subdivision 6; 115B.17, subdivisions 6, 7, 14, 16; 115B.19; 115B.20; 115B.22, subdivision 7; 115B.25, subdivisions 1a, 4; 115B.26; 115B.30; 115B.31, subdivisions 1, 3, 4; 115B.32, subdivision 1; 115B.33, subdivision 1; 115B.34; 115B.36; 115B.40, subdivision 4; 115B.41, subdivisions 1, 2, 3; 115B.42, subdivision 2; 115B.421; 115B.445; 115B.48, subdivision 2; 115B.49, subdivisions 1, 3; 115C.02, subdivision 14; 115C.08, subdivision 4; 115C.09, subdivision 3, by adding subdivisions; 115C.11, subdivision 1; 115C.13; 115D.12, subdivision 2; 116.03, subdivision 2; 116.07, subdivisions 4d, 4h; 116.073, subdivisions 1, 2; 116.46, by adding subdivisions; 116.49, by

adding subdivisions; 116.50; 116.994; 116C.834, subdivision 1; 116D.04, by adding a subdivision; 116P.02, subdivision 1; 116P.05, subdivision 2; 116P.09, subdivisions 4, 5, 7; 116P.10; 116P.14, subdivisions 1, 2; 297A.94; 297F.10, subdivision 1; 297H.13, subdivisions 1, 2; 325E.10, subdivision 1; 469.175, subdivision 7; 473.843, subdivision 2; 473.844, subdivision 1; 473.845, subdivisions 1, 3, 7, 8; 473.846; proposing coding for new law in Minnesota Statutes, chapters 84; 84B; 97B; 103B; 115C; 116; repealing Minnesota Statutes 2002, sections 1.31; 1.32; 84.0887; 84.98; 84.99; 93.2235; 97A.105, subdivisions 3a, 3b; 97A.485, subdivision 12; 97B.731, subdivision 2; 103B.311, subdivisions 5, 6, 7; 103B.315, subdivisions 1, 2, 3, 7; 103B.321, subdivision 3; 103B.3369, subdivision 3; 115B.02, subdivision 1a; 115B.42, subdivision 1; 297H.13, subdivisions 3, 4; 325E.112, subdivisions 2, 3; 325E.113; 473.845, subdivision 4; Minnesota Rules, parts 9300.0010; 9300.0020; 9300.0030; 9300.0040; 9300.0050; 9300.0060; 9300.0070; 9300.0080; 9300.0090; 9300.0100; 9300.0110; 9300.0120; 9300.0130; 9300.0140; 9300.0150; 9300.0160; 9300.0170; 9300.0180; 9300.0190; 9300.0200; and 9300.0210.

Reported the same back with the following amendments:

Page 173, after line 2, insert:

### "ARTICLE 3

#### AGRICULTURE AND RURAL DEVELOPMENT

##### Section 1. [AGRICULTURE AND RURAL DEVELOPMENT APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2004" and "2005," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2004, or June 30, 2005, respectively. The term "the first year" means the year ending June 30, 2004, and the term "the second year" means the year ending June 30, 2005.

#### SUMMARY BY FUND

	2004	2005	TOTAL
General	\$45,185,000	\$44,620,000	\$89,805,000
Remediation	353,000	353,000	706,000
TOTAL	\$45,538,000	\$44,973,000	\$90,511,000

#### APPROPRIATIONS

Available for the Year  
Ending June 30

2004 2005

##### Sec. 2. DEPARTMENT OF AGRICULTURE

Subdivision 1. Total Appropriation	42,735,000	42,170,000
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APPROPRIATIONS  
Available for the Year  
Ending June 30  
2004 2005

Summary by Fund

General	42,382,000	41,817,000
Remediation	353,000	353,000

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

Subd. 2. Protection Services

9,138,000	9,138,000
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Summary by Fund

General	8,785,000	8,785,000
Remediation	353,000	353,000

\$353,000 the first year and \$353,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

Subd. 3. Agricultural Marketing and Development

5,209,000	5,209,000
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\$71,000 the first year and \$71,000 the second year are for transfer to the Minnesota grown matching account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.109. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2005, for Minnesota grown grants in this subdivision are available until June 30, 2007.

\$80,000 the first year and \$80,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture as authorized in Minnesota Statutes, section 17.116. Of the amount for grants, up to \$20,000 may be used for dissemination of information about the demonstration projects. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2005, for sustainable agriculture grants in this subdivision are available until June 30, 2007.



**APPROPRIATIONS**  
 Available for the Year  
 Ending June 30  
 2004 2005

Beginning in fiscal year 2004, all aid payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1, shall be disbursed not later than July 15. These payments are the amount of aid owed by the state for an annual fair held in the previous calendar year.

The commissioner, in consultation with farm groups and individuals and organizations in the education community, shall identify an appropriate entity in the private sector or the public sector to sponsor, house, and carry on the staffing and function of the Ag in the Classroom program. Once an entity is identified and arrangements for the transfer finalized, the commissioner may release educational and program materials to the new entity.

Subd. 4. Ethanol Development

22,962,000

21,428,000

Notwithstanding the annual appropriation for ethanol producer payments in Minnesota Statutes, section 41A.09, subdivision 1, the general fund appropriation for fiscal year 2004 is \$22,692,000 and the appropriation for fiscal year 2005 is \$21,428,000. Payments from these appropriations for eligible ethanol production in fiscal years 2004 and 2005 shall be disbursed at the rate of \$0.13 per gallon, and the base appropriation amounts in fiscal years 2006 and 2007 must be calculated as the projected eligible production in those years times a payment rate of \$0.13 per gallon. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make payments on a pro rata basis.

Subd. 5. Administration and Financial Assistance

5,426,000

6,395,000

\$1,005,000 the first year and \$1,005,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2 and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state, in the proportions which the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a work plan detailing plans for

**APPROPRIATIONS**  
 Available for the Year  
 Ending June 30  
 2004 2005

expenditures under this program to the chairs of the house and senate committees dealing with agricultural policy and budget on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs.

\$50,000 the first year and \$50,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

\$19,000 the first year and \$19,000 the second year are for a grant to the Minnesota livestock breeders association.

\$2,000 the first year and \$1,000 the second year are for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. No new loans may be approved in fiscal year 2004 or 2005.

\$500,000 the first year and \$1,535,000 the second year are for the administration and performance of the duties under Minnesota Statutes, section 116O.09. The commissioner shall transfer up to \$100,000 to the agricultural utilization and research institute for its operations between July 1 and September 30, 2003.

Sec. 3. BOARD OF ANIMAL HEALTH

2,803,000

2,803,000

\$400,000 the first year and \$400,000 the second year are for the purposes of cervidae inspections as authorized in Minnesota Statutes, section 17.452.

Sec. 4. AGRICULTURAL UTILIZATION RESEARCH  
INSTITUTE

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Sec. 5. Minnesota Statutes 2002, section 17.451, is amended to read:

17.451 [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this section and section 17.452.

Subd. 1a. [CERVIDAE.] "Cervidae" means animals that are members of the family Cervidae and includes, but is not limited to, white-tailed deer, mule deer, red deer, elk, moose, caribou, reindeer, and muntjac.

Subd. 2. [FARMED CERVIDAE.] "Farmed cervidae" means members of the Cervidae family that are:

- (1) raised for ~~the any purpose of producing fiber, meat, or animal by-products, as pets, or as breeding stock;~~ and
- (2) registered in a manner approved by the board of animal health.

Subd. 3. [OWNER.] "Owner" means a person who owns or is responsible for the raising of farmed cervidae.

Subd. 4. [HERD.] "Herd" means:

- (1) all cervidae maintained on common ground for any purpose; or
- (2) all cervidae under common ownership or supervision, geographically separated, but that have an interchange or movement of animals without regard to whether the animals are infected with or exposed to diseases.

Sec. 6. Minnesota Statutes 2002, section 17.452, subdivision 8, is amended to read:

Subd. 8. [SLAUGHTER.] Farmed cervidae must be slaughtered and inspected in accordance with chapters 31 and 31A or the United States Department of Agriculture voluntary program for exotic animals, Code of Federal Regulations, title 9, part 352.

Sec. 7. Minnesota Statutes 2002, section 17.452, subdivision 10, is amended to read:

Subd. 10. [FENCING.] ~~(a) Farmed cervidae must be confined in a manner designed to prevent escape. Fencing must meet the requirements in this subdivision unless an alternative is specifically approved by the commissioner. The board of animal health shall follow the guidelines established by the United States Department of Agriculture in the program for eradication of bovine tuberculosis. Perimeter fencing must be of the following heights:~~

- ~~(1) for fences constructed before August 1, 1995, for farmed deer, at least 75 inches;~~
- ~~(2) for fences constructed before August 1, 1995, for farmed elk, at least 90 inches; and~~
- ~~(3) for fences constructed on or after August 1, 1995, for all farmed cervidae, at least 96 inches.~~

~~(b) The farmed cervidae advisory committee shall establish guidelines designed to prevent the escape of farmed cervidae and other appropriate management practices. All perimeter fences for farmed cervidae must be at least 96 inches in height and be constructed and maintained in a way that prevents the escape of farmed cervidae or entry into the premises by free-roaming cervidae.~~

~~(c) The commissioner of agriculture in consultation with the commissioner of natural resources shall adopt rules prescribing fencing criteria for farmed cervidae.~~

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

Sec. 8. Minnesota Statutes 2002, section 17.452, subdivision 11, is amended to read:

Subd. 11. [DISEASE ~~INSPECTION CONTROL PROGRAMS.~~] Farmed cervidae herds are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.

Sec. 9. Minnesota Statutes 2002, section 17.452, subdivision 12, is amended to read:

Subd. 12. [IDENTIFICATION.] (a) ~~Farmed cervidae must be identified by United States Department of Agriculture metal ear tags, electronic implants, or other means of identification approved by the board of animal health in consultation with the commissioner of natural resources. Beginning January 1, 2004, the identification must be visible to the naked eye during daylight under normal conditions at a distance of 50 yards. Newborn or imported animals are required to~~ must be identified by March 1 of each year before December 31 of the year in which the animal is born or before movement from the premises, whichever occurs first. The board shall authorize discrete permanent identification for farmed cervidae in public displays or other forums where visible identification is objectionable.

(b) ~~Identification of farmed cervidae is subject to sections 35.821 to 35.831.~~

(c) ~~The board of animal health shall register farmed cervidae upon request of the owner. The owner must submit the registration request on forms provided by the board. The forms must include sales receipts or other documentation of the origin of the cervidae. The board shall provide copies of the registration information to the commissioner of natural resources upon request. The owner must keep written records of the acquisition and disposition of registered farmed cervidae.~~

Sec. 10. Minnesota Statutes 2002, section 17.452, subdivision 13, is amended to read:

Subd. 13. [INSPECTION.] ~~The commissioner of agriculture and the board of animal health may inspect farmed cervidae, farmed cervidae facilities, and farmed cervidae records. On or before January 1 of each year, an owner of cervidae must pay an annual inspection fee of \$10 per animal owned but not to exceed \$100 per herd. The number of animals owned must be determined by the most recent inventory submitted by the owner to the board of animal health. The commissioner of natural resources may inspect farmed cervidae, farmed cervidae facilities, and farmed cervidae records with reasonable suspicion that laws protecting native wild animals have been violated, and must notify the owner must be notified in writing at the time of the inspection of the reason for the inspection and informed must inform the owner in writing after the inspection of whether (1) the cause of the inspection was unfounded; or (2) there will be an ongoing investigation or continuing evaluation.~~

Sec. 11. Minnesota Statutes 2002, section 17.452, is amended by adding a subdivision to read:

Subd. 13a. [CERVIDAE INSPECTION ACCOUNT.] A cervidae inspection account is established in the state treasury. The fees collected under subdivision 13 and interest attributable to money in the account must be deposited in the state treasury and credited to the cervidae inspection account in the special revenue fund. Money in the account is appropriated to the board of animal health for the administration and enforcement of this section.

Sec. 12. Minnesota Statutes 2002, section 17.452, is amended by adding a subdivision to read:

Subd. 15. [MANDATORY REGISTRATION.] A person may not possess live cervidae in Minnesota unless the person is registered with the board of animal health and meets all the requirements for farmed cervidae under this section. Cervidae possessed in violation of this subdivision may be seized and destroyed by the commissioner of natural resources.

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

Sec. 13. Minnesota Statutes 2002, section 17.452, is amended by adding a subdivision to read:

Subd. 16. [MANDATORY SURVEILLANCE FOR CHRONIC WASTING DISEASE.] (a) An inventory for each farmed cervidae herd must be verified by an accredited veterinarian and filed with the board of animal health every 12 months.

(b) Movement of farmed cervidae from any premises to another location must be reported to the board of animal health within 14 days of such movement on forms approved by the board of animal health.

(c) All animals from farmed cervidae herds that are over 16 months of age that die or are slaughtered must be tested for chronic wasting disease.

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

Sec. 14. [18.511] [FEE SCHEDULE.]

Subdivision 1. [ESTABLISHMENT OF FEES.] The commissioner shall establish fees sufficient to allow for the administration and enforcement of this chapter and rules adopted under this chapter, including the portion of general support costs and statewide indirect costs of the agency attributable to that function, with a reserve sufficient for up to six months. The commissioner shall review the fee schedule annually in consultation with the Minnesota nursery and landscape advisory committee. For the certificate year beginning January 1, 2004, the fees are as described in this section.

Subd. 2. [NURSERY STOCK GROWER CERTIFICATE.] (a) A nursery stock grower must pay an annual fee based on the area of all acreage on which nursery stock is grown for certification as follows:

- (1) less than one-half acre, \$150;
- (2) from one-half acre to two acres, \$200;
- (3) over two acres up to five acres, \$300;
- (4) over five acres up to ten acres, \$350;
- (5) over ten acres up to 20 acres, \$500;
- (6) over 20 acres up to 40 acres, \$650;
- (7) over 40 acres up to 50 acres, \$800;
- (8) over 50 acres up to 200 acres, \$1,100;
- (9) over 200 acres up to 500 acres, \$1,500; and
- (10) over 500 acres, \$1,500 plus \$2 for each additional acre.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month that the fee is delinquent for any application for renewal not received by January 1 of the year following expiration of a certificate.

Subd. 3. [NURSERY STOCK DEALER, CERTIFICATE.] (a) A nursery stock dealer must pay an annual fee based on the dealer's gross sales of nursery stock per location during the preceding certificate year. A certificate applicant operating for the first time shall pay the minimum fee. The fees are per sales location as follows:

- (1) gross sales up to \$20,000, \$150;
- (2) gross sales over \$20,000 up to \$100,000, \$175;
- (3) gross sales over \$100,000 up to \$250,000, \$300;
- (4) gross sales over \$250,000 up to \$500,000, \$425;
- (5) gross sales over \$500,000 up to \$1,000,000, \$550;
- (6) gross sales over \$1,000,000 up to \$2,000,000, \$675; and
- (7) gross sales over \$2,000,000, \$800.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month that the fee is delinquent for any application for renewal not received by January 1 of the year following expiration of a certificate.

Subd. 4. [REINSPECTION; ADDITIONAL OR OPTIONAL INSPECTION FEES.] If a reinspection is required or an additional inspection is needed or requested, a fee shall be assessed based on mileage and inspection time as follows:

- (1) mileage must be charged at the current United States Internal Revenue Service reimbursement rate; and
- (2) inspection time must be charged at the rate of \$50 per hour, including the driving time to and from the location in addition to the time spent conducting the inspection.

Sec. 15. Minnesota Statutes 2002, section 18.525, is amended to read:

18.525 [EXEMPT NURSERY SALES.]

