

## STATE OF MINNESOTA

## EIGHTY-THIRD SESSION — 2003

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 FORTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MAY 1, 2003

The House of Representatives convened at 10:00 a.m. and was called to order by Ron Abrams, Speaker pro tempore.

Prayer was offered by Chuck Knapp, Morning Host of KTIS FM, St. Paul and Minneapolis.

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

A quorum was present.

Meslow was excused.

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

**REPORTS OF CHIEF CLERK**

S. F. No. 1524 and H. F. No. 749, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

**SUSPENSION OF RULES**

Haas moved that the rules be so far suspended that S. F. No. 1524 be substituted for H. F. No. 749 and that the House File be indefinitely postponed. The motion prevailed.

**PETITIONS AND COMMUNICATIONS**

The following communications were received:

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

April 28, 2003

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

Dear Speaker Sviggum:

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

H. F. No. 536, relating to insurance; regulating the joint underwriting association; modifying coverage; modifying the market assistance responsibilities of the association.

H. F. No. 268, relating to peace officers; authorizing the state fair police department to employ more part-time peace officers.

Sincerely,

TIM PAWLENTY  
Governor

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

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable James P. Metzen  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2003 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S. F. No.</i>	<i>H. F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2003</i>	<i>Date Filed 2003</i>
	536	21	12:45 p.m. April 28	April 28
578		22	12:50 p.m. April 28	April 28
	268	23	12:55 p.m. April 28	April 28

Sincerely,

MARY KIFFMEYER  
Secretary of State

### REPORTS OF STANDING COMMITTEES

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

House Resolution No. 9, A House resolution recognizing May 1, 2003, as a Day of Prayer in Minnesota.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

House Resolution No. 9 was reported to the House.

#### HOUSE RESOLUTION NO. 9

A House resolution recognizing May 1, 2003, as a Day of Prayer in Minnesota.

*Whereas*, the citizens of the state of Minnesota are a diverse group of people, with nearly every nationality and a variety of religious traditions being represented; and

*Whereas*, the history of our state is replete with leaders who voluntarily called upon their God, whether the need was great or small; and

*Whereas*, civic and national days of prayer have a long and venerable history in our constitutional republic, dating back to the First Continental Congress in 1775; and

*Whereas*, the Declaration of Independence, our first statement as Americans of national purpose and identity, made "the laws of Nature and of Nature's God" the foundation of our United States of America and asserted that people have inalienable rights that are God-given; and

*Whereas*, in 1988, legislation setting aside the first Thursday in May in each year as a National Day of Prayer was passed unanimously by both houses of Congress and signed by President Ronald Reagan; and

*Whereas*, the National Day of Prayer is an opportunity for Americans of all faiths to join in united prayer to acknowledge our dependence on God, to give thanks for blessings received, to request healing for wounds endured, and to ask God to guide our leaders, bless our troops, and bring wholeness to the United States and its citizens; and

*Whereas*, May 1, 2003, marks the fifty-second consecutive observance of the National Day of Prayer in cities and towns throughout the United States; and

*Whereas*, this year it is fitting that we pray especially for American armed services members serving in Iraq or supporting those who serve there; and

*Whereas*, the citizens of Minnesota should gather together on this day in their homes, churches, meeting places, and chosen places of worship to pray in their own way for unity of the hearts of all humankind and for strong moral character in the lives of the people of all nations, as well as peace and understanding throughout the world; *Now, Therefore,*

*Be It Resolved* by the House of Representatives of the State of Minnesota that it recognizes May 1, 2003, as a Day of Prayer in the state of Minnesota and commends this observance to all citizens.

*Be It Further Resolved* that the Chief Clerk of the House of Representatives is directed to prepare an enrolled copy of this resolution, to be authenticated by his signature and that of the Speaker, and transmit it to the National Prayer Committee.

Boudreau moved that House Resolution No. 9 be now adopted. The motion prevailed and House Resolution No. 9 was adopted.

CERTIFICATION PURSUANT TO RULE 4.03  
ON FINANCE AND REVENUE BILLS

May 1, 2003

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

Dear Mr. Burdick:

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

Please accept this letter as certification that H. F. No. 749/S. F. No. 1524, State Government Finance appropriations bill, and H. F. No. 437, Health and Human Services appropriations bill, reconcile with the budget resolution and targets.

Sincerely,

REPRESENTATIVE JIM KNOBLACH  
Chair, House Ways and Means Committee

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.

### **SECOND READING OF SENATE BILLS**

S. F. No. 1524 was read for the second time.

### **SUSPENSION OF RULES**

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Paulsen moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1524 be given its third reading and be placed upon its final passage. The motion prevailed.

Paulsen moved that the Rules of the House be so far suspended that S. F. No. 1524 be given its third reading and be placed upon its final passage. The motion prevailed.

S. F. No. 1524 was reported to the House.

Haas moved to amend S. F. No. 1524 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 749, the third engrossment:

#### **"ARTICLE 1**

#### **APPROPRIATIONS**

##### **Section 1. [STATE GOVERNMENT 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 "first year" means the fiscal year ending June 30, 2004, and the term "second year" means the fiscal year ending June 30, 2005.

## SUMMARY BY FUND

	2004	2005	TOTAL
General	\$261,933,000	\$258,258,000	\$520,191,000
Health Care Access	1,782,000	1,782,000	3,564,000
State Government Special Revenue	24,653,000	28,033,000	52,686,000
Environmental	520,000	436,000	956,000
Remediation	484,000	484,000	968,000
Solid Waste	672,000	672,000	1,344,000
Special Revenue	2,947,000	2,947,000	5,894,000
Highway User Tax Distribution	2,097,000	2,097,000	4,194,000
Workers' Compensation	7,286,000	7,349,000	14,635,000
TOTAL	\$301,702,000	\$301,386,000	\$603,088,000

APPROPRIATIONS  
Available for the Year  
Ending June 30

2004 2005

## Sec. 2. LEGISLATURE

Subdivision 1. Total Appropriation \$56,426,000 \$56,427,000

## Summary by Fund

General	56,298,000	56,299,000
Health Care Access	128,000	128,000

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

Subd. 2. Senate	19,107,000	19,107,000
Subd. 3. House of Representatives	26,135,000	26,136,000
Subd. 4. Limit on Expenses		

APPROPRIATIONS  
Available for the Year  
Ending June 30

2004	2005
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Notwithstanding any law to the contrary, during the biennium ending June 30, 2005:

(1) the house of representatives and the senate may not pay per diem living expenses to a member in an amount more than \$56; and

(2) the house of representatives and the senate may not reimburse a member for monthly housing expenses incurred for more than six months in a calendar year.

Subd. 5. Legislative Coordinating Commission	11,184,000	11,184,000
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Summary by Fund

General	11,056,000	11,056,000	
Health Care Access	128,000	128,000	

During the biennium ending June 30, 2005, the legislative coordinating commission, the office of the legislative auditor, and the office of the revisor of statutes are not subject to the limitations in uses of funds provided under Minnesota Statutes, section 16A.281.

During the biennium ending June 30, 2005, a legislative commission or subcommittee of the legislative coordinating commission may by resolution adopt per diem payments for members attending commission meetings that are less than the payments permitted by rules of the house of representatives and the senate.

Sec. 3. GOVERNOR AND LIEUTENANT GOVERNOR	3,586,000	3,586,000
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This appropriation is to fund the office of the governor and lieutenant governor.

\$19,000 the first year and \$19,000 the second year are for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

Sec. 4. ATTORNEY GENERAL	21,816,000	21,795,000
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Summary by Fund

General	20,059,000	20,059,000	
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		APPROPRIATIONS Available for the Year Ending June 30	
		2004	2005
State Government			
Special Revenue	1,612,000	1,591,000	
Environmental	145,000	145,000	
Remediation	484,000	484,000	
Sec. 5. STATE AUDITOR		8,376,000	8,376,000
Sec. 6. SECRETARY OF STATE		5,912,000	6,032,000
Sec. 7. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD		712,000	712,000
Sec. 8. INVESTMENT BOARD		2,167,000	2,167,000
Sec. 9. ADMINISTRATIVE HEARINGS		7,186,000	7,249,000
This appropriation is from the workers' compensation fund.			
Fee rates charged during fiscal years 2004 and 2005 by the Administrative Law Division of the Office of Administrative Hearings must be reduced by ten percent from fiscal year 2003 levels.			
Sec. 10. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING		3,264,00	3,264,000
\$100,000 the first year and \$100,000 the second year are for a grant to the Northern Counties Land Use Coordinating Board for purposes of the pilot project established in Laws 2002, chapter 373, section 33. The pilot project is extended until June 30, 2005.			
Sec. 11. ADMINISTRATION			
Subdivision 1. Total Appropriation		44,553,000	47,454,000
Summary by Fund			
General	21,912,000	21,412,000	
State Government Special Revenue	22,641,000	26,042,000	

APPROPRIATIONS  
 Available for the Year  
 Ending June 30  
 2004 2005

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

Subd. 2. Operations Management

2,669,000	2,669,000
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Subd. 3. Office of Technology

2,479,000	2,479,000
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Subd. 4. Intertechnologies Group

22,641,000	26,042,000
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This appropriation is from the state government special revenue fund for recurring costs of 911 emergency telephone service.