Subdivision 1. [NOT-FOR-PROFIT SALES.] An organization ~~does not need to obtain a nursery stock dealer certificate before offering or individual may offer for sale~~ certified nursery stock for sale or distribution if the organization:

(1) ~~is a~~ and be exempt from the requirement to obtain a nursery stock dealer certificate if sales are conducted by a nonprofit charitable, educational, or religious organization;

(2) that:

(1) conducts sales or distributions of certified nursery stock on 14 or fewer days in a calendar year; and

(3) (2) uses the proceeds from its certified nursery stock sales or distributions for charitable, educational, or religious purposes.

~~The organization must notify the commissioner, prior to any sales or distributions of certified nursery stock and must demonstrate to the commissioner, if requested, that such sales or distributions will be conducted on 14 or fewer days in the calendar year, as provided in clause (2).~~

Subd. 2. [NURSERY HOBBYIST SALES.] (a) An organization or individual may offer nursery stock for sale and be exempt from the requirement to obtain a nursery stock dealer certificate if:

(1) the gross sales of all nursery stock sold in a calendar year do not exceed \$2,000;

(2) all nursery stock sold or distributed by the hobbyist is intended for planting in Minnesota; and

(3) all nursery stock purchased or procured for resale or distribution was grown in Minnesota and has been certified by the commissioner of agriculture.

(b) The commissioner may prescribe the conditions of the exempt nursery sales under this subdivision and may conduct routine inspections of nursery stock offered for sale.

Sec. 16. [18.541] [NURSERY AND PHYTOSANITARY ACCOUNT.]

A nursery and phytosanitary account is established in the state treasury. The fees and penalties collected under this chapter and interest attributable to money in the account must be deposited in the state treasury and credited to the nursery and phytosanitary account in the agricultural fund. Money in the account, including interest earned, is appropriated to the commissioner for administration and enforcement of this chapter.

Sec. 17. [18.611] [EXPORT CERTIFICATION, INSPECTIONS, CERTIFICATES, PERMITS, AND FEES.]

Subdivision 1. [DISPOSITION AND USE OF MONEY RECEIVED.] All fees and penalties collected under this chapter and interest attributable to the money in the account must be deposited in the state treasury and credited to the nursery and phytosanitary account in the agricultural fund. Money in the account, including interest earned, is appropriated to the commissioner for the administration and enforcement of this chapter.

Subd. 2. [COOPERATIVE AGREEMENTS.] The commissioner may enter into cooperative agreements with federal and state agencies for administration of the export certification program. An exporter of plants or plant products desiring to originate shipments from Minnesota to a foreign country requiring a phytosanitary certificate or export certificate must submit an application to the commissioner.

Subd. 3. [PHYTOSANITARY AND EXPORT CERTIFICATES.] Application for phytosanitary certificates or export certificates must be made on forms provided or approved by the commissioner. The commissioner shall conduct inspections of plants, plant products, or facilities for persons that have applied for or intend to apply for a phytosanitary certificate or export certificate from the commissioner. Inspections must include one or more of the following as requested or required:

(1) an inspection of the plants or plant products intended for export under a phytosanitary certificate or export certificate;

(2) field inspections of growing plants to determine presence or absence of plant diseases, if necessary;

(3) laboratory diagnosis for presence or absence of plant diseases, if necessary;

(4) observation and evaluation of procedures and facilities utilized in handling plants and plant products, if necessary; and

(5) review of United States Department of Agriculture, Federal Grain Inspection Service Official Export Grain Inspection Certificate logs.

The commissioner may issue a phytosanitary or export certificate if the plants or plant products satisfactorily meet the requirements of the importing foreign country and the United States Department of Agriculture requirements. The requirements of the destination countries must be met by the applicant.

Subd. 4. [CERTIFICATE FEES.] (a) The commissioner shall assess the fees in paragraphs (b) to (f) for the inspection, service, and work performed in carrying out the issuance of a phytosanitary certificate or export certificate. The inspection fee must be based on mileage and inspection time.

(b) Mileage charge: current United States Internal Revenue Service mileage rate.

(c) Inspection time: \$50 per hour minimum or fee necessary to cover department costs. Inspection time includes the driving time to and from the location in addition to the time spent conducting the inspection.

(d) A fee shall be assessed for any certificate issued that requires laboratory analysis before issuance. The fee must be deposited into the laboratory account as authorized in section 17.85.

(e) Certificate fee for product value greater than \$250: a fee of \$75 for each phytosanitary or export certificate issued for any single shipment valued at more than \$250 in addition to any mileage or inspection time charges that are assessed.

(f) Certificate fee for product value less than \$250: a fee of \$25 for each phytosanitary or export certificate issued for any single shipment valued at less than \$250 in addition to any mileage or inspection time charges that are assessed.

Subd. 5. [CERTIFICATE DENIAL OR CANCELLATION.] The commissioner may deny or cancel the issuance of a phytosanitary or export certificate for any of the following reasons:

(1) failure of the plants or plant products to meet quarantine, regulations, and requirements imposed by the country for which the phytosanitary or export certificate is being requested;

(2) failure to completely or accurately provide the information requested on the application form;

(3) failure to ship the exact plants or plant products which were inspected and approved; or

(4) failure to pay any fees or costs due the commissioner.

Subd. 6. [PLANT PROTECTION INSPECTIONS, CERTIFICATES, PERMITS, AND FEES.] (a) The commissioner may provide inspection, sampling, or certification services to ensure that Minnesota plant products or commodities meet import requirements of other states or countries.

(b) The state plant regulatory official may issue permits and certificates verifying that various Minnesota agricultural products or commodities meet specified phytosanitary requirements, treatment requirements, or pest absence assurances based on determinations by the commissioner. The commissioner may collect fees sufficient to recover costs for these permits or certificates. The fees must be deposited in the nursery and phytosanitary account.



Sec. 18. [18.612] [CREDITING OF PENALTIES, FEES, AND COSTS.]

Penalties, cost reimbursements, fees, and other money collected under this chapter must be deposited into the state treasury and credited to the appropriate nursery and phytosanitary or seed account.

Sec. 19. Minnesota Statutes 2002, section 18.78, is amended to read:

18.78 [CONTROL OR ERADICATION OF NOXIOUS WEEDS.]

Subdivision 1. [GENERALLY.] ~~Except as provided in section 18.85,~~ A person owning land, a person occupying land, or a person responsible for the maintenance of public land shall control or eradicate all noxious weeds on the land at a time and in a manner ordered by ~~the commissioner,~~ the county agricultural inspector, or a local weed inspector.

Subd. 2. [CONTROL OF PURPLE LOOSESTRIFE.] An owner of nonfederal lands underlying public waters or wetlands designated under section 103G.201 is not required to control or eradicate purple loosestrife below the ordinary high water level of the public water or wetland. The commissioner of natural resources is responsible for control and eradication of purple loosestrife on public waters and wetlands designated under section 103G.201, except those located upon lands owned in fee title or managed by the United States. The officers, employees, agents, and contractors of the commissioner of natural resources may enter upon public waters and wetlands designated under section 103G.201 and, after providing notification to the occupant or owner of the land, may cross adjacent lands as necessary for the purpose of investigating purple loosestrife infestations, formulating methods of eradication, and implementing control and eradication of purple loosestrife. The commissioner, ~~after consultation with the commissioner of agriculture,~~ of natural resources shall, by June 1 of each year, compile a priority list of purple loosestrife infestations to be controlled in designated public waters. The commissioner of ~~agriculture~~ natural resources must distribute the list to county agricultural inspectors, local weed inspectors, and their appointed agents. The commissioner of natural resources shall control listed purple loosestrife infestations in priority order within the limits of appropriations provided for that purpose. This procedure shall be the exclusive means for control of purple loosestrife on designated public waters by the commissioner of natural resources and shall supersede the other provisions for control of noxious weeds set forth elsewhere in this chapter. The responsibility of the commissioner of natural resources to control and eradicate purple loosestrife on public waters and wetlands located on private lands and the authority to enter upon private lands ends ten days after receipt by the commissioner of a written statement from the landowner that the landowner assumes all responsibility for control and eradication of purple loosestrife under sections 18.78 to 18.88. State officers, employees, agents, and contractors of the commissioner of natural resources are not liable in a civil action for trespass committed in the discharge of their duties under this section and are not liable to anyone for damages, except for damages arising from gross negligence.

Sec. 20. Minnesota Statutes 2002, section 18.79, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZED AGENTS.] ~~The commissioner shall authorize department of agriculture personnel and may authorize, in writing, County agricultural inspectors to act as agents in the administration and enforcement of~~ may administer and enforce sections 18.76 to 18.88.

Sec. 21. Minnesota Statutes 2002, section 18.79, subdivision 3, is amended to read:

Subd. 3. [ENTRY UPON LAND.] To administer and enforce sections 18.76 to 18.88, ~~the commissioner, authorized agents of the commissioner,~~ county agricultural inspectors, and local weed inspectors may enter upon land without consent of the owner and without being subject to an action for trespass or any damages.

Sec. 22. Minnesota Statutes 2002, section 18.79, subdivision 5, is amended to read:

Subd. 5. [ORDER FOR CONTROL OR ERADICATION OF NOXIOUS WEEDS.] ~~The commissioner,~~ A county agricultural inspector, or a local weed inspector may order the control or eradication of noxious weeds on any land within the state.

Sec. 23. Minnesota Statutes 2002, section 18.79, subdivision 6, is amended to read:

Subd. 6. ~~EDUCATIONAL PROGRAMS~~ INITIAL TRAINING FOR CONTROL OR ERADICATION OF NOXIOUS WEEDS.] The commissioner shall conduct ~~education programs~~ initial training considered necessary for weed inspectors in the enforcement of the Noxious Weed Law. The director of the Minnesota extension service may conduct educational programs for the general public that will aid compliance with the noxious weed law.

Sec. 24. Minnesota Statutes 2002, section 18.79, subdivision 9, is amended to read:

Subd. 9. [INJUNCTION.] If the ~~commissioner~~ county agricultural inspector applies to a court for a temporary or permanent injunction restraining a person from violating or continuing to violate sections 18.76 to 18.88, the injunction may be issued without requiring a bond.

Sec. 25. Minnesota Statutes 2002, section 18.79, subdivision 10, is amended to read:

Subd. 10. [PROSECUTION.] On finding that a person has violated sections 18.76 to 18.88, the ~~commissioner~~ county agricultural inspector may start court proceedings in the locality in which the violation occurred. The county attorney may prosecute actions under sections 18.76 to 18.88 within the county attorney's jurisdiction.

Sec. 26. Minnesota Statutes 2002, section 18.81, subdivision 2, is amended to read:

Subd. 2. [LOCAL WEED INSPECTORS.] Local weed inspectors shall:

(1) examine all lands, including highways, roads, alleys, and public ground in the territory over which their jurisdiction extends to ascertain if section 18.78 and related rules have been complied with;

(2) see that the control or eradication of noxious weeds is carried out in accordance with section 18.83 and related rules; and

(3) issue permits in accordance with section 18.82 and related rules for the transportation of materials or equipment infested with noxious weed propagating parts; ~~and~~

~~(4) submit reports and attend meetings that the commissioner requires.~~

Sec. 27. Minnesota Statutes 2002, section 18.81, subdivision 3, is amended to read:

Subd. 3. [NONPERFORMANCE BY INSPECTORS; REIMBURSEMENT FOR EXPENSES.] ~~(a)~~ If local weed inspectors neglect or fail to do their duty as prescribed in this section, the ~~commissioner~~ county agricultural inspector shall issue a notice to the inspector providing instructions on how and when to do their duty. If, after the time allowed in the notice, the local weed inspector has not complied as directed, the county agricultural inspector may perform the duty for the local weed inspector. A claim for the expense of doing the local weed inspector's duty is a legal charge against the municipality in which the inspector has jurisdiction. The county agricultural inspector doing the work may file an itemized statement of costs with the clerk of the municipality in which the work was performed. The municipality shall immediately issue proper warrants to the county for the work performed. If the municipality fails to issue the warrants, the county auditor may include the amount contained in the itemized statement of costs as part of the next annual tax levy in the municipality and withhold that amount from the municipality in making its next apportionment.

~~(b) If a county agricultural inspector fails to perform the duties as prescribed in this section, the commissioner shall issue a notice to the inspector providing instructions on how and when to do that duty.~~

~~(c) The commissioner shall by rule establish procedures to carry out the enforcement actions for nonperformance required by this subdivision.~~

Sec. 28. Minnesota Statutes 2002, section 18.84, subdivision 3, is amended to read:

Subd. 3. [COURT APPEAL OF COSTS; PETITION.] (a) A landowner who has appealed the cost of noxious weed control measures under subdivision 2 may petition for judicial review. The petition must be filed within 30 days after the conclusion of the hearing before the county board. The petition must be filed with the court administrator in the county in which the land where the noxious weed control measures were undertaken is located, together with proof of service of a copy of the petition on ~~the commissioner and~~ the county auditor. No responsive pleadings may be required of ~~the commissioner or the~~ county, and no court fees may be charged for the appearance of ~~the commissioner or the~~ county in this matter.

(b) The petition must be captioned in the name of the person making the petition as petitioner and ~~the commissioner of agriculture and~~ respective county as respondents. The petition must include the petitioner's name, the legal description of the land involved, a copy of the notice to control noxious weeds, and the date or dates on which appealed control measures were undertaken.

(c) The petition must state with specificity the grounds upon which the petitioner seeks to avoid the imposition of a lien for the cost of noxious weed control measures.

Sec. 29. Minnesota Statutes 2002, section 18.86, is amended to read:

18.86 [UNLAWFUL ACTS.]

No person may:

(1) hinder or obstruct in any way the ~~commissioner, the commissioner's authorized agents,~~ county agricultural inspectors; or local weed inspectors in the performance of their duties as provided in sections 18.76 to 18.88 or related rules;

(2) neglect, fail, or refuse to comply with section 18.82 or related rules in the transportation and use of material or equipment infested with noxious weed propagating parts;

(3) sell material containing noxious weed propagating parts to a person who does not have a permit to transport that material or to a person who does not have a screenings permit issued in accordance with section 21.74; or

(4) neglect, fail, or refuse to comply with a general notice or an individual notice to control or eradicate noxious weeds.

Sec. 30. Minnesota Statutes 2002, section 18B.26, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FEE.] (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at one-tenth of one percent for calendar year 1990, at one-fifth of one percent for calendar year 1991, and at two-fifths of one percent for calendar year 1992 and thereafter of annual gross sales within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee of \$250. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of

distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. ~~Of the amount collected after calendar year 1990, at least \$600,000 per fiscal year must be credited to the waste pesticide account under section 18B.065, subdivision 5. The commissioner shall spend at least \$300,000 per fiscal year from the pesticide regulatory account for the purposes of the waste pesticide collection program.~~

(b) An additional fee of \$100 must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(c) A registrant must annually report to the commissioner the amount and type of each registered pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report and require additional information deemed necessary to determine the amount and type of pesticides annually distributed in the state. The information required shall include the brand name, amount, and formulation of each pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

Sec. 31. Minnesota Statutes 2002, section 21.89, subdivision 2, is amended to read:

Subd. 2. [PERMITS; ISSUANCE AND REVOCATION.] (a) The commissioner shall issue a permit to the initial labeler of agricultural, vegetable, ~~or~~ flower, and wildflower seeds which are sold for use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92. The categories of permits are as follows:

(1) for initial labelers who sell 50,000 pounds or less of agricultural seed each calendar year, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (b);

(2) for initial labelers who sell vegetable, flower, and wildflower seed packed for use in home gardens or household plantings, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (c), based upon the gross sales from the previous year; and

(3) for initial labelers who sell more than 50,000 pounds of agricultural seed each calendar year, a permanent permit for a fee established in section 21.891, subdivision 2, paragraph (d).

(b) In addition, the person permit holders shall furnish to the commissioner an itemized statement of all seeds sold in Minnesota for the periods established by the commissioner. This statement shall be delivered, along with the payment of the fee, based upon the amount and type of seed sold, to the commissioner no later than 30 days after the end of each reporting period. Any person holding a permit shall show as part of the analysis labels or invoices on all agricultural, vegetable, flower, wildflower, tree or shrub seeds all information the commissioner requires. The commissioner may revoke any permit in the event of failure to comply with applicable laws and rules.

Sec. 32. [21.891] [CHARGES UNDER MINNESOTA SEED LAW.]

Subdivision 1. [SAMPLING EXPORT SEED.] In accordance with section 21.85, subdivision 13, the commissioner shall, if requested, sample seed destined for export to other countries. The fee for sampling export seed is an hourly rate published annually by the commissioner and it shall be an amount sufficient to recover the actual costs for the service provided.

Subd. 2. [SEED FEE PERMITS.] (a) An initial labeler who wishes to sell seed in Minnesota must comply with section 21.89, subdivisions 1 and 2, and the procedures in this subdivision. Each initial labeler who wishes to sell seed in Minnesota must apply to the commissioner to obtain a permit. The application must contain the name and address of the applicant, the application date, and the name and title of the applicant's contact person.

(b) The application for a seed permit covered by section 21.89, subdivision 2, paragraph (a), clause (1), must be accompanied by an application fee of \$50.

(c) The application for a vegetable, flower, and wildflower seed permit covered by section 21.89, subdivision 2, paragraph (a), clause (2), must be accompanied by an application fee based on the level of annual gross sales as follows:

- (1) for gross sales of zero to \$25,000, the annual permit fee is \$50;
- (2) for gross sales of \$25,001 to \$50,000, the annual permit fee is \$100;
- (3) for gross sales of \$50,001 to \$100,000, the annual permit fee is \$200;
- (4) for gross sales of \$100,001 to \$250,000, the annual permit fee is \$500;
- (5) for gross sales of \$250,001 to \$500,000, the annual permit fee is \$1,000; and
- (6) for gross sales of \$500,001 and above, the annual permit fee is \$2,000.

(d) The application for an agricultural seed permit covered by section 21.89, subdivision 2, paragraph (a), clause (3), must be accompanied by an application fee of \$50. Initial labelers holding seed fee permits covered under this paragraph need not apply for a new permit or pay the application fee. Under this permit category, the fees for the following kinds of agricultural seed sold either in bulk or containers are:

- (1) oats, wheat, barley: 6.3 cents per hundredweight;
- (2) rye, field beans, soybeans, buckwheat, flax: 8.4 cents per hundredweight;
- (3) field corn: 29.4 cents per hundredweight;
- (4) forage, lawn and turf grasses, legumes: 49 cents per hundredweight;
- (5) sunflower: \$1.40 per hundredweight;
- (6) sugar beet: \$3.29 per hundredweight; and
- (7) for any agricultural seed not listed in clauses (1) to (6), the fee for the crop most closely resembling it in normal planting rate applies.

(e) If, for reasons beyond the control and knowledge of the initial labeler, seed is shipped into Minnesota by a person other than the initial labeler, the responsibility for the seed fees are transferred to the shipper. An application for a transfer of this responsibility must be made to the commissioner. Upon approval by the commissioner of the transfer, the shipper is responsible for payment of the seed permit fees.

(f) Seed permit fees may be included in the cost of the seed either as a hidden cost or as a line item cost on each invoice for seed sold. To identify the fee on an invoice, the words, "Minnesota seed permit fees" must be used.

(g) All seed fee permit holders must file semiannual reports with the commissioner, even if no seed was sold during the reporting period. Each semiannual report must be submitted within 30 days of the end of each reporting period. The reporting periods are October 1 to March 31 and April 1 to September 30 of each year or July 1 to December 31, and January 1 to June 30 of each year. Permit holders may change their reporting periods with the approval of the commissioner.

(h) The holder of a seed fee permit must pay fees on all seed for which the permit holder is the initial labeler and which are covered by sections 21.80 to 21.92 and sold during the reporting period.

(i) If a seed fee permit holder fails to submit a semiannual report and pay the seed fee within 30 days after the end of each reporting period, the commissioner shall assess a penalty of \$100 or eight percent, calculated on an annual basis, of the fee due, whichever is greater, but no more than \$500 for each late semiannual report. A \$15 penalty must be charged when the semiannual report is late, even if no fee is due for the reporting period. Seed fee permits may be revoked for failure to comply with this subdivision or the Minnesota seed law.

Subd. 3. [HYBRID SEED CORN VARIETY REGISTRATION FEE.] In accordance with section 21.90, subdivision 2, the fee for the registration of each hybrid seed corn variety or blend is \$50, which must be paid at the time of registration. New hybrid seed corn variety registrations received after March 1 and renewed registrations of older varieties received after August 1 of each year will have an annual registration fee of \$75 per variety.

Subd. 4. [BRAND NAME REGISTRATION FEE.] The fee is \$25 for each variety registered for sale by brand name.

Sec. 33. Minnesota Statutes 2002, section 21.90, subdivision 2, is amended to read:

Subd. 2. [FEES.] A record of each new hybrid seed field corn variety to be sold in Minnesota shall be registered with the commissioner by ~~February~~ March 1 of each year by the originator or owner. Records of all other hybrid seed field corn varieties sold in Minnesota shall be registered with the commissioner by August 1 of each year by the originator or owner. The commissioner shall establish the annual fee for registration for each variety. The record shall include the permanent designation of the hybrid as well as the day classification and zone of adaptation, as determined under subdivision 1, which the originator or owner declares to be the zone in which the variety is adapted. In addition, at the time of the first registration of a hybrid seed field corn variety, the originator or owner shall include a sworn statement that the declaration of the zone of adaptation was based on actual field trials in that zone and that the field trials substantiate the declaration as to the day and zone classifications to which the variety is adapted. The name or number used to designate a hybrid seed field corn variety in the registration is the only name of all seed corn covered by or sold under that registration. To assist in defraying the expenses of the Minnesota agricultural experiment station in carrying out the provisions of this section, there is appropriated and transferred annually from the seed inspection account to the agricultural experiment station a sum which shall equal 60 percent of the total revenue from all hybrid seed field corn variety registrations.

Sec. 34. Minnesota Statutes 2002, section 21.901, is amended to read:

21.901 [BRAND NAME REGISTRATION.]

The owner or originator of a variety of nonhybrid seed that is to be sold in this state must annually register the variety with the commissioner if the variety is to be sold only under a brand name. The registration must include the brand name and the variety of seed. The brand name for a blend or mixture need not be registered.

~~The fee is \$15 for each variety registered for sale by brand name.~~

Sec. 35. Minnesota Statutes 2002, section 28A.08, subdivision 3, is amended to read:

Subd. 3. [FEES EFFECTIVE JULY 1, ~~1999~~ 2003.]

Type of food handler	License Fee Effective July 1, <del>1999</del> <u>2003</u>	Penalties	
		Late Renewal	No License
1. Retail food handler			
(a) Having gross sales of only prepackaged nonperishable food of less than \$15,000 for the immediately previous license or fiscal year and filing a statement with the commissioner	<del>\$48</del> <u>\$65</u>	<del>\$16</del> <u>\$21</u>	<del>\$27</del> <u>\$43</u>
(b) Having under \$15,000 gross sales including food preparation or having \$15,000 to \$50,000 gross sales for the immediately previous license or fiscal year	<del>\$65</del> <u>\$88</u>	<del>\$16</del> <u>\$29</u>	<del>\$27</del> <u>\$58</u>
(c) Having \$50,000 to \$250,000 gross sales for the immediately previous license or fiscal year	<del>\$126</del> <u>\$170</u>	<del>\$37</del> <u>\$56</u>	<del>\$80</del> <u>\$112</u>
(d) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	<del>\$216</del> <u>\$292</u>	<del>\$54</del> <u>\$96</u>	<del>\$107</del> <u>\$193</u>
(e) Having \$1,000,000 to \$5,000,000 gross sales for the immediately previous license or fiscal year	<del>\$601</del> <u>\$812</u>	<del>\$107</del> <u>\$268</u>	<del>\$187</del> <u>\$536</u>
(f) Having \$5,000,000 to \$10,000,000 gross sales for the immediately previous license or fiscal year	<del>\$842</del> <u>\$1,137</u>	<del>\$161</del> <u>\$375</u>	<del>\$321</del> <u>\$750</u>
(g) Having over \$10,000,000 gross sales for the immediately previous license or fiscal year	<del>\$962</del> <u>\$1,300</u>	<del>\$214</del> <u>\$429</u>	<del>\$375</del> <u>\$858</u>
2. Wholesale food handler			
(a) Having gross sales or service of less than \$25,000 for the immediately previous license or fiscal year	<del>\$54</del> <u>\$73</u>	<del>\$16</del> <u>\$24</u>	<del>\$16</del> <u>\$48</u>

	(b) Having \$25,000 to \$250,000 gross sales or service for the immediately previous license or fiscal year	<del>\$241</del> <u>\$326</u>	<del>\$54</del> <u>\$108</u>	<del>\$107</del> <u>\$215</u>
	(c) Having \$250,000 to \$1,000,000 gross sales or service from a mobile unit without a separate food facility for the immediately previous license or fiscal year	<del>\$361</del> <u>\$488</u>	<del>\$ 80</del> <u>\$161</u>	<del>\$161</del> <u>\$322</u>
	(d) Having \$250,000 to \$1,000,000 gross sales or service not covered under paragraph (c) for the immediately previous license or fiscal year	<del>\$480</del> <u>\$648</u>	<del>\$107</del> <u>\$214</u>	<del>\$214</del> <u>\$428</u>
	(e) Having \$1,000,000 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year	<del>\$601</del> <u>\$812</u>	<del>\$134</del> <u>\$268</u>	<del>\$268</del> <u>\$536</u>
	(f) Having over \$5,000,000 gross sales for the immediately previous license or fiscal year	<del>\$692</del> <u>\$935</u>	<del>\$161</del> <u>\$309</u>	<del>\$321</del> <u>\$617</u>
3.	Food broker	<del>\$120</del> <u>\$150</u>	<del>\$32</del> <u>\$50</u>	<del>\$54</del> <u>\$99</u>
4.	Wholesale food processor or manufacturer			
	(a) Having gross sales of less than \$125,000 for the immediately previous license or fiscal year	<del>\$161</del> <u>\$217</u>	<del>\$54</del> <u>\$72</u>	<del>\$107</del> <u>\$143</u>
	(b) Having \$125,000 to \$250,000 gross sales for the immediately previous license or fiscal year	<del>\$332</del> <u>\$448</u>	<del>\$80</del> <u>\$148</u>	<del>\$161</del> <u>\$296</u>
	(c) Having \$250,001 to \$1,000,000 gross sales for the immediately previous license or fiscal year	<del>\$480</del> <u>\$648</u>	<del>\$107</del> <u>\$214</u>	<del>\$214</del> <u>\$428</u>
	(d) Having \$1,000,001 to 5,000,000 gross sales for the immediately previous license or fiscal year	<del>\$601</del> <u>\$812</u>	<del>\$134</del> <u>\$268</u>	<del>\$268</del> <u>\$536</u>
	(e) Having \$5,000,001 to \$10,000,000 gross sales for the immediately previous license or fiscal year	<del>\$692</del> <u>\$935</u>	<del>\$161</del> <u>\$309</u>	<del>\$321</del> <u>\$617</u>
	(f) Having over \$10,000,000 gross sales for the immediately previous license or fiscal year	<del>\$963</del> <u>\$1,301</u>	<del>\$214</del> <u>\$429</u>	<del>\$375</del> <u>\$859</u>



5.	Wholesale food processor of meat or poultry products under supervision of the U. S. Department of Agriculture			
	(a) Having gross sales of less than \$125,000 for the immediately previous license or fiscal year	\$107 <u>\$145</u>	\$27 <u>\$48</u>	\$54 <u>\$96</u>
	(b) Having \$125,000 to \$250,000 gross sales for the immediately previous license or fiscal year	\$181 <u>\$245</u>	\$54 <u>\$81</u>	\$80 <u>\$162</u>
	(c) Having \$250,001 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$271 <u>\$366</u>	\$80 <u>\$121</u>	\$134 <u>\$242</u>
	(d) Having \$1,000,001 to \$5,000,000 gross sales for the immediately previous license or fiscal year	\$332 <u>\$448</u>	\$80 <u>\$148</u>	\$161 <u>\$296</u>
	(e) Having \$5,000,001 to \$10,000,000 gross sales for the immediately previous license or fiscal year	\$392 <u>\$530</u>	\$107 <u>\$175</u>	\$187 <u>\$350</u>
	(f) Having over \$10,000,000 gross sales for the immediately previous license or fiscal year	\$535 <u>\$723</u>	\$161 <u>\$239</u>	\$268 <u>\$477</u>
6.	Wholesale food processor or manufacturer operating only at the state fair	\$125	\$40	\$50
7.	Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota Farmstead cheese	\$30	\$10	\$15
8.	Nonresident frozen dairy manufacturer	\$200	\$50	\$75
9.	Wholesale food manufacturer processing less than 700,000 pounds per year of raw milk	\$30	\$10	\$15
10.	A milk marketing organization without facilities for processing or manufacturing that purchases milk from milk producers for delivery to a licensed wholesale food processor or manufacturer	\$50	\$15	\$25

Sec. 36. Minnesota Statutes 2002, section 28A.085, subdivision 1, is amended to read:

Subdivision 1. [VIOLATIONS; PROHIBITED ACTS.] The commissioner may charge a reinspection fee for each reinspection of a food handler that:

(1) is found with a major violation of requirements in chapter 28, 29, 30, 31, 31A, 32, 33, or 34, or rules adopted under one of those chapters;

(2) is found with a violation of section 31.02, 31.161, or 31.165, and requires a follow-up inspection after an administrative meeting held pursuant to section 31.14; or

(3) fails to correct equipment and facility deficiencies as required in rules adopted under chapter 28, 29, 30, 31, 31A, 32, or 34. The first reinspection of a firm with gross food sales under \$1,000,000 must be assessed at ~~\$25~~ \$75. The fee for a firm with gross food sales over \$1,000,000 is ~~\$50~~ \$100. The fee for a subsequent reinspection of a firm for the same violation is 50 percent of their current license fee or \$200, whichever is greater. The establishment must be issued written notice of violations with a reasonable date for compliance listed on the notice. An initial inspection relating to a complaint is not a reinspection.

Sec. 37. Minnesota Statutes 2002, section 28A.09, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL FEE; EXCEPTIONS.] Every coin-operated food vending machine is subject to an annual state inspection fee of ~~\$15~~ \$25 for each nonexempt machine except nut vending machines which are subject to an annual state inspection fee of ~~\$5~~ \$10 for each machine, provided that:

(a) Food vending machines may be inspected by either a home rule charter or statutory city, or a county, but not both, and if inspected by a home rule charter or statutory city, or a county they shall not be subject to the state inspection fee, but the home rule charter or statutory city, or the county may impose an inspection or license fee of no more than the state inspection fee. A home rule charter or statutory city or county that does not inspect food vending machines shall not impose a food vending machine inspection or license fee.

(b) Vending machines dispensing only gum balls, hard candy, unsorted candy, or ice manufactured and packaged by another shall be exempt from the state inspection fee, but may be inspected by the state. A home rule charter or statutory city may impose by ordinance an inspection or license fee of no more than the state inspection fee for nonexempt machines on the vending machines described in this paragraph. A county may impose by ordinance an inspection or license fee of no more than the state inspection fee for nonexempt machines on the vending machines described in this paragraph which are not located in a home rule charter or statutory city.