Subd. 5. Facilities Management

11,803,000	11,303,000
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\$7,888,000 the first year and \$7,888,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

\$500,000 the first year is for onetime funding of agency relocation expenses.

\$262,000 the first year and \$262,000 the second year are for administration of the Capitol Area Architectural and Planning Board.

\$1,225,000 in the first year and \$1,225,000 in the second year of the balance in the facility repair and replacement account in the state government special revenue fund is canceled to the general fund. This amount is in addition to amounts transferred under Minnesota Statutes, section 16B.24, subdivision 5.

Subd. 6. Management Services

2,830,000	2,830,000
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\$196,000 the first year and \$196,000 the second year are for the office of the state archaeologist.

\$74,000 the first year and \$74,000 the second year are for the developmental disabilities council.





APPROPRIATIONS  
Available for the Year  
Ending June 30  
2004 2005

\$938,000 the first year and \$2,238,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. This initiative is expected to result in new general fund revenues of \$32,400,000 for the biennium ending June 30, 2005.

The department must report to the chairs of the house ways and means and senate finance committees by March 1, 2004, and January 15, 2005, on the following performance indicators:

- (1) the number of corporations noncompliant with the corporate tax system each year and the percentage and dollar amounts of valid tax liabilities collected;
- (2) the number of businesses noncompliant with the sales and use tax system and the percentage and dollar amounts of the valid tax liabilities collected; and
- (3) the number of individual noncompliant cases resolved and the percentage and dollar amounts of valid tax liabilities collected.

The reports must also identify base level expenditures and staff positions related to compliance and audit activities, including baseline information as of January 1, 2002. The information must be provided at the budget activity level.

Subd. 3. Accounts Receivable Management

13,904,000	14,404,000
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\$862,000 the first year and \$1,362,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed.

Sec. 15. MILITARY AFFAIRS

Subdivision 1. Total Appropriation

	12,279,000	12,279,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Maintenance of Training Facilities

5,590,000	5,590,000
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APPROPRIATIONS  
Available for the Year  
Ending June 30

2004	2005
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The general fund appropriation in fiscal year 2004 is intended to assist with the transition to fee-based funding. The commissioner of finance must approve the use of this onetime appropriation and may require that it be reimbursed to the general fund if sufficient resources are available in the special revenue fund.

The special revenue fund appropriation is made from the lawful gambling regulation account.

Sec. 21. RACING COMMISSION	525,000	421,000
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Summary by Fund

General	104,000	-0-
Special Revenue	421,000	421,000

The general fund appropriation in fiscal year 2004 is intended to assist with the transition to fee-based funding. The commissioner of finance must approve the use of this onetime appropriation and may require that it be reimbursed to the general fund if sufficient resources are available in the special revenue fund.

The special revenue fund appropriation is made from the racing and card playing regulation account.

Sec. 22. TORT CLAIMS	161,000	161,000
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To be spent by the commissioner of finance.

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

Sec. 23. MINNESOTA STATE RETIREMENT SYSTEM	2,518,000	2,727,000
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The amounts estimated to be needed for each program are as follows:

(a) Legislators	2,150,000	2,300,000
(b) Constitutional Officers	368,000	427,000

	APPROPRIATIONS Available for the Year Ending June 30	
	2004	2005
Sec. 24. MINNEAPOLIS EMPLOYEES RETIREMENT FUND	6,632,000	6,632,000
Sec. 25. AMATEUR SPORTS COMMISSION	525,000	525,000
The appropriations in this section may only be spent up to the amount of offsetting fee revenue generated by the commission under Minnesota Statutes, section 240A.03.		
Sec. 26. GENERAL CONTINGENT ACCOUNTS	5,500,000	500,000

## Summary by Fund

General	5,000,000	-0-
State Government Special Revenue	400,000	400,000
Workers' Compensation	100,000	100,000

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

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

## Sec. 27. [GOVERNMENT EFFICIENCIES.]

Subdivision 1. [TELECOMMUNICATION DEVICES.] The commissioner of administration, in consultation with heads of other executive agencies, must issue policies to reduce telecommunication device usage and expenditures by executive agencies other than the Minnesota state colleges and universities.

Subd. 2. [VEHICLES.] (a) The commissioner of administration, in consultation with heads of other executive agencies, must issue policies to reduce ownership and use of passenger vehicles and light duty trucks by executive agencies other than the Minnesota state colleges and universities.

(b) The commissioner may sell vehicles owned by the state motor pool and may order the sale of passenger vehicles and light duty trucks owned by other executive agencies other than the Minnesota state colleges and universities. The net proceeds of these sales must be deposited in the general fund, unless provided otherwise by the commissioner of finance.

Subd. 3. [TRANSFERS.] The commissioner of finance may authorize the transfer to and deposit in the general fund of money saved under subdivisions 1 and 2 from funds other than the general fund.

Subd. 4. [SAVINGS.] (a) It is anticipated that the efficiencies and deposits under subdivisions 1 to 3 will result in general fund savings or revenues of at least \$10,000,000 during the biennium ending June 30, 2005. General fund savings and revenues that are achieved through actions taken under section 28 may be applied to the savings requirements estimated to be achieved under this section. The commissioner of finance, in consultation with the commissioner of administration, must reduce general fund appropriations to executive agencies other than the Minnesota state colleges and universities by the amount of savings estimated to be achieved under this section.

(b) If the commissioner of finance, in consultation with the commissioner of administration, estimates that the efficiencies and deposits achieved under this section will result in general fund savings and revenues totaling less than \$10,000,000 during the biennium ending June 30, 2005, the commissioner of finance must report to the legislature by January 15, 2004, with proposed allocations of the amount of the difference as reductions to general fund operating budgets of executive agencies other than the Minnesota state colleges and universities for fiscal year 2005. The commissioner must implement the proposed fiscal year 2005 executive agency operating budget reductions unless the 2004 legislature enacts a law providing otherwise.

#### Sec. 28. [PURCHASING SAVINGS.]

Subdivision 1. [POLICIES AND PROCEDURES.] The commissioner of administration, in consultation with heads of other executive agencies, must implement policies and procedures to reduce expenditures on purchases of goods and services by executive agencies other than the Minnesota state colleges and universities. These policies and procedures may include increased use of reverse auctions and other electronic purchasing initiatives and use of authority under Minnesota Statutes, section 16E.09, to pay initial costs associated with certain initiatives, and may include reductions in specified categories of purchases.

Subd. 2. [TRANSFERS.] The commissioner of finance may authorize the transfer to and deposit in the general fund of money saved under subdivision 1 from funds other than the general fund.

Subd. 3. [SAVINGS.] (a) It is anticipated that actions taken under subdivisions 1 and 2 will result in general fund savings or revenues of at least \$4,000,000 during the biennium ending June 30, 2005. General fund savings and revenues that are achieved through actions taken under section 27 may be applied to the savings requirements estimated to be achieved under this section. The commissioner of finance, in consultation with the commissioner of administration, must reduce general fund appropriations to executive agencies other than the Minnesota state colleges and universities by the amount of savings estimated to be achieved under this section.

(b) If the commissioner of finance, in consultation with the commissioner of administration, estimates that the actions taken under this section will result in general fund savings and revenues totaling less than \$4,000,000 during the biennium ending June 30, 2005, the commissioner of finance must report to the legislature by January 15, 2004, with proposed allocations of the amount of the difference as reductions to general fund operating budgets of executive agencies other than the Minnesota state colleges and universities for fiscal year 2005. The commissioner must implement the proposed fiscal year 2005 executive agency operating budget reductions unless the 2004 legislature enacts a law providing otherwise.

#### Sec. 29. [PROCUREMENT EFFICIENCY REVOLVING LOAN FUND.]

\$4,000,000 is appropriated as a loan from the general fund in fiscal year 2004 to the commissioner of administration for purposes of making investments related to achieving efficiencies in purchases of state goods and services. This appropriation is available only: (1) to the extent the necessary funds are not available from the technology enterprise fund created in Minnesota Statutes, section 16E.09; and (2) if the commissioners of finance and administration determine that the loan can be repaid to the general fund before June 30, 2005, through savings in state purchases of goods and services, and the reductions in general fund expenditures associated with these savings as required by section 28.