(c) Vending machines dispensing only bottled or canned soft drinks are exempt from the state, home rule charter or statutory city, and county inspection fees, but may be inspected by the commissioner or the commissioner's designee.

Sec. 38. Minnesota Statutes 2002, section 32.394, subdivision 8, is amended to read:

Subd. 8. [GRADE A INSPECTION FEES.] A processor or marketing organization of milk, milk products, sheep milk, or goat milk who wishes to market Grade A milk or use the Grade A label must apply for Grade A inspection service from the commissioner. A pasteurization plant requesting Grade A inspection service must hold a Grade A permit and pay an annual inspection fee of no more than \$500. For Grade A farm inspection service, the fee must be no more than \$50 per farm, paid annually by the processor or by the marketing organization on behalf of its patrons. For a farm requiring a reinspection in addition to the required biannual inspections, an additional fee of ~~no more than \$25~~ \$45 per reinspection must be paid by the processor or by the marketing organization on behalf of its patrons. ~~The Grade A farm inspection fee must not exceed the lesser of (1) 40 percent of the department's actual average cost per farm inspection or reinspection; or (2) the dollar limits set in this subdivision. No fee increase may be implemented until after the commissioner has held three or more public hearings.~~

Sec. 39. Minnesota Statutes 2002, section 32.394, subdivision 8b, is amended to read:

Subd. 8b. [MANUFACTURING GRADE FARM CERTIFICATION.] A processor or marketing organization of milk, milk products, sheep milk, or goat milk who wishes to market other than Grade A milk must apply for a manufacturing grade farm certification inspection from the commissioner. A manufacturing plant that pasteurizes

milk or milk by-products must pay an annual fee based on the number of pasteurization units. This fee must not exceed \$140 per unit. The fee for farm certification inspection must not be more than \$25 per farm to be paid annually by the processor or by the marketing organization on behalf of its patrons. For a farm requiring more than the one inspection for certification, a reinspection fee of ~~no more than \$25~~ \$45 must be paid by the processor or by the marketing organization on behalf of its patrons. ~~The fee must be set by the commissioner in an amount necessary to cover 40 percent of the department's actual cost of providing the annual inspection but must not exceed the limits in this subdivision. No fee increase may be implemented until after the commissioner has held three or more public hearings.~~

Sec. 40. Minnesota Statutes 2002, section 32.394, subdivision 8d, is amended to read:

Subd. 8d. [PROCESSOR ASSESSMENT.] (a) A manufacturer shall pay to the commissioner a fee for fluid milk processed and milk used in the manufacture of fluid milk products sold for retail sale in Minnesota. ~~Beginning May 1, 1993, the fee is six cents per hundredweight. If the commissioner determines that a different fee, in an amount not less than five cents and not more than nine cents per hundredweight, when combined with general fund appropriations and fees charged under sections 31.39 and 32.394, subdivision 8, is needed to provide adequate funding for the Grades A and B inspection programs and the administration and enforcement of Laws 1993, chapter 65, the commissioner may, by rule, change the fee on processors within the range provided within this subdivision as set by the commissioner's order except that beginning July 1, 2003, the fee is set at seven cents per hundredweight and thereafter no change within any 12-month period may be in excess of one cent per hundredweight.~~

(b) Processors must report quantities of milk processed under paragraph (a) on forms provided by the commissioner. Processor fees must be paid monthly. The commissioner may require the production of records as necessary to determine compliance with this subdivision.

(c) The commissioner may create within the department a dairy consulting program to provide assistance to dairy producers who are experiencing problems meeting the sanitation and quality requirements of the dairy laws and rules.

The commissioner may use money appropriated from the dairy services account created in subdivision 9 to pay for the program authorized in this paragraph.

Sec. 41. Minnesota Statutes 2002, section 35.155, is amended to read:

35.155 [CERVIDAE IMPORT RESTRICTIONS.]

~~(a)~~ A person must not import cervidae into the state from a herd that is infected or exposed to chronic wasting disease or from a known chronic wasting disease endemic area, as determined by the board. A person may import cervidae into the state only from a herd that is not in a known chronic wasting disease endemic area, as determined by the board, and the herd has been subject to a state or provincial approved chronic wasting disease monitoring program for at least three years. Cervidae imported in violation of this section may be seized and destroyed by the commissioner of natural resources.

~~(b) This section expires on June 1, 2003.~~

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

Sec. 42. Minnesota Statutes 2002, section 38.02, subdivision 1, is amended to read:

Subdivision 1. [PRO RATA DISTRIBUTION; CONDITIONS.] ~~(a)~~ (a) Money appropriated to aid county and district agricultural societies and associations shall be distributed among all county and district agricultural societies or associations in the state pro rata, upon condition that each of them has complied with the conditions specified in ~~clause (2) paragraph (b).~~

~~(a)~~ (b) To be eligible to participate in ~~such~~ the distribution of aid, each ~~such~~ agricultural society or association shall have:

(1) held an annual fair for each of the three years last past, unless prevented from doing so because of a calamity or an epidemic declared by the board of health as defined in section 145A.02, subdivision 2, or the state commissioner of health to exist; ~~(b) shall have~~

(2) an annual membership of 25 or more; ~~(c) shall have~~

(3) paid out to exhibitors for premiums awarded at the last fair held a sum not less than the amount to be received from the state; ~~(d) shall have~~

(4) published and distributed not less than three weeks before the opening day of the fair a premium list, listing all items or articles on which premiums are offered and the amounts of such premiums and shall have paid premiums pursuant to the amount shown for each article or item to be exhibited; provided that premiums for school exhibits may be advertised in the published premium list by reference to a school premium list prepared and circulated during the preceding school year; and shall have collected all fees charged for entering an exhibit at the time the entry was made and in accordance with schedule of entry fees to be charged as published in the premium list; ~~(e) shall have~~

(5) paid not more than one premium on each article or item exhibited, excluding championship or sweepstake awards, and excluding the payment of open class premium awards to 4H Club exhibits which at this same fair had won a first prize award in regular 4H Club competition; ~~(f) shall have and~~

(6) submitted its records and annual report to the commissioner of agriculture on a form provided by the commissioner of agriculture, on or before the first day of November of the ~~current~~ year in which the fair was held.

~~(3)~~ (c) All payments authorized under the provisions of this chapter shall be made only upon the presentation by the commissioner of agriculture with the commissioner of finance of a statement of premium allocations. As used herein the term premium shall mean the cash award paid to an exhibitor for the merit of an exhibit of livestock, livestock products, grains, fruits, flowers, vegetables, articles of domestic science, handicrafts, hobbies, fine arts, and articles made by school pupils, or the cash award paid to the merit winner of events such as 4H Club or Future Farmer Contest, Youth Group Contests, school spelling contests and school current events contests, the award corresponding to the amount offered in the advertised premium list referred to in schedule 2. Payments of awards for horse races, ball games, musical contests, talent contests, parades, and for amusement features for which admission is charged, are specifically excluded from consideration as premiums within the meaning of that term as used herein. Upon receipt of the statement by the commissioner of agriculture, ~~it shall be the duty of the commissioner of finance to~~ shall draw a voucher in favor of the agricultural society or association for the amount to which it is entitled under the provisions of this chapter, ~~which~~. The amount shall be computed as follows: On the first \$750 premiums paid by each society or association at the last fair held, such the society or association shall receive 100 percent reimbursement; on the second \$750 premiums paid, 80 percent; on the third \$750 premiums paid, 60 percent; and on any sum in excess of \$2,250, 40 percent. The commissioner of finance shall make payments not later than July 15 of the year following the calendar year in which the annual fair was held.

~~(4)~~ (d) If the total amount of state aid to which the agricultural societies and associations are entitled under the provisions of this chapter exceeds the amount of the appropriation therefor, the amounts to which the societies or associations are entitled shall be prorated so that the total payments by the state will not exceed the appropriation.

Sec. 43. Minnesota Statutes 2002, section 41A.09, subdivision 1, is amended to read:

Subdivision 1. [APPROPRIATION.] A sum sufficient to make the payments required by this section is annually appropriated from the general fund to the commissioner of agriculture ~~and all money so appropriated is available until expended for purposes of developing ethanol production in Minnesota.~~

Sec. 44. Minnesota Statutes 2002, section 41A.09, subdivision 2a, is amended to read:

Subd. 2a. [DEFINITIONS.] For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Ethanol" means fermentation ethyl alcohol derived from agricultural products, including potatoes, cereal, grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources, that:

(1) meets all of the specifications in ASTM specification D 4806-88; and

(2) is denatured as specified in Code of Federal Regulations, title 27, parts 20 and 21.

~~(b) "Wet alcohol" means agriculturally derived fermentation ethyl alcohol having a purity of at least 50 percent but less than 99 percent.~~

~~(c) "Anhydrous alcohol" means fermentation ethyl alcohol derived from agricultural products as described in paragraph (a), but that does not meet ASTM specifications or is not denatured and is shipped in bond for further processing.~~

~~(d) "Ethanol plant" means a plant at which ethanol, anhydrous alcohol, or wet alcohol is produced.~~

(c) "Commissioner" means the commissioner of agriculture.

Sec. 45. Minnesota Statutes 2002, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [ETHANOL PRODUCER PAYMENTS.] ~~(a) The commissioner of agriculture shall make cash payments to producers of ethanol, anhydrous alcohol, and wet alcohol located in the state. These payments shall apply only to ethanol, anhydrous alcohol, and wet alcohol fermented in the state and produced at plants 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, is:~~

~~(1) except as provided in paragraph (b) (c), is 20 cents per gallon for each gallon of ethanol or anhydrous alcohol produced on or before June 30, 2000, or ten years after the start of production, whichever is later, 19 cents per gallon; and~~

~~(2) for each gallon produced of wet alcohol on or before June 30, 2000, or ten years after the start of production, whichever is later, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon.~~

~~The producer payments for anhydrous alcohol and wet alcohol under this section may be paid to either the original producer of anhydrous alcohol or wet alcohol or the secondary processor, at the option of the original producer, but not to both.~~

The first claim for production after June 30, 2003, must be accompanied by a disclosure statement on a form provided by the commissioner. The disclosure statement must include a detailed description of the organization of the business structure of the claimant listing 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 any other relevant financial information requested by the commissioner. The disclosure statement must include information sufficient to demonstrate that a majority of the ultimate beneficial interest in the entity receiving payments under this section is owned by farmers or spouses of farmers, as defined in section 500.24, residing in Minnesota. Subsequent quarterly claims must report changes in ownership. 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 on the day following final enactment of this act that 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 nonpublic data under section 13.02, subdivision 9.

(b) No payments shall be made for ethanol production that occurs after June 30, 2010. Nonetheless, catch-up payments may be made either before or after June 30, 2010, for production prior to June 30, 2010, if payments in the earlier quarters were reduced because appropriated money was insufficient to make timely payments in the amount provided in paragraph (a) to all eligible producers.

~~(b)~~ (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), clause (1), 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.

~~(c) The commissioner shall make payments to producers of ethanol or wet alcohol in the amount of 1.5 cents for each kilowatt hour of electricity generated using closed loop biomass in a cogeneration facility at an ethanol plant located in the state. Payments under this paragraph shall be made only for electricity generated at cogeneration facilities that begin operation by June 30, 2000. The payments apply to electricity generated on or before the date ten years after the producer first qualifies for payment under this paragraph. Total payments under this paragraph in any fiscal year may not exceed \$750,000. For the purposes of this paragraph:~~

~~(1) "closed loop biomass" means any organic material from a plant that is planted for the purpose of being used to generate electricity or for multiple purposes that include being used to generate electricity; and~~

~~(2) "cogeneration" means the combined generation of:~~

~~(i) electrical or mechanical power; and~~

~~(ii) steam or forms of useful energy, such as heat, that are used for industrial, commercial, heating, or cooling purposes.~~

~~(d) Payments under paragraphs (a) and (b) to all producers may not exceed \$35,150,000 in a fiscal year. (d) Total payments under paragraphs (a) and (b) (c) to a producer in a fiscal year may not exceed \$2,850,000 \$3,000,000.~~

~~(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol, anhydrous alcohol, and wet alcohol production during the preceding three calendar months. A producer with more than one plant shall file a separate claim for each plant. A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol, anhydrous alcohol, and wet alcohol production in Minnesota~~

during the quarter covered by the claim, ~~including anhydrous alcohol and wet alcohol~~ produced or received from an outside source. ~~A producer shall file a separate claim for any amount claimed under paragraph (e).~~ For each claim and statement of total ethanol, ~~anhydrous alcohol, and wet alcohol~~ production filed under this subdivision, the volume of ethanol, ~~anhydrous alcohol, and wet alcohol~~ production ~~or amounts of electricity generated using closed-loop biomass~~ 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 (j),~~ The total quarterly payment to a producer under this paragraph, ~~excluding amounts paid under paragraph (e),~~ may not exceed \$750,000.

~~(g) If the total amount for which all producers are eligible in a quarter under paragraph (e) exceeds the amount available for payments, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed loop biomass.~~

~~(h) After July 1, 1997, new production capacity is only eligible for payment under this subdivision if the commissioner receives:~~

- ~~(1) an application for approval of the new production capacity;~~
- ~~(2) an appropriate letter of long term financial commitment for construction of the new production capacity; and~~
- ~~(3) copies of all necessary permits for construction of the new production capacity.~~

~~The commissioner may approve new production capacity based on the order in which the applications are received.~~

~~(i) (g)~~ The commissioner may not approve any new production capacity after July 1, 1998, except that a producer with an approved production capacity of at least 12,000,000 gallons per year but less than 15,000,000 gallons per year prior to July 1, 1998, is approved for 15,000,000 gallons of production capacity.

~~(j) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the eighth quarter of each fiscal biennium to ethanol producers for the lesser of: (1) 19 cents per gallon of production in the eighth quarter of the biennium that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first seven quarters of the biennium due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal biennium, 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.~~

~~(k) (h)~~ For the purposes of this subdivision "new production capacity" means annual ethanol production capacity that was not allowed under a permit issued by the pollution control agency prior to July 1, 1997, or for which construction did not begin prior to July 1, 1997.

Sec. 46. Minnesota Statutes 2002, section 41A.09, is amended by adding a subdivision to read:

Subd. 3b. [LIMITATION ON ELIGIBILITY FOR PAYMENTS.] A producer of ethanol is eligible for ethanol producer payments under subdivision 3a only while the producer is in compliance with the shareholder rights provisions of subdivision 3c.

Sec. 47. Minnesota Statutes 2002, section 41A.09, is amended by adding a subdivision to read:

Subd. 3c. [BUSINESS ASSOCIATIONS PRODUCING ETHANOL; SHAREHOLDER RIGHTS.] (a) A business association organized under chapter 302A, 308A, or 322B that receives 25 percent or more of its gross revenues from the sale of fuel-grade ethanol must comply with this subdivision in addition to other applicable state and federal laws.

(b) The provisions of the chapter of Minnesota Statutes under which the business organization is established and any amendments or successor requirements to that chapter apply to every business association identified in paragraph (a). The rights granted in this subdivision also apply to the spouse of the shareholder. In addition to other requirements of law, a business association must maintain records of all proceedings of meetings of shareholders and directors during the previous three-year period, including the vote of each director on roll call votes. Roll call votes are required on actions that directly establish marketing agreements, operational contracts, and shareholder dividend payments. Roll call voting is also required on any matter upon the request of one or more directors. Every duly elected director of a business association identified in paragraph (a) has the right to inspect, in person and at any reasonable time, the business records required by this paragraph.