## Sec. 30. [INSURANCE.]

Subdivision 1. [CONTRIBUTION LIMIT.] Total employer contributions for medical and dental coverage for eligible state employees and dependents and for constitutional officers, legislators, and dependents in each year of the biennium ending June 30, 2005, shall not exceed the total amount contributed by the state for that purpose in the fiscal year ending June 30, 2003. This section does not apply to the Minnesota state colleges and universities.

Subd. 2. [SAVINGS.] It is anticipated that entities in the executive, legislative, and judicial branches of state government, not including the Minnesota state colleges and universities, will realize general fund operational savings of at least \$46,240,000 during the biennium ending June 30, 2005, as a result of the insurance contribution freeze in subdivision 1. The commissioner of finance must reduce general fund appropriations to executive, legislative, and judicial entities, not including the Minnesota state colleges and universities, for the biennium ending June 30, 2005, by a proportional amount of the \$46,240,000 general fund savings.

## Sec. 31. [SALE OF STATE LAND.]

Subdivision 1. [STATE LAND SALES.] The commissioner of administration shall coordinate with the head of each department or agency having control of state-owned land to identify and sell at least \$5,505,000 of state-owned land. Sales should be completed according to law and as provided in this section as soon as practicable but no later than June 30, 2005. Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, or any other law to the contrary, the commissioner may offer land for public sale by only providing notice of lands or an offer of sale of lands to state departments or agencies, the University of Minnesota, cities, counties, towns, school districts, or other public entities.

Subd. 2. [ANTICIPATED SAVINGS.] Notwithstanding Minnesota Statutes, section 94.16, subdivision 3, or other law to the contrary, the amount of the proceeds from the sale of land under this section that exceeds the actual expenses of selling the land must be deposited in the general fund, except as otherwise provided by the commissioner of finance. Notwithstanding Minnesota Statutes, section 94.11, the commissioner of finance may establish the timing of payments for land purchased under this section. If the total of all money deposited into the general fund from the proceeds of the sale of land under this section is anticipated to be less than \$5,505,000, the governor must allocate the amount of the difference as reductions to general fund operating expenditures for other executive agencies for the biennium ending June 30, 2005.

Subd. 3. [STATE LAND SALES FOR CONSIDERATION.] Based on the inventory of state-owned land under Laws 2002, chapter 393, section 36, the commissioner of administration with the cooperation of the responsible agency head may consider the following for sale under this section:

(1) the BCA property at 1246 University Avenue in St. Paul with a public use classification of "to be determined"; and

(2) other land identified as surplus in the inventory of state-owned land.

Subd. 4. [SALE OF STATE LANDS REVOLVING LOAN FUND.] \$180,075 is appropriated from the general fund in fiscal year 2004 to the commissioner of administration for purposes of paying the actual expenses of selling state-owned lands to achieve the anticipated savings required in this section. From the gross proceeds of land sales under this section, the commissioner of administration must cancel the amount of the appropriation in this subdivision to the general fund by June 30, 2005.

## Sec. 32. [SECRETARY OF STATE APPROPRIATION.]

\$369,000 is appropriated in fiscal year 2003 from the general fund to the secretary of state for payment of the attorney fees awarded by court order in Zachman et al. vs. Kiffmeyer et al. This is a onetime appropriation and is not added to the secretary of state's base budget.

## Sec. 33. [REAL ESTATE FILING SURCHARGE.]

All funds collected during the fiscal year ending June 30, 2004, and funds collected in the fiscal year ending June 30, 2003, that carry forward into the fiscal year ending June 30, 2004, pursuant to the additional 50 cent surcharges imposed by Laws 2001, First Special Session chapter 10, article 2, section 77, and Laws 2002, chapter 365, are appropriated to the legislative coordinating commission for the real estate task force established by Laws 2000, chapter 391, for the purposes set forth in Laws 2001, First Special Session chapter 10, article 2, sections 98 to 101. \$25,000 from those funds are to be retained by the legislative coordinating commission for the services described in Laws 2001, First Special Session chapter 10, article 2, section 99.

## Sec. 34. [LOTTERY.]

The director of the state lottery shall implement an international game and a new lotto game, or take other steps necessary to raise general fund revenue during the biennium ending June 30, 2005, of at least \$5,880,000 more than the general fund revenue forecast in the governor's budget proposal for the biennium ending June 30, 2005.

## Sec. 35. [EFFECTIVE DATE.]

Sections 26 and 32 are effective the day following final enactment.

## ARTICLE 2

## STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2002, section 3.885, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The legislative commission on planning and fiscal policy consists of ~~48~~ nine members of the senate appointed by the subcommittee on committees of the committee on rules and administration and nine members of the house of representatives appointed by the ~~legislative coordinating commission~~ speaker. Vacancies on the commission are filled in the same manner as original appointments. The commission shall elect a chair and a vice-chair from among its members. The chair alternates between a member of the senate and a member of the house in January of each odd-numbered year.

Sec. 2. Minnesota Statutes 2002, section 3.971, subdivision 2, is amended to read:

Subd. 2. [STAFF; COMPENSATION.] The legislative auditor shall establish a financial audits division and a program evaluation division to fulfill the duties prescribed in this section. Each division ~~must~~ may be supervised by a deputy auditor, appointed by the legislative auditor, with the approval of the commission, for a term coterminous with the legislative auditor's term. The deputy auditors may be removed before the expiration of their terms only for cause. The legislative auditor and deputy auditors may each appoint a confidential secretary to serve at pleasure. The salaries and benefits of the legislative auditor, deputy auditors and confidential secretaries shall be determined by the compensation plan approved by the legislative coordinating commission. The deputy auditors may perform and exercise the powers, duties and responsibilities imposed by law on the legislative auditor when authorized by the legislative auditor. The deputy auditors and the confidential secretaries serve in the unclassified civil service, but all other employees of the legislative auditor are in the classified civil service. While in office, a person appointed deputy for the financial audit division must hold an active license as a certified public accountant.

## Sec. 3. [3A.115]

The amount necessary to fund the retirement allowance granted under this chapter to a former legislator upon retirement is appropriated from the general fund to the director to pay pension obligations due to the retiree. Retirement allowances payable to retired legislators and their survivors under this chapter must be adjusted in the same manner, at the same times, and in the same amounts as are benefits payable from the Minnesota postretirement investment fund to retirees of a participating public pension fund.

Sec. 4. Minnesota Statutes 2002, section 6.48, is amended to read:

## 6.48 [EXAMINATION OF COUNTIES; COST, FEES.]

All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public property, and improvements of several counties of the state. At least once in each year, if funds and personnel permit, the state auditor ~~shall~~ may visit, without previous notice, each county and make a thorough examination of all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds and other property. If the audit is performed by a private certified public accountant, the state auditor may require additional information from the private certified public accountant as the state auditor deems in the public interest. The state auditor may accept the audit or make additional examinations as the state auditor deems to be in the public interest. The state auditor shall prescribe and install systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices. A copy of the report of such examination shall be filed and be subject to public inspection in the office of the state auditor and another copy in the office of the auditor of the county thus examined. The state auditor may accept the records and audit, or any part thereof, of the department of human services in lieu of examination of the county social welfare funds, if such audit has been made within any period covered by the state auditor's audit of the other records of the county. If any such examination shall disclose malfeasance, misfeasance, or nonfeasance in any office of such county, such report shall be filed with the county attorney of the county, and the county attorney shall institute such civil and criminal proceedings as the law and the protection of the public interests shall require.

The county receiving ~~such~~ any examination shall pay to the state general fund, notwithstanding the provisions of section 16A.125, the total cost and expenses of such examinations, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor on deeming it advisable may bill counties, having a population of 200,000 or over, monthly for services rendered and the officials responsible for approving and paying claims shall cause said bill to be promptly paid. The general fund shall be credited with all collections made for any such examinations.

Sec. 5. Minnesota Statutes 2002, section 6.49, is amended to read:

## 6.49 [CITIES OF FIRST CLASS.]

All powers and duties conferred and imposed upon the state auditor with respect to state and county officers, institutions, property, and improvements are hereby extended to cities of the first class. Copies of the written report of the state auditor on the financial condition and accounts of such city shall be filed in the state auditor's office, with the mayor, city council, and city comptroller thereof, and with the city commissioners, if such city have such officers. If such report disclose malfeasance, misfeasance, or nonfeasance in office, copies thereof shall be filed with the city attorney thereof and with the county attorney of the county in which such city is located, and these officials of the law shall institute such proceedings, civil or criminal, as the law and the public interest require.

The state auditor ~~may~~ shall bill said cities monthly for services rendered, including any examination, and the officials responsible for approving and paying claims shall cause said bill to be promptly paid.

Sec. 6. Minnesota Statutes 2002, section 6.54, is amended to read:

6.54 [EXAMINATION OF COUNTY AND MUNICIPAL RECORDS PURSUANT TO PETITION.]

The registered voters in a county or home rule charter or statutory city or the electors at an annual or special town meeting of a town may petition the state auditor to examine the books, records, accounts, and affairs of the county, home rule charter or statutory city, town, or of any organizational unit, activity, project, enterprise, or fund thereof; and the scope of the examination may be limited by the petition, but the examination shall cover, at least, all cash received and disbursed and the transactions relating thereto, provided that the state auditor shall not examine more than the six latest years preceding the circulation of the petition, unless it appears to the state auditor during the examination that the audit period should be extended to permit a full recovery under bonds furnished by public officers or employees, and may if it appears to the auditor in the public interest confine the period or the scope of audit or both period and scope of audit, to less than that requested by the petition. In the case of a county or home rule charter or statutory city, the petition shall be signed by a number of registered voters at least equal to 20 percent of those voting in the last presidential election. The eligible voters of any school district may petition the state auditor, who shall be subject to the same restrictions regarding the scope and period of audit, provided that the petition shall be signed by at least ten eligible voters for each 50 resident pupils in average daily membership during the preceding school year as shown on the records in the office of the commissioner of children, families, and learning. In the case of school districts, the petition shall be signed by at least ten eligible voters. At the time it is circulated, every petition shall contain a statement that the cost of the audit will be borne by the county, city, or school district as provided by law. Thirty days before the petition is delivered to the state auditor it shall be presented to the appropriate city or school district clerk and the county auditor. The county auditor shall determine and certify whether the petition is signed by the required number of registered voters or eligible voters as the case may be. The certificate shall be conclusive evidence thereof in any action or proceeding for the recovery of the costs, charges, and expenses of any examination made pursuant to the petition.

Sec. 7. Minnesota Statutes 2002, section 6.55, is amended to read:

6.55 [EXAMINATION OF RECORDS PURSUANT TO RESOLUTION OF GOVERNING BODY.]

The governing body of any city, town, county or school district, by appropriate resolution may ask the state auditor to examine the books, records, accounts and affairs of their government, or of any organizational unit, activity, project, enterprise, or fund thereof; and the state auditor shall examine the same upon receiving, pursuant to said resolution, a written request signed by a majority of the members of the governing body; and the governing body of any public utility commission, or of any public corporation having a body politic and corporate, or of any instrumentality joint or several of any city, town, county, or school district, may request an audit of its books, records, accounts and affairs in the same manner; provided that the scope of the examination may be limited by the request, but such examination shall cover, at least, all cash received and disbursed and the transactions relating thereto. Such written request shall be presented to the clerk, or recording officer of such city, town, county, school district, public utility commission, public corporation, or instrumentality, before being presented to the state auditor, who shall determine whether the same is signed by a majority of the members of such governing body and, if found to be so signed, shall certify such fact, and the fact that such resolution was passed, which certificate shall be conclusive evidence thereof in any action or proceedings for the recovery of the costs, charges and expenses of any examination made pursuant to such request. Nothing contained in any of the laws of the state relating to the state auditor, shall be so construed as to prevent any county, city, town, or school district from employing a certified public accountant to examine its books, records, accounts, and affairs. For the purposes of this section, the governing body of a town is the town board.

Sec. 8. Minnesota Statutes 2002, section 6.64, is amended to read:

6.64 [COOPERATION WITH PUBLIC ACCOUNTANTS; PUBLIC ACCOUNTANT DEFINED.]

There shall be mutual cooperation between the state auditor and public accountants in the performance of auditing, accounting, and other related services for counties, cities, towns, school districts, and other public corporations. For the purposes of sections 6.64 to 6.71 the term public accountant shall have the meaning ascribed to it in section 412.222.

Sec. 9. Minnesota Statutes 2002, section 6.65, is amended to read:

6.65 [MINIMUM PROCEDURES FOR AUDITORS, PRESCRIBED.]

The state auditor shall prescribe minimum procedures and the audit scope for auditing the books, records, accounts, and affairs of counties and local governments in Minnesota. The minimum scope for audits of all local governments must include financial and legal compliance audits. Audits of all school districts must include a determination of compliance with uniform financial accounting and reporting standards. The state auditor shall promulgate an audit guide for legal compliance audits, in consultation with representatives of the state auditor, the attorney general, towns, cities, counties, school districts, and private sector public accountants.

Sec. 10. Minnesota Statutes 2002, section 6.66, is amended to read:

6.66 [CERTAIN PRACTICES OF PUBLIC ACCOUNTANTS AUTHORIZED.]

Any public accountant may engage in the practice of auditing the books, records, accounts, and affairs of counties, cities, towns, school districts, and other public corporations which are not otherwise required by law to be audited exclusively by the state auditor.

Sec. 11. Minnesota Statutes 2002, section 6.67, is amended to read:

6.67 [PUBLIC ACCOUNTANTS; REPORT OF EVIDENCE POINTING TO MISCONDUCT.]

Whenever a public accountant in the course of auditing the books and affairs of a county, city, town, school district, or other public corporations, shall discover evidence pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in the conduct of duties and affairs, the public accountant shall promptly make a report of such discovery to the state auditor and the county attorney of the county in which the governmental unit is situated and the public accountant shall also furnish a copy of the report of audit upon completion to said officers. The county attorney shall act on such report in the same manner as required by law for reports made to the county attorney by the state auditor.

Sec. 12. Minnesota Statutes 2002, section 6.68, subdivision 1, is amended to read:

Subdivision 1. [REQUEST TO GOVERNING BODY.] If in an audit of a county, city, town, school district, or other public corporation, a public accountant has need of the assistance of the state auditor, the accountant may obtain such assistance by requesting the governing body of the governmental unit being examined to request the state auditor to perform such auditing or investigative services, or both, as the matter and the public interest require.

Sec. 13. Minnesota Statutes 2002, section 6.70, is amended to read:

6.70 [ACCESS TO REPORTS.]

The state auditor and the public accountants shall have reasonable access to each other's audit reports, working papers, and audit programs concerning audits made by each of counties, cities, towns, school districts, and other public corporations.

Sec. 14. Minnesota Statutes 2002, section 6.71, is amended to read:

6.71 [SCOPE OF AUDITOR'S INVESTIGATION.]

Whenever the governing body of a county, city, town, or school district shall have requested a public accountant to make an audit of its books and affairs, and such audit is in progress or has been completed, and ~~freeholders~~ registered voters or electors petition or the governing body requests or both the state auditor to make an examination covering the same, or part of the same, period, the state auditor may, in the public interest, limit the scope of the examination to less than that specified in section 6.54, but the scope shall cover, at least, an investigation of those complaints which are within the state auditor's powers and duties to investigate.

Sec. 15. Minnesota Statutes 2002, section 6.74, is amended to read:

6.74 [INFORMATION COLLECTED FROM LOCAL GOVERNMENTS.]

The state auditor, or a designated agent, shall collect annually from all city, county, and other local units of government, information as to the assessment of property, collection of taxes, receipts from licenses and other sources, the expenditure of public funds for all purposes, borrowing, debts, principal and interest payments on debts, and such other information as may be needful. The data shall be supplied upon ~~blank~~ forms prescribed by the state auditor, and all public officials so called upon shall fill out properly and return promptly all ~~blank~~ forms so transmitted. The state auditor or assistants, may examine local records in order to complete or verify the information.

Sec. 16. [6.78] [BEST PRACTICES REVIEWS.]

The state auditor shall conduct best practices reviews that examine the procedures and practices used to deliver local government services, determine the methods of local government service delivery, identify variations in cost and effectiveness, and identify practices to save money or provide more effective service delivery. The state auditor shall recommend to local governments service delivery methods and practices to improve the cost-effectiveness of services. The state auditor shall determine the local government services to be reviewed in consultation with representatives of the Association of Minnesota Counties, the League of Minnesota Cities, the Association of Metropolitan Municipalities, the Minnesota Association of Townships, the Minnesota Municipal Utilities Association, and the Minnesota Association of School Administrators.

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

Sec. 17. [6.79] [EQUITABLE COMPENSATION COMPLIANCE.]

The state auditor may adopt rules under the Administrative Procedure Act to ensure compliance with sections 471.991 to 471.999.

Sec. 18. Minnesota Statutes 2002, section 8.06, is amended to read:

8.06 [ATTORNEY FOR STATE OFFICERS, BOARDS, OR COMMISSIONS; EMPLOY COUNSEL.]