(c) Meetings of the board of directors must be open to the shareholders of the business and the shareholders' spouses. Shareholders must be given notice of all scheduled meetings except those of an emergency nature. Portions of meetings relating to labor negotiations, current litigation, and personnel matters are excluded from the provisions of this paragraph.

(d) Notwithstanding the provisions of other law, upon receipt of a written petition concerning governance matters signed by at least 50 shareholders or five percent of the shareholders, whichever is less, of a business association, the matter in the petition must be presented to the shareholders for a vote at the next annual or special meeting. A shareholder wishing to have a matter heard at an annual or special meeting must submit the petition to the business association not less than 60 days prior to the scheduled annual meeting or special meeting. For purposes of this subdivision, "governance matters" means matters properly contained in the articles of incorporation or bylaws by adopting, amending, or repealing bylaws or the articles of incorporation.

(e) If the directors of a business association provide information to shareholders to influence their votes on a matter to be decided by a vote of the shareholders under a successful petition submitted under paragraph (d), the directors must provide the organizers of the petition or person presenting the petition equal time and opportunity to include their position on the matter to the shareholders in a substantially similar mode and range of distribution. The organizers of the petition must pay the costs of inclusion of their position.

(f) A business association subject to this subdivision must include in its bylaws a provision allowing each duly elected board member access to each current ethanol marketing contract or operating contract entered into by the business association and transactions conducted under the marketing contract. Further, the bylaws must provide that each current ethanol marketing or operating contract, and all ethanol marketing and operating contracts in effect during the previous two years, and transactions conducted under the marketing contracts, be made available for examination by the commissioner of agriculture or the commissioner's designated representative. Marketing and operating information examined by the commissioner or the commissioner's designated representative is nonpublic data under section 13.02, subdivision 9.

(g) A business association subject to this subdivision that is organized after the effective date of this section must include the provisions of this section in its bylaws or articles of incorporation. A business association in existence prior to the effective date of this subdivision must adopt amendments to its bylaws or articles of incorporation in compliance with these provisions not later than 12 months after the effective date.



Sec. 48. Minnesota Statutes 2002, section 116.07, subdivision 7a, is amended to read:

Subd. 7a. [NOTICE OF APPLICATION FOR LIVESTOCK FEEDLOT PERMIT.] (a) A person who applies to the pollution control agency or a county board for a permit to construct or expand a feedlot with a capacity of 500 animal units or more shall, not ~~later~~ less than ten business days ~~after the application is submitted~~ before the date on which a permit is issued, provide notice to each resident and each owner of real property within 5,000 feet of the perimeter of the proposed feedlot. The notice may be delivered by first class mail, in person, or by the publication in a newspaper of general circulation within the affected area and must include information on the type of livestock and the proposed capacity of the feedlot. Notification under this subdivision is satisfied under an equal or greater notification requirement of a county conditional use permit.

(b) The agency or a county board must verify that notice was provided as required under paragraph (a) prior to issuing a permit.

Sec. 49. Minnesota Statutes 2002, section 116D.04, subdivision 2a, is amended to read:

Subd. 2a. Where there is potential for significant environmental effects resulting from any major governmental action, the action shall be preceded by a detailed environmental impact statement prepared by the responsible governmental unit. The environmental impact statement shall be an analytical rather than an encyclopedic document which describes the proposed action in detail, analyzes its significant environmental impacts, discusses appropriate alternatives to the proposed action and their impacts, and explores methods by which adverse environmental impacts of an action could be mitigated. The environmental impact statement shall also analyze those economic, employment and sociological effects that cannot be avoided should the action be implemented. To ensure its use in the decision making process, the environmental impact statement shall be prepared as early as practical in the formulation of an action.

(a) The board shall by rule establish categories of actions for which environmental impact statements and for which environmental assessment worksheets shall be prepared as well as categories of actions for which no environmental review is required under this section.

(b) The responsible governmental unit shall promptly publish notice of the completion of an environmental assessment worksheet in a manner to be determined by the board and shall provide copies of the environmental assessment worksheet to the board and its member agencies. Comments on the need for an environmental impact statement may be submitted to the responsible governmental unit during a 30 day period following publication of the notice that an environmental assessment worksheet has been completed. The responsible governmental unit's decision on the need for an environmental impact statement shall be based on the environmental assessment worksheet and the comments received during the comment period, and shall be made within 15 days after the close of the comment period. The board's chair may extend the 15 day period by not more than 15 additional days upon the request of the responsible governmental unit.

(c) An environmental assessment worksheet shall also be prepared for a proposed action whenever material evidence accompanying a petition by not less than 25 individuals, submitted before the proposed project has received final approval by the appropriate governmental units, demonstrates that, because of the nature or location of a proposed action, there may be potential for significant environmental effects. Petitions requesting the preparation of an environmental assessment worksheet shall be submitted to the board. The chair of the board shall determine the appropriate responsible governmental unit and forward the petition to it. A decision on the need for an environmental assessment worksheet shall be made by the responsible governmental unit within 15 days after the petition is received by the responsible governmental unit. The board's chair may extend the 15 day period by not

more than 15 additional days upon request of the responsible governmental unit. Except in an environmentally sensitive location where Minnesota Rules, part 4410.4300, subpart 29, item B, applies, the proposed action is exempt from Minnesota Rules, parts 4410.0200 to 4410.6500, if:

(1) it is:

(i) an animal feedlot facility with a capacity of less than 1,000 animal units; or

(ii) an expansion of an existing animal feedlot facility by less than 1,000 animal units; and

(2) the application for the animal feedlot facility includes a written commitment by the proposer to design, construct, and operate the facility in full compliance with Minnesota Rules, chapter 7020.

(d) The board may, prior to final approval of a proposed project, require preparation of an environmental assessment worksheet by a responsible governmental unit selected by the board for any action where environmental review under this section has not been specifically provided for by rule or otherwise initiated.

(e) An early and open process shall be utilized to limit the scope of the environmental impact statement to a discussion of those impacts, which, because of the nature or location of the project, have the potential for significant environmental effects. The same process shall be utilized to determine the form, content and level of detail of the statement as well as the alternatives which are appropriate for consideration in the statement. In addition, the permits which will be required for the proposed action shall be identified during the scoping process. Further, the process shall identify those permits for which information will be developed concurrently with the environmental impact statement. The board shall provide in its rules for the expeditious completion of the scoping process. The determinations reached in the process shall be incorporated into the order requiring the preparation of an environmental impact statement.

(f) Whenever practical, information needed by a governmental unit for making final decisions on permits or other actions required for a proposed project shall be developed in conjunction with the preparation of an environmental impact statement.

(g) An environmental impact statement shall be prepared and its adequacy determined within 280 days after notice of its preparation unless the time is extended by consent of the parties or by the governor for good cause. The responsible governmental unit shall determine the adequacy of an environmental impact statement, unless within 60 days after notice is published that an environmental impact statement will be prepared, the board chooses to determine the adequacy of an environmental impact statement. If an environmental impact statement is found to be inadequate, the responsible governmental unit shall have 60 days to prepare an adequate environmental impact statement.

Sec. 50. Minnesota Statutes 2002, section 116D.04, subdivision 10, is amended to read:

Subd. 10. Decisions on the need for an environmental assessment worksheet, the need for an environmental impact statement and the adequacy of an environmental impact statement may be reviewed by a declaratory judgment action in the ~~district court of the county wherein the proposed action, or any part thereof, would be undertaken~~ appeals brought by any person aggrieved by the decision. Judicial review under this section shall be initiated within 30 days after the governmental unit makes the decision, and a bond may be required under section 562.02 unless at the time of hearing on the application for the bond the plaintiff has shown that the claim has sufficient possibility of success on the merits to sustain the burden required for the issuance of a temporary

restraining order. Nothing in this section shall be construed to alter the requirements for a temporary restraining order or a preliminary injunction pursuant to the Minnesota rules of civil procedure for district courts. The board may initiate judicial review of decisions referred to herein and may intervene as of right in any proceeding brought under this subdivision.

Sec. 51. Minnesota Statutes 2002, section 116D.04, subdivision 11, is amended to read:

Subd. 11. If the board or governmental unit which is required to act within a time period specified in this section fails to so act, any person may seek ~~an order of the district court~~ relief through the court of appeals requiring the board or governmental unit to immediately take the action mandated by subdivisions 2a and 3a. The court of appeals shall make a decision based on the information and record supplied by the responsible governmental unit.

Sec. 52. Minnesota Statutes 2002, section 116D.04, subdivision 13, is amended to read:

Subd. 13. This section may be enforced by ~~injunction, action to compel performance, or other~~ appropriate action in the ~~district court of the county where the violation takes place~~ court of appeals. The court of appeals shall have full jurisdiction to hear and determine the matter appealed. The proceeding may be governed by the Rules of Civil Appellate Procedure. Upon the request of the board or the chair of the board, the attorney general may bring an action under this subdivision.

Sec. 53. Minnesota Statutes 2002, section 116O.09, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The agricultural ~~utilization research institute~~ innovation center is established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. ~~The agricultural utilization research institute shall within the department of agriculture to~~ promote the establishment of new products and product uses and the expansion of existing markets for the state's agricultural commodities and products, including direct financial and technical assistance for Minnesota entrepreneurs. ~~The institute must be located near an existing agricultural research facility in the agricultural region of the state~~ commissioner must establish or maintain facilities for the center. The center shall work with private and public entities to leverage the resources available to achieve maximum results for Minnesota agriculture.

Sec. 54. Minnesota Statutes 2002, section 116O.09, subdivision 1a, is amended to read:

Subd. 1a. [BOARD OF DIRECTORS.] The board of directors of the agricultural ~~utilization research institute~~ innovation center is comprised of:

(1) the chairs of the senate and the house of representatives standing committees with jurisdiction over agriculture ~~policy~~ finance or the chair's designee who shall be nonvoting members of the board;

(2) the commissioner or the commissioner's designee;

(3) the dean of the college of agriculture of the University of Minnesota or the dean's representative;

(2) (4) two representatives of statewide farm organizations appointed by the commissioner;

(3) (5) two representatives of agribusiness, one of whom is a member of the Minnesota Technology, Inc. board representing agribusiness appointed by the commissioner; and

(4) (6) three representatives of the commodity promotion councils appointed by the commissioner.

A member of the board of directors under clauses ~~(4) to (4) to (6)~~, including a member serving on July 1, 2003, may designate a permanent or temporary replacement member representing the same constituency serve for a maximum of two three-year terms. Board members appointed by the commissioner serve at the pleasure of the governor. The board's compensation is governed by section 15.0575, subdivision 3.

Sec. 55. Minnesota Statutes 2002, section 116O.09, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] (a) In addition to the duties and powers assigned to the institutes in section 116O.08, the agricultural ~~utilization research institute~~ innovation center shall:

(1) ~~identify the various market segments characterized by Minnesota's agricultural industry, address each segment's individual needs, and identify development opportunities in each segment~~ for agricultural products;

(2) ~~develop and implement a utilization program for each segment that addresses its development needs and identifies techniques to meet those needs~~ opportunities;

(3) monitor and coordinate research among the public and private organizations and individuals specifically addressing procedures to transfer new technology to businesses, farmers, and individuals;

(4) provide research grants to public and private educational institutions and other organizations that are undertaking basic and applied research ~~that would~~ to promote the development of ~~the various~~ emerging agricultural industries; ~~and~~

(5) ~~provide financial assistance including, but not limited to: (i) direct loans, guarantees, interest subsidy payments, and equity investments; and (ii) participation in loan participations. The board of directors shall establish the terms and conditions of the financial assistance.~~ assist organizations and individuals with market analysis and product marketing implementations;

(6) to the extent possible earn and receive revenue from contracts, patents, licenses, royalties, grants, fees-for-service, and memberships;

(7) work with other divisions within the department of agriculture, the United States Department of Agriculture, the department of trade and economic development, and other agencies to maximize marketing opportunities locally, nationally, and internationally; and

(8) leverage available funds from federal, state, and private sources to develop new markets and value added opportunities for Minnesota agricultural products.

(b) ~~The agricultural utilization research institute commissioner shall recommend to the board of directors shall have the sole approval authority for establishing agricultural utilization research priorities, requests for proposals to meet those priorities, awarding of grants, hiring and direction of personnel, and other expenditures of funds consistent with the adopted and approved mission and goals of the agricultural utilization research institute~~ innovation center. The actions and expenditures of the agricultural utilization research institute are subject to audit and regular annual report to the legislature in general and specifically the house of representatives agriculture committee, the senate agriculture and rural development committee, the house of representatives environment and natural resources finance committee, and the senate environment and agriculture budget division. The center shall annually report by February 1 to the senate and house of representative standing committees with jurisdiction over agricultural policy and funding. The report must list projects initiated, progress on projects, and financial information relating to expenditures, income from other sources, and other information to allow the chairs to evaluate the effectiveness of the center's activities.

Sec. 56. Minnesota Statutes 2002, section 116O.09, subdivision 3, is amended to read:

Subd. 3. [STAFF.] The commissioner, at the direction of the board of directors, shall hire provide staff for the agricultural utilization research institute. Persons employed by the agricultural utilization research institute are not state employees and may participate in state retirement, deferred compensation, insurance, or other plans that apply to state employees generally and are subject to regulation by the state campaign finance and public disclosure board and administrative support for the center as needed within the resources available. The staff shall include a division director for the center.

Sec. 57. Minnesota Statutes 2002, section 116O.09, subdivision 9, is amended to read:

Subd. 9. [MEETINGS.] The board of directors shall meet at least twice each year and may hold additional meetings upon giving notice in accordance with the bylaws of the institute chapter 13D. Board meetings are subject to chapter 13D, except section 13D.01, subdivision 4b 6, paragraph (a), as it pertains to financial information, business plans, income and expense projections, customer lists, market and feasibility studies, and trade secret information as defined by section 13.37, subdivision 1, paragraph (b). This information is nonpublic data under chapter 13.

Sec. 58. Minnesota Statutes 2002, section 116O.09, subdivision 12, is amended to read:

Subd. 12. [FUNDS.] The institute center may accept and use gifts, grants, or contributions from any source. Unless otherwise restricted by the terms of a gift or bequest, the board center may sell, exchange, or otherwise dispose of and invest or reinvest the money, securities, or other property given or requested to it. The principal of these funds, the income from them, and all other revenues received by it from any nonstate source must be placed in the depositories the board determines deposited in the state treasury and credited to the agricultural innovation center account and is subject to expenditure for the board's center's purposes. Expenditures of more than \$25,000 must be approved by the full board.

Sec. 59. Minnesota Statutes 2002, section 116O.09, is amended by adding a subdivision to read:

Subd. 12a. [AGRICULTURAL INNOVATION CENTER ACCOUNT.] An agricultural innovation center account is established in the agricultural fund in the state treasury. All gifts, grants, or contributions from any source received by the department of agriculture for agricultural innovation shall be deposited in the state treasury and credited to the agricultural innovation center account. Unless otherwise restricted by the terms of the gift or bequest, the department of agriculture may sell, exchange, or otherwise dispose of any gift or bequest. The proceeds from the sale or disposal shall be deposited in the agriculture innovation center account.

All negotiable assets transferred from the agricultural innovation center under subdivision 14 shall be deposited into the agricultural innovation account.

Money in the account, including interest earned, is appropriated to the commissioner for the administration of this section.

Sec. 60. Minnesota Statutes 2002, section 116O.09, subdivision 13, is amended to read:

Subd. 13. [ACCOUNTS; AUDITS DEFINITIONS.] The institute may establish funds and accounts that it finds convenient. The board shall provide for and pay the cost of an independent annual audit of its official books and records by the legislative auditor subject to sections 3.971 and 3.972. A copy of this audit shall be filed with the secretary of state.