The attorney general shall act as the attorney for all state officers and all boards or commissions created by law in all matters pertaining to their official duties. When requested by the attorney general, it shall be the duty of any county attorney of the state to appear within the county and act as attorney for any such board, commission, or officer in any court of such county. The attorney general may, upon request in writing, employ, and fix the compensation of, a special attorney for any such board, commission, or officer when, in the attorney general's judgment, the public welfare will be promoted thereby. Such special attorney's fees or salary shall be paid from the appropriation made for such board, commission, or officer. Except as herein provided, no board, commission, or officer shall hereafter employ any attorney at the expense of the state.

Whenever the attorney general, the governor, ~~and~~ or the chief justice of the supreme court shall certify, in writing, filed in the office of the secretary of state, that it is necessary, in the proper conduct of the legal business of the state, either civil or criminal, that the state employ additional counsel, the attorney general, the governor, or the chief justice of the supreme court shall thereupon ~~be authorized to employ~~ authorize the employment of such counsel and, ~~with the governor and the chief justice,~~ fix the additional counsel's compensation. Except as herein stated, no additional counsel shall be employed and the legal business of the state shall be performed exclusively by the attorney general and the attorney general's assistants.

Sec. 19. Minnesota Statutes 2002, section 10A.02, is amended by adding a subdivision to read:

Subd. 15. [DISPOSITION OF FEES.] The board must deposit all fees collected under this chapter into the general fund in the state treasury.

Sec. 20. Minnesota Statutes 2002, section 10A.02, is amended by adding a subdivision to read:

Subd. 16. [PROPOSED FEE CHANGES.] As part of its submission of its biennial budget request, the board must propose changes to the fees required in this chapter that will be sufficient to recover the direct appropriation to the board. The board must include in its recovery calculation seven percent of the amounts designated by individuals for the state elections campaign fund under section 10A.31, subdivision 4.

Sec. 21. Minnesota Statutes 2002, section 10A.04, subdivision 2, is amended to read:

Subd. 2. [TIME OF REPORTS.] Each report must cover the time from the last day of the period covered by the last report to 15 days before the current filing date. The reports must be filed with the board by the following dates:

(1) January 15; and

(2) ~~April 15; and~~

(3) ~~July 15~~ June 15.

Sec. 22. Minnesota Statutes 2002, section 10A.04, subdivision 4, is amended to read:

Subd. 4. [CONTENT.] (a) A report under this section must include information the board requires from the registration form and the information required by this subdivision for the reporting period.

(b) A lobbyist must report the lobbyist's total disbursements on lobbying, separately listing lobbying to influence legislative action, lobbying to influence administrative action, and lobbying to influence the official actions of a metropolitan governmental unit, and a breakdown of disbursements for each of those kinds of lobbying into categories specified by the board, including but not limited to the cost of publication and distribution of each publication used in lobbying; other printing; media, including the cost of production; postage; travel; fees, including allowances; entertainment; telephone and telegraph; and other expenses.

(c) A lobbyist must report the amount and nature of each gift, item, or benefit, excluding contributions to a candidate, equal in value to \$5 or more, given or paid to any official, as defined in section 10A.071, subdivision 1, by the lobbyist or an employer or employee of the lobbyist. The list must include the name and address of each official to whom the gift, item, or benefit was given or paid and the date it was given or paid.

(d) A lobbyist must report each original source of money in excess of \$500 in any year used for the purpose of lobbying to influence legislative action, administrative action, or the official action of a metropolitan governmental unit. The list must include the name, address, and employer, or, if self-employed, the occupation and principal place of business, of each payer of money in excess of \$500.

(e) On the report due ~~April 15~~ June 15, the lobbyist must provide a general description of the subjects lobbied in the previous 12 months.

Sec. 23. Minnesota Statutes 2002, section 10A.04, is amended by adding a subdivision to read:

Subd. 9. [ELECTRONIC REPORTS.] Effective January 1, 2005, a lobbyist may file a report required under this section electronically with the board.

Sec. 24. [10A.045] [LOBBYIST AND PRINCIPAL REPORT FEES.]

Subdivision 1. [PURPOSE.] The purpose of this section is to pay for the cost of administering sections 10A.03 to 10A.06 with fees collected from lobbyists to be used only for that purpose.

Subd. 2. [FEE; USE; PROHIBITION.] Each lobbyist and principal must pay a biennial fee of \$400 by January 15 of every odd-numbered year. Authorized unpaid volunteers of an organization recognized as a 501(c)(3) charity by the Internal Revenue Service are not required to pay this fee. The fees collected under this section must not be more than the amount necessary to administer the lobbyist registration and regulation provisions of this chapter. A person who has not paid the fee required by this section is prohibited from acting as a lobbyist.

Sec. 25. Minnesota Statutes 2002, section 10A.09, subdivision 6, is amended to read:

Subd. 6. [SUPPLEMENTARY STATEMENT.] Each individual who is required to file a statement of economic interest must file a supplementary statement on April 15 of each year that the individual remains in office ~~if information on the most recently filed statement has changed~~. The supplementary statement, ~~if required~~, must include the amount of each honorarium in excess of \$50 received since the previous statement and the name and address of the source of the honorarium. The board must maintain a statement of economic interest submitted by an officeholder in the same file with the statement submitted as a candidate.

Sec. 26. Minnesota Statutes 2002, section 10A.09, is amended by adding a subdivision to read:

Subd. 9. [FILING FEE.] A public official required to file a statement of economic interest or an annual supplementary statement with the board under this section must accompany the statement with a \$65 filing fee. A public official listed in section 10A.01, subdivision 35, clause (2), is not required to pay this fee.

Sec. 27. [10A.145] [REGISTRATION FEES.]

Subdivision 1. [REQUIREMENT.] Each principal campaign committee must pay to the board a registration fee when it originally registers with the board and each time a nonjudicial candidate for whom a committee is registered files for office. The office with which the candidate files must collect the fee when the candidate files and must deposit it into the general fund in the state treasury.

Subd. 2. [AMOUNT OF FEE.] The registration fees are as follows:

(1) principal campaign committee for candidate for nonjudicial statewide office, \$1,000;

(2) principal campaign committee for candidate for state senate, \$600;

(3) principal campaign committee for candidate for state house of representatives, \$300;

(4) principal campaign committee for judicial candidate, \$250.

Subd. 3. [TRANSITION.] Lobbyists, principals, and principal campaign committees that are registered on the effective date of this section must pay the fee for initial registration required by this section or section 10A.045 within 60 days after the effective date of this section. This subdivision expires August 1, 2004.

Sec. 28. Minnesota Statutes 2002, section 10A.31, subdivision 4, is amended to read:

Subd. 4. [APPROPRIATION.] ~~(a)~~ The amounts designated by individuals for the state elections campaign fund, less ~~three~~ ten percent, are appropriated from the general fund, must be transferred and credited to the appropriate account in the state elections campaign fund, and are annually appropriated for distribution as set forth in subdivisions 5, 5a, 6, and 7. The remaining ~~three~~ ten percent must be kept in the general fund for administrative costs.

~~(b) In addition to the amounts in paragraph (a), \$1,500,000 for each general election is appropriated from the general fund for transfer to the general account of the state elections campaign fund.~~

Sec. 29. Minnesota Statutes 2002, section 14.091, is amended to read:

14.091 [PETITION; UNIT OF LOCAL GOVERNMENT.]

(a) The elected governing body of a statutory or home rule city, a county, or a sanitary district may petition for amendment or repeal of a rule or a specified portion of a rule. The petition must be adopted by resolution of the elected governing body and must be submitted in writing to the agency and to the office of administrative hearings, must specify what amendment or repeal is requested, and must demonstrate that one of the following has become available since the adoption of the rule in question:

- (1) significant new evidence relating to the need for or reasonableness of the rule; or
- (2) less costly or intrusive methods of achieving the purpose of the rule.

(b) Within 30 days of receiving a petition, an agency shall reply to the petitioner in writing stating either that the agency, within 90 days of the date of the reply, will give notice under section 14.389 of intent to adopt the amendment or repeal requested by the petitioner or that the agency does not intend to amend or repeal the rule and has requested the office of administrative hearings to review the petition. If the agency intends to amend or repeal the rule in the manner requested by the petitioner, the agency must use the process under section 14.389 to amend or repeal the rule. Section 14.389, subdivision 5, applies.

(c) Upon receipt of an agency request under paragraph (b), the chief administrative law judge shall assign an administrative law judge, who was not involved when the rule or portion of a rule that is the subject of the petition was adopted or amended, to review the petition to determine whether the petitioner has complied with the requirements of paragraph (a). The petitioner, the agency, or any interested person, at the option of any of them, may submit written material for the assigned administrative law judge's consideration within ten days of the chief administrative law judge's receipt of the agency request. The administrative law judge shall dismiss the petition if the judge determines that:

- (1) the petitioner has not complied with the requirements of paragraph (a);

(2) the rule is required to comply with a court order; or

(3) the rule is required by federal law or is required to maintain authority to administer a federal program.