For purposes of this section, "~~institute~~" "center" means the agricultural ~~utilization research institute~~ innovation center established under this section and "board of directors" means the board of directors of the agricultural ~~utilization research institute~~ innovation center and "commissioner" means the commissioner of agriculture.

Sec. 61. Minnesota Statutes 2002, section 116O.09, is amended by adding a subdivision to read:

Subd. 14. [TRANSFER.] The commissioner of administration, in consultation with the commissioner of agriculture, shall take measures necessary to transfer the functions, assets, and liabilities from the corporation established under this section to the department of agriculture. During the transition period the commissioner of agriculture must be fully informed of all expenditures of the corporation. There is no obligation for the commissioner to pay state funds for projects or operations of the agricultural utilization research institute beyond October 1, 2003, unless approved by the board and the commissioner.

Sec. 62. [REVISOR'S INSTRUCTION.]

The revisor shall change the term "agricultural utilization research institute" to "agricultural innovation center" in Minnesota Statutes and change "institute" to "center" in Minnesota Statutes, section 116O.09. The revisor shall recodify Minnesota Statutes, section 116O.09 into Minnesota Statutes, chapter 17.

Sec. 63. [REPEALER.]

Minnesota Statutes 2002, sections 17.110; 18.51; 18.52; 18.53; 18.54; 18.79, subdivisions 1, 7, and 11; 18.85; 41A.09, subdivisions 1a, 5a, 6, 7, and 8, are repealed.

Sec. 64. [REPEALER; MINNESOTA RULES.]

Minnesota Rules, part 1510.0281, is repealed.

Sec. 65. [EFFECTIVE DATE.]

Except as otherwise provided, this article is effective July 1, 2003."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for environmental, natural resources, agricultural, and rural development purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; amending Minnesota Statutes 2002, sections 16A.531, subdivision 1, by adding a subdivision; 17.451; 17.452, subdivisions 8, 10, 11, 12, 13, by adding subdivisions; 17.4988; 18.525; 18.78; 18.79, subdivisions 2, 3, 5, 6, 9, 10; 18.81, subdivisions 2, 3; 18.84, subdivision 3; 18.86; 18B.26, subdivision 3; 21.89, subdivision 2; 21.90, subdivision 2; 21.901; 28A.08, subdivision 3; 28A.085, subdivision 1; 28A.09, subdivision 1; 32.394, subdivisions 8, 8b, 8d; 35.155; 38.02, subdivision 1; 41A.09, subdivisions 1, 2a, 3a, by adding subdivisions; 84.027, subdivision 13; 84.029, subdivision 1; 84.085, subdivision 1; 84.091, subdivisions 2, 3; 84.0911; 84.788, subdivisions 2, 3; 84.794, subdivision 2; 84.803, subdivision 2; 84.92, subdivision 8; 84.927, subdivision 2; 84A.02; 84A.21; 84A.32, subdivision 1; 84A.55, subdivision 8; 84D.14; 85.04; 85.052, subdivision 3; 85.053, subdivision 1; 85.055, subdivision 1; 85A.02, subdivision 17; 88.17, subdivision 1, by adding a subdivision; 97A.015, subdivisions 24, 52; 97A.045, subdivision 7, by adding a subdivision; 97A.071, subdivision 2; 97A.075, subdivisions 1, 2, 4, by adding a subdivision; 97A.105, subdivision 1; 97A.401, subdivision 3; 97A.411, subdivision 2; 97A.441, subdivision 7, by adding a subdivision; 97A.475, subdivisions 2, 3, 4, 5, 10, 15, 26, 27, 28, 29, 30, 38, 39, 40, 42, by adding a subdivision; 97A.505, by adding subdivisions; 97B.311; 103B.231, subdivision 3a; 103B.305, subdivision 3, by adding subdivisions; 103B.311, subdivisions 1, 2, 3, 4; 103B.315, subdivisions 4, 5, 6; 103B.321, subdivisions 1, 2;

103B.325, subdivisions 1, 2; 103B.331, subdivisions 1, 2, 3; 103B.3363, subdivision 3; 103B.3369, subdivisions 2, 4, 5, 6; 103B.355; 103D.341, subdivision 2; 103D.345, by adding a subdivision; 103D.405, subdivision 2; 103D.537; 103G.005, subdivision 10e; 103G.222, subdivision 1; 103G.2242, by adding subdivisions; 103G.271, subdivisions 6, 6a, by adding a subdivision; 103G.611, subdivision 1; 103G.615, subdivision 2; 103I.235, subdivision 1; 115.03, by adding subdivisions; 115.073; 115.56, subdivision 4; 115A.0716, subdivision 3; 115A.54, by adding a subdivision; 115A.545, subdivision 2; 115A.908, subdivision 2; 115A.9651, subdivision 6; 115B.17, subdivisions 6, 7, 14, 16; 115B.19; 115B.20; 115B.22, subdivision 7; 115B.25, subdivisions 1a, 4; 115B.26; 115B.30; 115B.31, subdivisions 1, 3, 4; 115B.32, subdivision 1; 115B.33, subdivision 1; 115B.34; 115B.36; 115B.40, subdivision 4; 115B.41, subdivisions 1, 2, 3; 115B.42, subdivision 2; 115B.421; 115B.445; 115B.48, subdivision 2; 115B.49, subdivisions 1, 3; 115C.02, subdivision 14; 115C.08, subdivision 4; 115C.09, subdivision 3, by adding subdivisions; 115C.11, subdivision 1; 115C.13; 115D.12, subdivision 2; 116.03, subdivision 2; 116.07, subdivisions 4d, 4h, 7a; 116.073, subdivisions 1, 2; 116.46, by adding subdivisions; 116.49, by adding subdivisions; 116.50; 116.994; 116C.834, subdivision 1; 116D.04, subdivisions 2a, 10, 11, 13, by adding a subdivision; 116O.09, subdivisions 1, 1a, 2, 3, 9, 12, 13, by adding subdivisions; 116P.02, subdivision 1; 116P.05, subdivision 2; 116P.09, subdivisions 4, 5, 7; 116P.10; 116P.14, subdivisions 1, 2; 297A.94; 297F.10, subdivision 1; 297H.13, subdivisions 1, 2; 325E.10, subdivision 1; 469.175, subdivision 7; 473.843, subdivision 2; 473.844, subdivision 1; 473.845, subdivisions 1, 3, 7, 8; 473.846; proposing coding for new law in Minnesota Statutes, chapters 18; 21; 84; 84B; 97B; 103B; 115C; 116; repealing Minnesota Statutes 2002, sections 1.31; 1.32; 17.110; 18.51; 18.52; 18.53; 18.54; 18.79, subdivisions 1, 7, 11; 18.85; 41A.09, subdivisions 1a, 5a, 6, 7, 8; 84.0887; 84.98; 84.99; 93.2235; 97A.105, subdivisions 3a, 3b; 97A.485, subdivision 12; 97B.731, subdivision 2; 103B.311, subdivisions 5, 6, 7; 103B.315, subdivisions 1, 2, 3, 7; 103B.321, subdivision 3; 103B.3369, subdivision 3; 115B.02, subdivision 1a; 115B.42, subdivision 1; 297H.13, subdivisions 3, 4; 325E.112, subdivisions 2, 3; 325E.113; 473.845, subdivision 4; Minnesota Rules, parts 1510.0281; 9300.0010; 9300.0020; 9300.0030; 9300.0040; 9300.0050; 9300.0060; 9300.0070; 9300.0080; 9300.0090; 9300.0100; 9300.0110; 9300.0120; 9300.0130; 9300.0140; 9300.0150; 9300.0160; 9300.0170; 9300.0180; 9300.0190; 9300.0200; and 9300.0210, are repealed."

With the recommendation that when so amended the bill pass.

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 627, 750 and 779 were read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Stang and Sykora introduced:

H. F. No. 1580, A bill for an act relating to the University of Minnesota; regulating the selection of members of the board of regents; amending Minnesota Statutes 2002, section 137.0245, subdivisions 3, 4; proposing coding for new law in Minnesota Statutes, chapter 137.

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

Larson and Thissen introduced:

H. F. No. 1581, A bill for an act relating to economic development; authorizing the establishing of an airport impact tax free zone; providing tax exemptions for certain individuals and business entities in the zone; providing for repayment of tax benefits under certain circumstances; amending Minnesota Statutes 2002, sections 272.02, by adding a subdivision; 290.01, subdivisions 19b, 29; 290.06, subdivision 2c; 290.067, subdivision 1; 290.0671, subdivision 1; 290.091, subdivision 2; 290.0921, subdivision 3; 290.0922, subdivision 3; 297A.68, by adding a subdivision; 297B.03; proposing coding for new law in Minnesota Statutes, chapter 469.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance.

Kahn; Paymar; Rhodes; Mariani; Johnson, S.; Solberg and Ellison introduced:

H. F. No. 1582, A bill for an act relating to state government; providing a process for community ownership of the Minnesota Twins; proposing coding for new law as Minnesota Statutes, chapter 4B.

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

Slawik, Rhodes, Greiling, Dorn, Entenza, Nornes, Carlson, Davnie, Clark, Bernardy, Kelliher, Ellison and Jaros introduced:

H. F. No. 1583, A bill for an act relating to young children; proposing an amendment to the Minnesota Constitution by adding a section to article XIII; establishing the Mary McEvoy endowment fund for young children; providing for fees; amending Minnesota Statutes 2002, section 171.06, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 119C.

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

## MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1511.

PATRICK E. FLAHAVEN, Secretary of the Senate

## FIRST READING OF SENATE BILLS

S. F. No. 1511, A bill for an act relating to higher education; appropriating money for educational and related purposes to the higher education services office, board of trustees of the Minnesota state colleges and universities, board of regents of the University of Minnesota, and the Mayo Medical Foundation with certain restrictions; making



various changes to the state grant program and the college savings plan; providing for purchasing and other administrative changes at MnSCU; authorizing revenue bonds; amending Minnesota Statutes 2002, sections 124D.42, subdivision 3; 135A.14, by adding a subdivision; 136A.08, subdivision 3; 136A.101, subdivision 5a; 136A.121, subdivisions 6, 7, 9, 9a, 13; 136A.125, subdivision 4; 136A.171; 136A.29, subdivision 9; 136A.69; 136F.12; 136F.40, subdivision 2; 136F.45, subdivisions 1, 2; 136F.581, subdivision 2; 136F.59, subdivision 3; 136F.60, subdivision 3; 136G.01; 136G.03, subdivision 31, by adding subdivisions; 136G.05, subdivisions 4, 5, 10; 136G.09, subdivisions 1, 2, 6, 7, 8, 9; 136G.11, subdivisions 1, 2, 3, 9, 13; 136G.13, subdivisions 1, 3; 137.44; 299A.45, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 135A; 136F; 136G; repealing Minnesota Statutes 2002, sections 124D.95; 136A.1211; 136A.122; 136A.124; 136F.13; 136F.56; 136F.582; 136F.59, subdivision 2; 136G.03, subdivision 25.

The bill was read for the first time and referred to the Committee on Ways and Means.

#### MOTION TO FIX TIME TO CONVENE

Paulsen moved that when the House adjourns today it adjourn until 10:00 a.m., Monday, April 28, 2003. The motion prevailed.

#### CALENDAR FOR THE DAY

H. F. No. 646 was reported to the House.

#### CALL OF THE HOUSE

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

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

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

The Speaker called Abrams to the Chair.

Olson, M., moved to amend H. F. No. 646, the third engrossment, as follows:

Page 11, after line 33, insert:

"Sec. 18. [TRIBAL AGREEMENTS.]

A contract authorized under section 13 may not take effect if before July 1, 2003, each Indian tribe that has signed a tribal-state compact authorized under Minnesota Statutes, section 3.9221, has made a legally binding agreement in a written document submitted to the governor, to:

(1) contribute to the department of human services compulsive gambling treatment program under Minnesota Statutes, section 245.98, in an amount which when combined with similar contributions by all other signatory tribes is at least equal in each fiscal year to the amount contributed to this program from state lottery funds in that year;

(2) not increase the number of video games of chance operated by the tribe above the number the tribe was operating on January 1, 2003;

(3) submit information annually to the state auditor on gross receipts from tribal gaming and the distribution of those gross receipts, and agree to have this information audited by the state auditor; and

(4) contribute to the state for deposit in the general fund at least 6 percent of its gross receipts from casino gaming annually. For purposes of this clause "gross receipts" means total amounts wagered on casino games, including amounts paid for chips or tokens, less total winnings paid out including redemption of chips and tokens.

The moratorium on a contract under section 13 contained in this section ceases to be in effect if at any time after July 1, 2003, the governor determines that the agreements under clauses (1) to (4) have been substantially breached."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Olson, M., amendment and the roll was called.

Pursuant to rule 2.05, Speaker pro tempore Abrams excused Solberg from voting on the Olson, M., amendment to H. F. No. 646, the third engrossment.

There were 77 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Abeler	Anderson, B.	Borrell	Brod	Cox	Dorman
Abrams	Anderson, J.	Boudreau	Carlson	Dauids	Dorn
Adolphson	Blaine	Bradley	Cornish	DeLaForest	Eastlund

Erickson	Johnson, J.	Lenczewski	Nornes	Samuelson	Vanderveer
Finstad	Kahn	Lindgren	Olson, M.	Seagren	Walz
Gerlach	Kielkucki	Lindner	Opatz	Seifert	Wardlow
Gunther	Klinzing	Lipman	Otto	Severson	Wasiluk
Haas	Knoblach	Magnus	Ozment	Simpson	Westerberg
Harder	Kohls	McNamara	Paulsen	Smith	Westrom
Heidgerken	Kuisle	Meslow	Pelowski	Stang	Wilkin
Hilstrom	Lanning	Nelson, C.	Penas	Sykora	Zellers
Hoppe	Larson	Nelson, M.	Powell	Tingelstad	Spk. Sviggum
Jacobson	Latz	Nelson, P.	Ruth	Urdahl	

Those who voted in the negative were:

Atkins	Dill	Hausman	Kelliher	Murphy	Sieben
Beard	Eken	Hilty	Koenen	Olsen, S.	Slawik
Bernardy	Ellison	Holberg	Krinkie	Osterman	Soderstrom
Biernat	Entenza	Hornstein	Lesch	Otremba	Strachan
Buesgens	Erhardt	Howes	Lieder	Paymar	Swenson
Clark	Fuller	Huntley	Mahoney	Peterson	Thao
Davnie	Goodwin	Jaros	Mariani	Pugh	Thissen
Demmer	Greiling	Johnson, S.	Marquart	Rhodes	Wagenius
Dempsey	Hackbarth	Juhnke	Mullery	Sertich	Walker

The motion prevailed and the amendment was adopted.

Hilstrom moved to amend H. F. No. 646, the third engrossment, as amended, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [297A.651] [LOTTERY GAMING MACHINES; IN-LIEU TAX.]

Adjusted gross revenue from the operation of gaming machines authorized under chapter 349A are exempt from the tax imposed under section 297A.62. The state lottery must on or before the 20th day of each month transmit to the commissioner an amount equal to the adjusted gross revenue from the operation of gaming machines, as defined in section 349A.01, for the previous month multiplied by (1) until June 30, 2005, 51 percent, (2) from July 1, 2005 to June 30, 2007, 34 percent, and (3) on and after July 1, 2007, 40 percent. The commissioner shall deposit the money transmitted under this paragraph in the state treasury in the general fund. Of the money deposited into the general fund under this section, the following amounts are annually appropriated:

(1) an amount equal to five percent of the adjusted gross revenue from the operation of gaming machines is annually appropriated to the commissioner of human services for:

(i) programs for the treatment of compulsive gamblers under section 245.98, subdivision 2; and

(ii) reimbursements to counties for their costs of screening offenders for compulsive gambling under section 609.115, subdivision 9, paragraph (c);

(2) an amount equal to two percent of the adjusted gross revenue from the operation of gaming machines is annually appropriated to the commissioner of corrections to defray the costs incurred by the department, or community corrections counties, of conducting presentence investigations and supervised release of offenders who score five or more on the South Oaks gambling screen;

(3) an amount equal to two percent of the adjusted gross revenue from the operation of gaming machines is annually appropriated to the district courts; and

(4) an amount equal to one percent of adjusted gross revenue from the operation of gaming machines is appropriated to the board of public defense.

Sec. 2. Minnesota Statutes 2002, section 299L.07, subdivision 2, is amended to read:

Subd. 2. [EXCLUSIONS.] Notwithstanding subdivision 1, a gambling device:

(1) may be sold by a person who is not licensed under this section, if the person (i) is not engaged in the trade or business of selling gambling devices, and (ii) does not sell more than one gambling device in any calendar year;

(2) may be sold by the governing body of a federally recognized Indian tribe described in subdivision 2a, paragraph (b), clause (1), which is not licensed under this section, if (i) the gambling device was operated by the Indian tribe, (ii) the sale is to a distributor licensed under this section, and (iii) the licensed distributor notifies the commissioner of the purchase, in the same manner as is required when the licensed distributor ships a gambling device into Minnesota;

(3) may be possessed by a person not licensed under this section if the person holds a permit issued under section 299L.08; ~~and~~

(4) may be possessed by a state agency, with the written authorization of the director, for display or evaluation purposes only and not for the conduct of gambling; and

(5) may be possessed by the state lottery as authorized under chapter 349A.

Sec. 3. Minnesota Statutes 2002, section 299L.07, subdivision 2a, is amended to read:

Subd. 2a. [RESTRICTIONS.] (a) A manufacturer licensed under this section may sell, offer to sell, lease, or rent, in whole or in part, a gambling device only to a distributor licensed under this section or to the state lottery as authorized under chapter 349A.

(b) A distributor licensed under this section may sell, offer to sell, market, rent, lease, or otherwise provide, in whole or in part, a gambling device only to:

(1) the governing body of a federally recognized Indian tribe that is authorized to operate the gambling device under a tribal state compact under the Indian Gaming Regulatory Act, Public Law ~~Number~~ 100-497, and future amendments to it;

(2) a person for use in the person's dwelling for display or amusement purposes in a manner that does not afford players an opportunity to obtain anything of value;

(3) another distributor licensed under this section; ~~or~~

(4) a person in another state who is authorized under the laws of that state to possess the gambling device; or

(5) the state lottery as authorized under chapter 349A.

Sec. 4. Minnesota Statutes 2002, section 340A.410, subdivision 5, is amended to read:

Subd. 5. [GAMBLING PROHIBITED.] (a) Except as otherwise provided in this subdivision, no retail establishment licensed to sell alcoholic beverages may keep, possess, or operate, or permit the keeping, possession, or operation on the licensed premises of dice or any gambling device as defined in section 349.30, or permit gambling therein.

(b) Gambling equipment may be kept or operated and raffles conducted on licensed premises and adjoining rooms when the use of the gambling equipment is authorized by (1) chapter 349, (2) a tribal ordinance in conformity with the Indian Gaming Regulatory Act, Public Law ~~Number~~ 100-497, or (3) a tribal-state compact authorized under section 3.9221.

(c) Lottery tickets may be purchased and sold within the licensed premises as authorized by the director of the lottery under chapter 349A.

(d) Dice may be kept and used on licensed premises and adjoining rooms as authorized by section 609.761, subdivision 4.

(e) Gambling devices may be operated on the premises of a gaming facility as authorized by chapter 349A.

Sec. 5. Minnesota Statutes 2002, section 349A.01, subdivision 10, is amended to read:

Subd. 10. [LOTTERY PROCUREMENT CONTRACT.] "Lottery procurement contract" means a contract to provide lottery products, gaming machines, maintenance of gaming machines, computer hardware and software used to monitor sales of lottery tickets and gaming machine plays, and lottery tickets. "Lottery procurement contract" does not include a contract to provide an annuity or prize payment agreement or materials, supplies, equipment, or services common to the ordinary operation of a state agency.

Sec. 6. Minnesota Statutes 2002, section 349A.01, is amended by adding a subdivision to read:

Subd. 14. [GAMING MACHINE.] "Gaming machine" means any machine in which a coin token or other currency is deposited to play a game that uses a video display and microprocessors or an electromechanical device with a spinning reel.

Sec. 7. Minnesota Statutes 2002, section 349A.01, is amended by adding a subdivision to read:

Subd. 15. [GAMING MACHINE GAME.] "Gaming machine game" means a game operated by a gaming machine as authorized by the director.

Sec. 8. Minnesota Statutes 2002, section 349A.01, is amended by adding a subdivision to read:

Subd. 16. [GAMING MACHINE PLAY.] "Gaming machine play" means an electronic record that proves participation in a gaming machine game.

Sec. 9. Minnesota Statutes 2002, section 349A.01, is amended by adding a subdivision to read:

Subd. 17. [ADJUSTED GROSS GAMING MACHINE REVENUE.] "Adjusted gross gaming machine revenue" means the sum of all money received by the lottery for gaming machine plays, less the amount paid out in prizes for gaming machine games.

Sec. 10. Minnesota Statutes 2002, section 349A.01, is amended by adding a subdivision to read:

Subd. 18. [GAMING FACILITY.] "Gaming facility" means a site that is the location for gaming machines pursuant to a location contract under section 349A.17.

Sec. 11. Minnesota Statutes 2002, section 349A.10, subdivision 3, is amended to read:

Subd. 3. [LOTTERY OPERATIONS.] (a) The director shall establish a lottery operations account in the lottery fund. The director shall pay all costs of operating the lottery, including payroll costs or amounts transferred to the state treasury for payroll costs, but not including lottery prizes, from the lottery operating account. The director shall credit to the lottery operations account amounts sufficient to pay the operating costs of the lottery.

(b) Except as provided in paragraph (e), the director may not credit in any fiscal year thereafter amounts to the lottery operations account which when totaled exceed 15 percent of gross revenue to the lottery fund in that fiscal year. In computing total amounts credited to the lottery operations account under this paragraph the director shall disregard amounts transferred to or retained by lottery retailers as sales commissions or other compensation and amounts transferred or retained by a person pursuant to a location contract under section 349A.17.

(c) The director of the lottery may not expend after July 1, 1991, more than 2-3/4 percent of gross revenues in a fiscal year for contracts for the preparation, publication, and placement of advertising.

(d) Except as the director determines, the lottery is not subject to chapter 16A relating to budgeting, payroll, and the purchase of goods and services.

(e) In addition to the amounts credited to the lottery operations account under paragraph (b), the director is authorized, if necessary, to meet the current obligations of the lottery and to credit up to 25 percent of an amount equal to the average annual amount which was authorized to be credited to the lottery operations account for the previous three fiscal years but was not needed to meet the obligations of the lottery.

Sec. 12. Minnesota Statutes 2002, section 349A.13, is amended to read:

349A.13 [RESTRICTIONS.]

Nothing in this chapter:

(1) authorizes the director to conduct a lottery game or contest the winner or winners of which are determined by the result of a sporting event other than a horse race conducted under chapter 240;

(2) authorizes the director to install or operate a lottery device operated by coin or currency which when operated determines the winner of a game except as authorized under section 349A.17; and

(3) authorizes the director to sell pull-tabs as defined under section 349.12, subdivision 32.

## Sec. 13. [349A.17] [GAMING MACHINES.]

Subdivision 1. [LOCATION CONTRACT.] (a) The director may enter into a contract with a person to provide locations for gaming machines. For purposes of this section, a "person" means a natural person or public or private business entity, however organized. Contracts entered into under this section are not subject to chapter 16C. The director must select a site determined by the director to maximize revenue under this section and must utilize an open and competitive bid process and as nearly as practicable follow the procedures of chapter 16C governing contracts in selecting a person to contract with for the placement of gaming machines under this section, except that in awarding a contract under this subdivision, preference shall be given to a person that has prior experience operating casino games, such as gaming machines. A contract under this section must not exceed five years and may not be assigned or otherwise transferred.

(b) Contracts entered into must provide for compensation to the person in an amount equal to at least the following percentages of adjusted gross gaming machine revenue: (1) until June 30, 2005, 29.5 percent, (2) from July 1, 2005, to June 30, 2007, 53.5 percent, and (3) on and after July 1, 2007, 45 percent. From the amount received by the lottery under this section, the person shall annually remit an amount equal to one-half of one percent of the adjusted gross gaming machine revenue to both the city and the county where the gaming machines are located.

(c) The director may cancel, suspend, or refuse to renew a location contract if the person:

(1) fails to account for proceeds from the operation of the gaming machines;

(2) fails to remit funds to the director in accordance with the location contract;

(3) violates a law, rule, or order of the director;

(4) fails to comply with any of the terms of the location contract; or

(5) has acted in a manner prejudicial to public confidence in the integrity of the operation of the gaming machines.

The cancellation, suspension, or refusal to renew the location contract under this paragraph is a contested case under sections 14.57 to 14.69.

Subd. 2. [OPERATION.] (a) All gaming machines that are placed pursuant to subdivision 1 must be operated and controlled by the director.

(b) Gaming machines must be owned or leased by the director.

(c) Gaming machines must be maintained by the lottery, or by a vendor that is under the control and direction of the director.

(d) The director must have a central communications system that monitors activities on each gaming machine. The central communications system must be located at the lottery office.

(e) The director must supervise the counting of money taken from gaming machines.

(f) The director must supervise the general security arrangements associated with and relating to the operation of the gaming machines, and implement procedures as deemed appropriate.

(g) Advertising and promotional material produced by the person relating to gaming machines located at its facility must be approved by the director.

(h) The director may implement such other controls as are deemed necessary for the operation of gaming machines pursuant to this section.

Subd. 3. [AUTHORIZATION; INVESTIGATION AND INSPECTION.] (a) The director may conduct, or request the director of alcohol and gambling enforcement to conduct, a comprehensive background and financial investigation of any person seeking to enter into a contract under this section and the sources of financing. The director may charge a person an investigative fee to cover the costs of the investigation and to reimburse the division of alcohol and gambling enforcement for its share of the cost of investigation. The director has access to all criminal history data compiled by the division of alcohol and gambling enforcement.

(b) If the director determines that the person will operate a gaming facility in accordance with all applicable laws and rules, that the operation of the gaming facility shall not adversely affect the public health, safety, and welfare, and that the person is fit to operate a gaming facility, the director shall enter into a location contract with and issue a license to the person authorizing the person to operate the gaming facility. The director may charge a reasonable fee for a license under this section not to exceed the director's costs of regulation and administering the director's duties under this section.

(c) To ensure the integrity of gaming under this section and compliance with laws and rules of the director, the director and the director's representatives, including representatives of the division of alcohol and gambling enforcement, have the right to inspect the premises, books, and other records of a person having a location contract under this section at any time without a search warrant.

Subd. 4. [OCCUPATIONAL LICENSES.] (a) The director may by rule require and issue licenses to persons who wish to be employed at the gaming facility for occupations the director determines require licensing to ensure the integrity of the gaming provided by this section. Applications for a license shall be on a form and in a manner prescribed by the director. The director shall investigate each application to the extent the director deems necessary and may request the assistance of and may reimburse the division of alcohol and gambling enforcement in conducting background investigations of applicants.

(b) If the director determines that the applicant is qualified for the occupation and will not adversely affect the public health, welfare, or safety, or the integrity of gaming under this section, the director shall issue or renew a license. The director may revoke or suspend a license under this subdivision for a violation of law or rule which in the director's opinion adversely affects the integrity of gaming under this section, or for an intentional false statement in a license application. A license revocation or suspension for more than 90 days is a contested case under sections 14.57 to 14.69 and is in addition to criminal penalties imposed for violation of law or rule.

Subd. 5. [SPECIFICATIONS.] Gaming machines must:

(1) maintain on nonresettable meters a permanent record, capable of being printed out, of all transactions by the machine and all entries into the machine; and



(2) be capable of being linked electronically to a central communication system to provide auditing program information as required by the director.

Subd. 6. [GAMES.] The director shall specify the games that may be placed on a gaming machine as set forth under section 349A.04.

Subd. 7. [EXAMINATION OF MACHINES.] The director shall examine prototypes of gaming machines and require that the manufacturer of the machine pay the cost of the examination. The director may contract for the examination of gaming machines.

Subd. 8. [TESTING OF MACHINES.] The director may require working models of a gaming machine to be transported to the locations the director designates for testing, examination, and analysis. The manufacturer shall pay all costs for testing, examination, analysis, and transportation of the machine model.

Subd. 9. [PRIZES.] A person who plays a gaming machine agrees to be bound by the rules and game procedures applicable to that particular gaming machine game. The player acknowledges that the determination of whether the player has won a prize is subject to the rules and game procedures adopted by the director, claim procedures established by the director for the game, and any confidential or public validation tests established by the director for that game. A person under 18 years of age may not claim a prize from the operation of a gaming machine. A prize claimed from the play of a gaming machine game is not subject to the provisions of section 349A.08, subdivision 8.

Subd. 10. [PROHIBITIONS.] (a) A person under the age of 18 years may not play a game on a gaming machine.

(b) The director or any employee of the lottery, or a member of their immediate family residing in the same household, may not play a game on a gaming machine or receive a prize from the operation of a gaming machine.

Subd. 11. [COMPULSIVE GAMBLING NOTICE.] The director shall prominently post, in the area where the gaming machines are located, the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98. The director and the location provider shall establish a proactive plan to identify problem gamblers and take appropriate action. By January 15 of each year, the director shall submit a report to the legislature, of not more than five pages in length, setting forth the performance objectives of the plan and the progress that was made toward those objectives during the prior calendar year.

Subd. 12. [LOCAL LICENSES.] Except as provided in subdivision 1, no political subdivision may require a license to operate a gaming machine, restrict or regulate the placement of gaming machines, or impose a tax or fee on the business of operating gaming machines.

Sec. 14. Minnesota Statutes 2002, section 541.20, is amended to read:

541.20 [RECOVERY OF MONEY LOST.]

Every person who, by playing at cards, dice, or other game, or by betting on the hands or sides of such as are gambling, shall lose to any person so playing or betting any sum of money or any goods, and pays or delivers the same, or any part thereof, to the winner, may sue for and recover such money by a civil action, before any court of competent jurisdiction. For purposes of this section, gambling shall not include pari-mutuel wagering conducted under a license issued pursuant to chapter 240, purchase or sale of tickets in the state lottery, purchase of gaming machine plays as authorized under chapter 349A, or gambling authorized under chapters 349 and 349A.

Sec. 15. Minnesota Statutes 2002, section 541.21, is amended to read:

541.21 [COMMITMENTS FOR GAMBLING DEBT VOID.]

Every note, bill, bond, mortgage, or other security or conveyance in which the whole or any part of the consideration shall be for any money or goods won by gambling or playing at cards, dice, or any other game whatever, or by betting on the sides or hands of any person gambling, or for reimbursing or repaying any money knowingly lent or advanced at the time and place of such gambling or betting, or lent and advanced for any gambling or betting to any persons so gambling or betting, shall be void and of no effect as between the parties to the same, and as to all persons except such as hold or claim under them in good faith, without notice of the illegality of the consideration of such contract or conveyance. The provisions of this section shall not apply to: (1) pari-mutuel wagering conducted under a license issued pursuant to chapter 240; (2) purchase of tickets in the state lottery or other wagering authorized under chapter 349A; (3) gaming activities conducted pursuant to the Indian Gaming Regulatory Act, 25 U.S.C. 2701 et seq.; or (4) lawful gambling activities permitted under chapter 349.