(d) If the administrative law judge assigned by the chief administrative law judge determines that the petitioner has complied with the requirements of paragraph (a), the administrative law judge shall conduct a hearing and issue a decision on the petition within 120 days of its receipt by the office of administrative hearings. The agency shall give notice of the hearing in the same manner required for notice of a proposed rule hearing under section 14.14, subdivision 1a. At the public hearing, the agency shall make an affirmative presentation of facts establishing the need for and reasonableness of the rule or portion of the rule in question. If the administrative law judge determines that the agency has not established the continued need for and reasonableness of the rule or portion of the rule, the rule or portion of the rule does not have the force of law, effective 90 days after the administrative law judge's decision, unless the agency has before then published notice in the State Register of intent to amend or repeal the rule in accordance with paragraph (e).

(e) The agency may amend or repeal the rule in the manner requested by the petitioner, or in another manner that the administrative law judge has determined is needed and reasonable. Amendments under this paragraph may be adopted under the expedited process in section 14.389. Section 14.389, subdivision 5, applies to this adoption. If the agency uses the expedited process and no public hearing is required, the agency must complete the amendment or repeal of the rule within 90 days of the administrative law judge's decision under paragraph (d). If a public hearing is required, the agency must complete the amendment or repeal of the rule within 180 days of the administrative law judge's decision under paragraph (d). A rule or portion of a rule that is not amended or repealed in the time prescribed by this paragraph does not have the force of law upon expiration of the deadline. A rule that is amended within the time prescribed in this paragraph has the force of law, as amended.

(f) The chief administrative law judge shall report the decision under paragraph (d) within 30 days to the chairs of the house and senate committees having jurisdiction over governmental operations and the chairs of the house and senate committees having jurisdiction over the agency whose rule or portion of a rule was the subject of the petition.

(g) The chief administrative law judge shall assess a petitioner half the cost of processing a petition and conducting a public hearing under paragraph (d).

~~(h) This section expires July 31, 2006.~~

Sec. 30. Minnesota Statutes 2002, section 14.48, is amended by adding a subdivision to read:

Subd. 4. [MANDATORY RETIREMENT.] An administrative law judge and compensation judge must retire upon attaining age 70. The chief administrative law judge may appoint a retired administrative law judge or compensation judge to hear any proceeding that is properly assignable to an administrative law judge or compensation judge. When a retired administrative law judge or compensation judge undertakes this service, the retired judge shall receive pay and expenses in the amount payable to temporary administrative law judges or compensation judges serving under section 14.49.

[EFFECTIVE DATE.] This section is effective June 30, 2003. An administrative law judge or compensation judge who has attained the age of 70 on or before that date must retire by June 30, 2003.

Sec. 31. Minnesota Statutes 2002, section 15.50, subdivision 1, as amended by Laws 2003, chapter 17, section 1, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP, APPOINTERS; OATH QUALIFIES.] (a) The capitol area architectural and planning board, called the board or the CAAPB in this chapter, is established within the department of administration. The board has ten members.

(b) The lieutenant governor is a member.

(c) The governor must appoint four members.

(d) The mayor of St. Paul must appoint three members with the advice and consent of the city council. One of the mayor's appointees must be a resident of the planning council district that includes the capitol area.

(e) The speaker of the house must appoint a member of the house of representatives and the president of the senate must appoint a senator.

(f) Each appointee must qualify by taking the oath of office.

Sec. 32. Minnesota Statutes 2002, section 15.50, subdivision 1, as amended by Laws 2003, chapter 17, section 1, subdivision 4, is amended to read:

Subd. 4. [EXECUTIVE SECRETARY, CLASSIFIED PERSONNEL, CONTRACTORS.] (a) The commissioner of administration, after consulting with the board, must appoint an executive secretary to serve the board.

(b) ~~The board~~ commissioner may employ any other officers and employees ~~if~~ the commissioner considers necessary. Those employed under this paragraph are in the state classified civil service.

(c) The board may contract for professional and other similar services on the terms it considers desirable.

(d) The commissioner must provide administrative support to the board.

Sec. 33. [15A.23] [POLITICAL SUBDIVISION COMPENSATION LIMIT.]

(a) The salary and the value of all other forms of compensation of a person employed by a political subdivision of this state excluding a school district, or employed under section 422A.03, may not exceed 95 percent of the salary of the governor as set under section 15A.082, except as provided in this section. For purposes of this subdivision, "political subdivision of this state" includes a statutory or home rule charter city, county, town, metropolitan or regional agency, or other political subdivision, but does not include a hospital, clinic, or health maintenance organization owned by such a governmental unit.

(b) Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which shall be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this section. Other forms of compensation which shall not be included in a determination of an employee's total compensation for the purposes of this section are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation expenses paid during the initial year of employment.

The value of other forms of compensation shall be the annual cost to the political subdivision for the provision of the compensation.

(c) The salary of a medical doctor or doctor of osteopathy occupying a position that the governing body of the political subdivision has determined requires an M.D. or D.O. degree is excluded from the limitation in this section.

(d) The state auditor may increase the limitation in this section for a position that the state auditor has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The state auditor shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation.

Before granting an increase in the limitation, the state auditor must submit the proposed increase to the legislative coordinating commission for its review and recommendation. The recommendation is advisory only. If the commission fails to make a recommendation with 30 days from its receipt of the proposal, it is deemed to have made no recommendation. The state auditor may charge and collect, pursuant to section 6.56, a fee from political subdivisions proposing a limitation increase to cover the cost incurred by the state auditor under this subdivision.

Sec. 34. Minnesota Statutes 2002, section 16A.102, subdivision 1, is amended to read:

Subdivision 1. [GOVERNOR'S RECOMMENDATION.] ~~By the fourth Tuesday in January of each odd-numbered year~~ date specified in section 16A.11, subdivision 1, for submission of parts one and two of the governor's budget, the governor shall submit to the legislature a recommended revenue target for the next two bienniums. The recommended revenue target must specify:

(1) the maximum share of Minnesota personal income to be collected in taxes and other revenues to pay for state and local government services;

(2) the division of the share between state and local government revenues; and

(3) the mix and rates of income, sales, and other state and local taxes including property taxes and other revenues.

The recommendations must be based on the November forecast prepared under section 16A.103.

Sec. 35. Minnesota Statutes 2002, section 16A.11, subdivision 3, is amended to read:

Subd. 3. [PART TWO: DETAILED BUDGET.] (a) Part two of the budget, the detailed budget estimates both of expenditures and revenues, must contain any statements on the financial plan which the governor believes desirable or which may be required by the legislature. The detailed estimates shall include the governor's budget arranged in tabular form.

(b) The detailed estimates must include a separate line listing ~~the total number of professional or technical service contracts and~~ the total cost of those professional and technical service contracts for the prior biennium and the projected ~~number of professional or technical service contracts and the projected~~ costs of those contracts for the current and upcoming biennium. They must also include a summary of the personnel employed by the agency, reflected as full-time equivalent positions, ~~and the number of professional or technical service consultants for the current biennium.~~

(c) The detailed estimates for internal service funds must include the number of full-time equivalents by program; detail on any loans from the general fund, including dollar amounts by program; proposed investments in technology or equipment of \$100,000 or more; an explanation of any operating losses or increases in retained earnings; and a history of the rates that have been charged, with an explanation of any rate changes and the impact of the rate changes on affected agencies.

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

Sec. 36. Minnesota Statutes 2002, section 16A.17, is amended by adding a subdivision to read:

Subd. 10. [DIRECT DEPOSIT.] Notwithstanding section 177.23, the commissioner may require direct deposit for all state employees that are being paid by the state payroll system.

Sec. 37. Minnesota Statutes 2002, section 16A.40, is amended to read:

16A.40 [WARRANTS AND ELECTRONIC FUND TRANSFERS.]

Money must not be paid out of the state treasury except upon the warrant of the commissioner or an electronic fund transfer approved by the commissioner. Warrants must be drawn on printed blanks that are in numerical order. The commissioner shall enter, in numerical order in a warrant register, the number, amount, date, and payee for every warrant issued.

The commissioner may require payees ~~receiving more than ten payments or \$10,000 per year must to~~ supply the ~~commissioner with~~ their bank routing information to enable the payments to be made through an electronic fund transfer.

Sec. 38. Minnesota Statutes 2002, section 16A.501, is amended to read:

16A.501 [REPORT ON EXPENDITURE OF BOND PROCEEDS.]

The commissioner of finance must report annually to the legislature on the degree to which entities receiving appropriations for capital projects in previous omnibus capital improvement acts have encumbered or expended that money. The report must be submitted to the chairs of the house of representatives ways and means committee and the senate finance committee by ~~February~~ January 1 of each year.

Sec. 39. Minnesota Statutes 2002, section 16A.642, subdivision 1, is amended to read:

Subdivision 1. [REPORTS.] (a) The commissioner of finance shall report to the chairs of the senate committee on finance and the house of representatives committees on ways and means and on capital investment by ~~February~~ January 1 of each odd-numbered year on the following:

(1) all laws authorizing the issuance of state bonds or appropriating general fund money for state or local government capital investment projects enacted more than four years before ~~February~~ January 1 of that odd-numbered year; the projects authorized to be acquired and constructed for which less than 100 percent of the

authorized total cost has been expended, encumbered, or otherwise obligated; the cost of contracts to be let in accordance with existing plans and specifications shall be considered expended for this report; and the amount of general fund money appropriated but not spent or otherwise obligated, and the amount of bonds not issued and bond proceeds held but not previously expended, encumbered, or otherwise obligated for these projects; and

(2) all laws authorizing the issuance of state bonds or appropriating general fund money for state or local government capital programs or projects other than those described in clause (1), enacted more than four years before ~~February~~ January 1 of that odd-numbered year; and the amount of general fund money appropriated but not spent or otherwise obligated, and the amount of bonds not issued and bond proceeds held but not previously expended, encumbered, or otherwise obligated for these programs and projects.

(b) The commissioner shall also report on general fund appropriations for capital projects, bond authorizations or bond proceed balances that may be canceled because projects have been canceled, completed, or otherwise concluded, or because the purposes for which the money was appropriated or bonds were authorized or issued have been canceled, completed, or otherwise concluded. The general fund appropriations, bond authorizations or bond proceed balances that are unencumbered or otherwise not obligated that are reported by the commissioner under this subdivision are canceled, effective July 1 of the year of the report, unless specifically reauthorized by act of the legislature.

Sec. 40. Minnesota Statutes 2002, section 16B.054, is amended to read:

16B.054 [DEVELOPMENTAL DISABILITIES.]

The department of administration is designated as the responsible agency to assist the Minnesota governor's council on developmental disabilities in carrying out all responsibilities under ~~United States Code, title 42, section 6021 et seq.~~ the Developmental Disabilities Assistance and Bill of Rights Act of 2000, also known as United States Code, title 42, sections 15001 to 15115, and Public Law 106-402 (October 30, 2000, 106th Congress), as well as those responsibilities relating to the program which are not delegated to the council.

Sec. 41. Minnesota Statutes 2002, section 16B.24, subdivision 1, is amended to read:

Subdivision 1. [OPERATION AND MAINTENANCE OF BUILDINGS.] The commissioner is authorized to maintain and operate the state capitol building and grounds, subject to whatever standards and policies are set for its appearance and cleanliness by the capitol area architectural and planning board and the commissioner under section 15.50, subdivision 2, clause (j), and all other buildings, cafeterias, and grounds in state-owned buildings in the capitol area under section 15.50, subdivision 2, clause (a), the state department of public safety, bureau of criminal apprehension building in St. Paul, the state department of health building in Minneapolis, ~~the Duluth government services center in Duluth,~~ 321 Grove Street buildings in St. Paul, any other properties acquired by the department of administration, and, when the commissioner considers it advisable and practicable, any other building or premises owned or rented by the state for the use of a state agency. The commissioner shall assign and reassign office space in the capitol and state buildings to make an equitable division of available space among agencies. The commissioner shall regularly update the long-range strategic plan for locating agencies and shall follow the plan in assigning and reassigning space to agencies. The plan must include locational and urban design criteria, a cost-analysis method to be used in weighing state ownership against leasing of space in specific instances, and a transportation management plan. If the commissioner determines that a deviation from the plan is necessary or desirable in a specific instance, the commissioner shall provide the legislature with a timely written explanation of the reasons for the deviation. The power granted in this subdivision does not apply to state hospitals or to educational, penal, correctional, or other institutions not enumerated in this subdivision the control of which is vested by law in some other agency.

Sec. 42. Minnesota Statutes 2002, section 16B.24, subdivision 5, is amended to read:

Subd. 5. [RENTING OUT STATE PROPERTY.] (a) [AUTHORITY.] The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a time without the approval of the state executive council and may never be rented out for more than 25 years. A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.

(b) [RESTRICTIONS.] Paragraph (a) does not apply to state trust fund lands, other state lands under the jurisdiction of the department of natural resources, lands forfeited for delinquent taxes, lands acquired under section 298.22, or lands acquired under section 41.56 which are under the jurisdiction of the department of agriculture.

(c) [FORT SNELLING CHAPEL; RENTAL.] The Fort Snelling Chapel, located within the boundaries of Fort Snelling State Park, is available for use only on payment of a rental fee. The commissioner shall establish rental fees for both public and private use. The rental fee for private use by an organization or individual must reflect the reasonable value of equivalent rental space. Rental fees collected under this section must be deposited in the general fund.

(d) [RENTAL OF LIVING ACCOMMODATIONS.] The commissioner shall establish rental rates for all living accommodations provided by the state for its employees. Money collected as rent by state agencies pursuant to this paragraph must be deposited in the state treasury and credited to the general fund.

(e) [LEASE OF SPACE IN CERTAIN STATE BUILDINGS TO STATE AGENCIES.] The commissioner may lease portions of the state-owned buildings in the capitol complex, the capitol square building, the health building, ~~the Duluth government center,~~ and the building at 1246 University Avenue, St. Paul, Minnesota, to state agencies and the court administrator on behalf of the judicial branch of state government and charge rent on the basis of space occupied. Notwithstanding any law to the contrary, all money collected as rent pursuant to the terms of this section shall be deposited in the state treasury. Money collected as rent to recover the bond interest costs of a building funded from the state bond proceeds fund shall be credited to the general fund. Money collected as rent to recover the depreciation costs of a building funded from the state bond proceeds fund and money collected as rent to recover capital expenditures from capital asset preservation and replacement appropriations and statewide building access appropriations shall be credited to a segregated account in a special revenue fund. Fifty percent of the money credited to the account each fiscal year must be transferred to the general fund. The remaining money in the account is appropriated to the commissioner to be expended for asset preservation projects as determined by the commissioner. Money collected as rent to recover the depreciation and interest costs of a building built with other state dedicated funds shall be credited to the dedicated fund which funded the original acquisition or construction. All other money received shall be credited to the general services revolving fund.

Sec. 43. Minnesota Statutes 2002, section 16B.33, subdivision 3, is amended to read:

Subd. 3. [AGENCIES MUST REQUEST DESIGNER.] (a) [APPLICATION.] Upon undertaking a project with an estimated cost greater than ~~\$750,000~~ \$2,000,000 or a planning project with estimated fees greater than ~~\$60,000~~ \$200,000, every user agency, except the capitol area architectural and planning board, shall submit a written request for a primary designer for its project to the commissioner, who shall forward the request to the board. The University of Minnesota and the Minnesota state colleges and universities shall follow the process in subdivision 3a to select designers for their projects. The written request must include a description of the project, the estimated cost of completing the project, a description of any special requirements or unique features of the proposed project, and other information which will assist the board in carrying out its duties and responsibilities set forth in this section.

(b) [REACTIVATED PROJECT.] If a project for which a designer has been selected by the board becomes inactive, lapses, or changes as a result of project phasing, insufficient appropriations, or other reasons, the commissioner, the Minnesota state colleges and universities, or the University of Minnesota may, if the project is reactivated, retain the same designer to complete the project.

(c) [FEE LIMIT REACHED AFTER DESIGNER SELECTED.] If a project initially estimated to be below the cost and planning fee limits of this subdivision has its cost or planning fees revised so that the limits are exceeded, the project must be referred to the board for designer selection even if a primary designer has already been selected. In this event, the board may, without conducting interviews, elect to retain the previously selected designer if it determines that the interests of the state are best served by that decision and shall notify the commissioner of its determination.

Sec. 44. Minnesota Statutes 2002, section 16B.35, subdivision 1, is amended to read:

Subdivision 1. [PERCENT OF APPROPRIATIONS FOR ART.] An appropriation for the construction or alteration of any state building may contain an amount not to exceed the lesser of \$100,000 or one percent of the total appropriation for the building for the acquisition of works of art, excluding landscaping, which may be an integral part of the building or its grounds, attached to the building or grounds or capable of being displayed in other state buildings. If the appropriation for works of art is limited by the \$100,000 cap in this section, the appropriation for the construction or alteration of the building must be reduced to reflect the reduced amount that will be spent on works of art. Money used for this purpose is available only for the acquisition of works of art to be exhibited in areas of a building or its grounds accessible, on a regular basis, to members of the public. No more than ten percent of the total amount available each fiscal year under this subdivision may be used for administrative expenses, either by the commissioner of administration or by any other entity to whom the commissioner delegates administrative authority. For the purposes of this section "state building" means a building the construction or alteration of which is paid for wholly or in part by the state.