Sec. 16. Minnesota Statutes 2002, section 609.75, subdivision 3, is amended to read:

Subd. 3. [WHAT ARE NOT BETS.] The following are not bets:

(1) A contract to insure, indemnify, guarantee or otherwise compensate another for a harm or loss sustained, even though the loss depends upon chance.

(2) A contract for the purchase or sale at a future date of securities or other commodities.

(3) Offers of purses, prizes or premiums to the actual contestants in any bona fide contest for the determination of skill, speed, strength, endurance, or quality or to the bona fide owners of animals or other property entered in such a contest.

(4) The game of bingo when conducted in compliance with sections 349.11 to 349.23.

(5) A private social bet not part of or incidental to organized, commercialized, or systematic gambling.

(6) The operation of equipment or the conduct of a raffle under sections 349.11 to 349.22, by an organization licensed by the gambling control board or an organization exempt from licensing under section 349.166.

(7) Pari-mutuel betting on horse racing when the betting is conducted under chapter 240.

(8) The purchase and sale of state lottery tickets and plays on a gaming machine under chapter 349A.

Sec. 17. Minnesota Statutes 2002, section 609.761, subdivision 2, is amended to read:

Subd. 2. [STATE LOTTERY.] Sections 609.755 and 609.76 do not prohibit the operation of the state lottery or the sale, possession, or purchase of tickets for the state lottery under chapter 349A, or the manufacture, possession, sale, or operation of a gaming machine under chapter 349A.

Sec. 18. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Hilstrom amendment and the roll was called.

Pursuant to rule 2.05, Speaker pro tempore Abrams excused Solberg from voting on the Hilstrom amendment to H. F. No. 646, the third engrossment, as amended.

There were 5 yeas and 126 nays as follows:

Those who voted in the affirmative were:

Goodwin	Hilstrom	Lipman	Nelson, M.	Olson, M.
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Those who voted in the negative were:

Abeler	DeLaForest	Heidgerken	Lanning	Osterman	Smith
Abrams	Demmer	Hilty	Larson	Otremba	Soderstrom
Adolphson	Dempsey	Holberg	Latz	Otto	Stang
Anderson, B.	Dill	Hoppe	Lenczewski	Ozment	Strachan
Anderson, J.	Dorman	Hornstein	Lesch	Paulsen	Swenson
Atkins	Dorn	Howes	Lieder	Paymar	Sykora
Beard	Eastlund	Huntley	Lindgren	Pelowski	Thao
Bernardy	Eken	Jacobson	Lindner	Penas	Thissen
Biernat	Ellison	Jaros	Magnus	Peterson	Tingelstad
Blaine	Entenza	Johnson, J.	Mahoney	Powell	Urdahl
Borrell	Erhardt	Johnson, S.	Mariani	Pugh	Vandevveer
Boudreau	Erickson	Juhnke	Marquart	Rhodes	Wagenius
Bradley	Finstad	Kahn	McNamara	Ruth	Walker
Brod	Fuller	Kelliher	Meslow	Samuelson	Walz
Buesgens	Gerlach	Kielkucki	Mullery	Seagren	Wardlow
Carlson	Greiling	Klinzing	Murphy	Seifert	Wasiluk
Clark	Gunther	Knoblach	Nelson, C.	Sertich	Westerberg
Cornish	Haas	Koenen	Nelson, P.	Severson	Westrom
Cox	Hackbarth	Kohls	Nornes	Sieben	Wilkin
Davids	Harder	Krinkie	Olsen, S.	Simpson	Zellers
Davnie	Hausman	Kuistle	Opatz	Slawik	Spk. Sviggum

The motion did not prevail and the amendment was not adopted.

Buesgens moved to amend H. F. No. 646, the third engrossment, as amended, as follows:

Page 11, after line 33, insert:

"Sec. 18. [SEVERABILITY; SAVINGS.]

If any provision of this act is found to be invalid because it is in conflict with a provision of the Constitution of the state of Minnesota or the Constitution of the United States, or for any other reason, all other provisions of this act shall remain valid and any rights, remedies, and privileges that have been otherwise accrued by this act, shall remain in effect and may be proceeded with and concluded under the provisions of this act."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Kahn and Sieben moved to amend H. F. No. 646, the third engrossment, as amended, as follows:

Page 2, line 12, delete "(1) until June 30, 2005,"

Page 2, line 13, delete everything after the first "percent"

Page 2, line 14, delete everything up to the period

Page 7, line 17, delete everything after "racetrack" and insert "of 29.5 percent of adjusted gross gaming machine revenue"

Page 7, delete lines 18 to 20

Page 7, line 21, delete "percent"

A roll call was requested and properly seconded.

The question was taken on the Kahn and Sieben amendment and the roll was called.

Pursuant to rule 2.05, Speaker pro tempore Abrams excused Solberg from voting on the Kahn and Sieben amendment to H. F. No. 646, the third engrossment, as amended.

There were 48 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Atkins	Ellison	Huntley	Latz	Nelson, M.	Sieben
Bernardy	Entenza	Jaros	Lenczewski	Opatz	Slawik
Biernat	Goodwin	Johnson, S.	Lesch	Otremba	Thao
Carlson	Greiling	Juhnke	Lieder	Otto	Thissen
Clark	Hausman	Kahn	Mahoney	Paymar	Vandever
Davnie	Hilstrom	Kelliher	Mariani	Peterson	Wagenius
Dorn	Hilty	Krinkie	Mullery	Pugh	Walker
Eken	Hornstein	Larson	Murphy	Sertich	Wasiluk

Those who voted in the negative were:

Abeler	Davids	Hackbarth	Lanning	Ozment	Stang
Abrams	DeLaForest	Harder	Lindgren	Paulsen	Strachan
Adolphson	Demmer	Heidgerken	Lindner	Pelowski	Swenson
Anderson, B.	Dempsey	Holberg	Lipman	Penas	Sykora
Anderson, J.	Dill	Hoppe	Magnus	Powell	Tingelstad
Beard	Dorman	Howes	Marquart	Rhodes	Urdahl
Blaine	Eastlund	Jacobson	McNamara	Ruth	Walz
Borrell	Erhardt	Johnson, J.	Meslow	Samuelson	Wardlow
Boudreau	Erickson	Kielkucki	Nelson, C.	Seagren	Westerberg
Bradley	Finstad	Klinzing	Nelson, P.	Seifert	Westrom
Brod	Fuller	Knoblach	Nornes	Severson	Wilkin
Buesgens	Gerlach	Koenen	Olsen, S.	Simpson	Zellers
Cornish	Gunther	Kohls	Olson, M.	Smith	Spk. Sviggum
Cox	Haas	Kuisle	Osterman	Soderstrom	

The motion did not prevail and the amendment was not adopted.

H. F. No. 646, A bill for an act relating to gambling; state lottery; providing for gaming machines; establishing horse racing purse payments; imposing a tax on gaming machine revenue; requiring a report; appropriating money; amending Minnesota Statutes 2002, sections 240.13, by adding a subdivision; 299L.07, subdivisions 2, 2a; 340A.410, subdivision 5; 349A.01, subdivision 10, by adding subdivisions; 349A.10, subdivision 3; 349A.13; 541.20; 541.21; 609.75, subdivision 3; 609.761, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 297A; 349A.

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

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

Pursuant to rule 2.05, Speaker pro tempore Abrams excused Solberg from voting on final passage of H. F. No. 646, the third engrossment, as amended.

The Speaker resumed the Chair.

There were 71 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Abeler	Cox	Hackbarth	Lindgren	Powell	Sykora
Abrams	Dauids	Harder	Magnus	Rhodes	Tingelstad
Adolphson	DeLaForest	Heidgerken	Marquart	Ruth	Urdahl
Anderson, J.	Demmer	Holberg	McNamara	Samuelson	Walz
Beard	Dorman	Hoppe	Meslow	Seagren	Wardlow
Blaine	Eastlund	Howes	Nelson, C.	Severson	Wasiluk
Borrell	Erickson	Kielkucki	Nelson, P.	Simpson	Westerberg
Boudreau	Finstad	Knoblach	Nornes	Smith	Westrom
Bradley	Fuller	Kohls	Olson, M.	Soderstrom	Wilkin
Brod	Goodwin	Kuisle	Ozment	Stang	Zellers
Buesgens	Gunther	Lanning	Paulsen	Strachan	Spk. Sviggum
Cornish	Haas	Latz	Penas	Swenson	

Those who voted in the negative were:

Anderson, B.	Eken	Huntley	Krinkie	Murphy	Pugh
Atkins	Ellison	Jacobson	Larson	Nelson, M.	Seifert
Bernardy	Entenza	Jaros	Lenczewski	Olsen, S.	Sertich
Biernat	Erhardt	Johnson, J.	Lesch	Opatz	Sieben
Carlson	Gerlach	Johnson, S.	Lieder	Osterman	Slawik
Clark	Greiling	Juhnke	Lindner	Otremba	Thao
Davnie	Hausman	Kahn	Lipman	Otto	Thissen
Dempsey	Hilstrom	Kelliher	Mahoney	Paymar	Vandever
Dill	Hilty	Klinzing	Mariani	Pelowski	Wagenius
Dorn	Hornstein	Koenen	Mullery	Peterson	Walker

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

## MOTION TO FIX TIME TO CONVENE

Paulsen moved that when the House adjourns today it adjourn until 10:30 a.m., Monday, April 28, 2003. The motion prevailed.

## CALENDAR FOR THE DAY, Continued

S. F. No. 872 was reported to the House.

Kohls moved that S. F. No. 872 be returned to the General Register. The motion prevailed.

## CALL OF THE HOUSE LIFTED

Paulsen moved that the call of the House be suspended. The motion prevailed and it was so ordered.

H. F. No. 1426, as amended on Thursday, April 24, 2003, was again reported to the House.

H. F. No. 1426, A bill for an act relating to workers' compensation; making technical changes; modifying the definition of "personal injury" to include injury or disease resulting from certain vaccines; freezing the medical fee schedule conversion factor for one year; instructing the commissioner of commerce to establish a surcharge rate; amending Minnesota Statutes 2002, sections 79A.12, subdivision 2; 176.011, subdivision 16; 176.081, subdivision 1; 176.092, subdivision 1a; 176.129, subdivisions 1b, 2a; 176.135, subdivision 7; 176.231, subdivision 5; 176.391, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 79.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abeler	Dauids	Gunther	Kelliher	Mariani	Pelowski
Abrams	Davnie	Haas	Kielkucki	Marquart	Penas
Adolphson	DeLaForest	Hackbarth	Klinzing	McNamara	Peterson
Anderson, B.	Demmer	Harder	Knoblach	Meslow	Powell
Anderson, J.	Dempsey	Hausman	Koenen	Mullery	Pugh
Atkins	Dill	Heidgerken	Kohls	Murphy	Rhodes
Beard	Dorman	Hilstrom	Krinkie	Nelson, C.	Ruth
Bernardy	Dorn	Hilty	Kuisle	Nelson, M.	Samuelson
Biernat	Eastlund	Holberg	Lanning	Nelson, P.	Seagren
Blaine	Eken	Hoppe	Larson	Nornes	Seifert
Borrell	Ellison	Hornstein	Latz	Olsen, S.	Sertich
Boudreau	Entenza	Howes	Lenczewski	Olson, M.	Severson
Bradley	Erhardt	Huntley	Lesch	Opatz	Sieben
Brod	Erickson	Jacobson	Lieder	Osterman	Simpson
Buesgens	Finstad	Jaros	Lindgren	Otremba	Slawik
Carlson	Fuller	Johnson, J.	Lindner	Otto	Smith
Clark	Gerlach	Johnson, S.	Lipman	Ozment	Soderstrom
Cornish	Goodwin	Juhnke	Magnus	Paulsen	Solberg
Cox	Greiling	Kahn	Mahoney	Paymar	Stang

Strachan	Thao	Urdahl	Walz	Westerberg	Zellers
Swenson	Thissen	Wagenius	Wardlow	Westrom	Spk. Sviggum
Sykora	Tingelstad	Walker	Wasiluk	Wilkin	

Those who voted in the negative were:

Vandev eer

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

Paulsen moved that the remaining bills on the Calendar for the Day be continued. The motion prevailed.

#### FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Knoblach announced his intention to place H. F. Nos. 627 and 750 on the Fiscal Calendar for Monday, April 28, 2003.

#### MOTIONS AND RESOLUTIONS

Otremba moved that the name of Otto be added as an author on H. F. No. 1263. The motion prevailed.

Klinzing moved that the name of Severson be added as an author on H. F. No. 1375. The motion prevailed.

Klinzing moved that the name of Severson be added as an author on H. F. No. 1376. The motion prevailed.

Rhodes moved that his name be stricken as an author on H. F. No. 1577. The motion prevailed.

Thissen moved that the names of Thao; Mariani; Mullery; Ellison; Hornstein; Hilty; Johnson, S., and Walker be added as authors on H. F. No. 1578. The motion prevailed.

Latz moved that H. F. No. 674, now on the General Register, be re-referred to the Committee on Taxes. The motion prevailed.

Lieder, Mullery, Osterman and Thao were excused for the remainder of today's session.

House Resolution No. 11 authored by Entenza, Clark, Ellison, Hornstein and Latz was reported to the House.

House Resolution No. 11, A House resolution relating to Representative Arlon Lindner.

## MOTION TO SUSPEND RULES

Entenza moved that the rules be so far suspended that House Resolution No. 11 be now considered and be placed upon its adoption.

A roll call was requested and properly seconded.

The question was taken on the Entenza motion and the roll was called. There were 41 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Atkins	Eken	Huntley	Latz	Opatz	Slawik
Bernardy	Ellison	Jaros	Lenczewski	Otto	Solberg
Biernat	Entenza	Johnson, S.	Lesch	Paymar	Thissen
Carlson	Hausman	Juhnke	Mahoney	Pelowski	Wagenius
Clark	Hilstrom	Kahn	Mariani	Peterson	Walker
Davnie	Hilty	Kelliher	Marquart	Sertich	Wasiluk
Dorn	Hornstein	Larson	Nelson, M.	Sieben	

Those who voted in the negative were:

Abeler	Davids	Hackbarth	Kuisle	Paulsen	Sykora
Adolphson	DeLaForest	Harder	Lanning	Powell	Tingelstad
Anderson, B.	Demmer	Heidgerken	Lindner	Ruth	Urdahl
Anderson, J.	Dempsey	Holberg	Lipman	Samuelson	Vandevier
Beard	Dorman	Hoppe	Magnus	Seagren	Walz
Blaine	Eastlund	Howes	McNamara	Seifert	Wardlow
Borrell	Erhardt	Jacobson	Meslow	Severson	Westerberg
Boudreau	Erickson	Johnson, J.	Nelson, C.	Simpson	Westrom
Bradley	Finstad	Kielkucki	Nelson, P.	Smith	Wilkin
Brod	Fuller	Klinzing	Nornes	Soderstrom	Zellers
Buesgens	Gerlach	Knoblach	Olsen, S.	Stang	Spk. Sviggum
Cornish	Gunther	Kohls	Olson, M.	Strachan	
Cox	Haas	Krinkie	Ozment	Swenson	

The motion did not prevail.

## ADJOURNMENT

Paulsen moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:30 a.m., Monday, April 28, 2003.

EDWARD A. BURDICK, Chief Clerk, House of Representatives