Sec. 45. Minnesota Statutes 2002, section 16B.465, subdivision 1a, is amended to read:

Subd. 1a. [CREATION.] Except as provided in subdivision 4, the commissioner, through the state information infrastructure, shall arrange for the provision of voice, data, video, and other telecommunications transmission services to state agencies. The state information infrastructure may also serve educational institutions, including public schools as defined in section 120A.05, subdivisions 9, 11, 13, and 17, nonpublic, church or religious organization schools that provide instruction in compliance with sections 120A.22, 120A.24, and 120A.41, and private colleges; public corporations; Indian tribal governments; ~~and~~ state political subdivisions; and public noncommercial educational television broadcast stations as defined in section 129D.12, subdivision 2. It is not a telephone company for purposes of chapter 237. The commissioner may purchase, own, or lease any telecommunications network facilities or equipment after first seeking bids or proposals and having determined that the private sector cannot, will not, or is unable to provide these services, facilities, or equipment as bid or proposed in a reasonable or timely fashion consistent with policy set forth in this section. The commissioner shall not resell or sublease any services or facilities to nonpublic entities except to serve private schools and colleges. The commissioner has the responsibility for planning, development, and operations of the state information infrastructure in order to provide cost-effective telecommunications transmission services to state information infrastructure users consistent with the policy set forth in this section.

Sec. 46. Minnesota Statutes 2002, section 16B.465, subdivision 7, is amended to read:

Subd. 7. [EXEMPTION.] The system is exempt from the five-year limitation on contracts set by sections 16C.05, subdivision 2, paragraph ~~(a), clause (5)~~ (b), 16C.08, subdivision 3, clause ~~(7)~~ (5), and 16C.09, clause ~~(6)~~ (5).

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

Sec. 47. Minnesota Statutes 2002, section 16B.47, is amended to read:

16B.47 [MICROGRAPHICS.]

The commissioner ~~shall~~ may provide micrographics services and products to meet agency needs. Within available resources, the commissioner may also provide micrographic services to political subdivisions. Agency plans and programs for micrographics must be submitted to and receive the approval of the commissioner prior to implementation. Upon the commissioner's approval, subsidiary or independent microfilm operations may be implemented in other state agencies. The commissioner may direct that copies of official state documents be distributed to official state depositories on microfilm.

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

Sec. 48. Minnesota Statutes 2002, section 16B.48, subdivision 2, is amended to read:

Subd. 2. [PURPOSE OF FUNDS.] Money in the state treasury credited to the general services revolving fund and money that is deposited in the fund is appropriated annually to the commissioner for the following purposes:

- (1) to operate a central store and equipment service;
- (2) ~~to operate a central duplication and printing service;~~
- (~~3~~) to operate the central mailing service, including purchasing postage and related items and refunding postage deposits;
- (~~4~~) (3) to operate a documents service as prescribed by section 16B.51;
- (~~5~~) (4) to provide services for the maintenance, operation, and upkeep of buildings and grounds managed by the commissioner of administration;
- (~~6~~) (5) to operate a materials handling service, including interagency mail and product delivery, solid waste removal, courier service, equipment rental, and vehicle and equipment maintenance;
- (~~7~~) (6) to provide analytical, statistical, and organizational development services to state agencies, local units of government, metropolitan and regional agencies, and school districts;
- (~~8~~) (7) to operate a records center and provide micrographics products and services; and
- (~~9~~) (8) to perform services for any other agency. Money may be expended for this purpose only when directed by the governor. The agency receiving the services shall reimburse the fund for their cost, and the commissioner shall make the appropriate transfers when requested. The term "services" as used in this clause means compensation paid officers and employees of the state government; supplies, materials, equipment, and other articles and things used by or furnished to an agency; and utility services and other services for the maintenance, operation, and upkeep of buildings and offices of the state government.

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

Sec. 49. Minnesota Statutes 2002, section 16B.49, is amended to read:

16B.49 [CENTRAL MAILING SYSTEM.]

The commissioner ~~shall~~ may maintain and operate for state agencies, departments, institutions, and offices a central mail handling unit. Official, outgoing mail for units in St. Paul ~~must~~ may be required to be delivered unstamped to the unit. The unit ~~shall~~ may also operate an interoffice mail distribution system. The department may add personnel and acquire equipment that may be necessary to operate the unit efficiently and cost-effectively. Account must be kept of the postage required on that mail, which is then a proper charge against the agency delivering the mail. To provide funds for the payment of postage, each agency ~~shall~~ may be required to make advance payments to the commissioner sufficient to cover its postage obligations for at least 60 days. For purposes of this section, the Minnesota state colleges and universities is a state agency.

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

Sec. 50. Minnesota Statutes 2002, section 16B.58, is amended by adding a subdivision to read:

Subd. 6a. [PARKING RESTRICTIONS.] Notwithstanding any law to the contrary:

- (1) parking is prohibited in the terraces adjacent to the carriage entrance on the south side of the capitol building;
- (2) the ten parking spaces on Aurora Avenue closest to the main entrance of the capitol building must be reserved for parking by physically disabled persons displaying a certificate issued under section 169.345; and
- (3) the remainder of the parking spaces on Aurora Avenue must be reserved for the general public during legislative session.

Sec. 51. Minnesota Statutes 2002, section 16B.61, subdivision 1a, is amended to read:

Subd. 1a. [ADMINISTRATION BY COMMISSIONER.] The commissioner shall administer and enforce the State Building Code as a municipality with respect to public buildings and state licensed facilities in the state. The commissioner shall establish appropriate permit, plan review, and inspection fees for public buildings and state licensed facilities. Fees and surcharges for public buildings and state licensed facilities must be remitted to the commissioner, who shall deposit them in the state treasury for credit to the special revenue fund.

Municipalities other than the state having ~~a contractual~~ an agreement with the commissioner for code administration and enforcement service for public buildings and state licensed facilities shall charge their customary fees, including surcharge, to be paid directly to the ~~contractual~~ jurisdiction by the applicant seeking authorization to construct a public building or a state licensed facility. The commissioner shall ~~contract~~ sign an agreement with a municipality other than the state for plan review, code administration, and code enforcement service for public buildings and state licensed facilities in the ~~contractual~~ jurisdiction if the building officials of the municipality meet the requirements of section 16B.65 and wish to provide those services and if the commissioner determines that the municipality has enough adequately trained and qualified building inspectors to provide those services for the construction project.

The commissioner may direct the state building official to assist a community that has been affected by a natural disaster with building evaluation and other activities related to building codes.

Administration and enforcement in a municipality under this section must apply any optional provisions of the State Building Code adopted by the municipality. A municipality adopting any optional code provision shall notify the state building official within 30 days of its adoption.

The commissioner shall administer and enforce the provisions of the code relating to elevators statewide, except as provided for under section 16B.747, subdivision 3.

Sec. 52. Minnesota Statutes 2002, section 16B.62, subdivision 1, is amended to read:

Subdivision 1. [MUNICIPAL ENFORCEMENT.] The State Building Code applies statewide and supersedes the building code of any municipality. A municipality must not by ordinance or through development agreement require building code provisions regulating components or systems of any residential structure that are different from any provision of the State Building Code. A municipality may, with the approval of the state building official, adopt an ordinance that is more restrictive than the State Building Code where geological conditions warrant a more restrictive ordinance. A municipality may appeal the disapproval of a more restrictive ordinance to the commissioner. An appeal under this subdivision is subject to the schedule, fee, procedures, cost provisions, and appeal rights set out in section 16B.67. The State Building Code does not apply to agricultural buildings except with respect to state inspections required or rulemaking authorized by sections 103F.141, 216C.19, subdivision 8, and 326.244. All municipalities shall adopt and enforce the State Building Code with respect to new construction within their respective jurisdictions.

If a city has adopted or is enforcing the State Building Code on June 3, 1977, or determines by ordinance after that date to undertake enforcement, it shall enforce the code within the city. A city may by ordinance and with permission of the township board extend the enforcement of the code to contiguous unincorporated territory not more than two miles distant from its corporate limits in any direction if the code is not in effect in the territory. Where two or more noncontiguous cities which have elected to enforce the code have boundaries less than four miles apart, each is authorized to enforce the code on its side of a line equidistant between them. Once enforcement authority is extended extraterritorially by ordinance, the authority may continue to be exercised in the designated territory even though another city less than four miles distant later elects to enforce the code. After the extension, the city may enforce the code in the designated area to the same extent as if the property were situated within its corporate limits.

Enforcement of the code in an extended area outside a city's corporate limits includes all rules, laws, and ordinances associated with administration of the code.

A city which, on June 3, 1977, had not adopted the code may not commence enforcement of the code within or outside of its jurisdiction until it has provided written notice to the commissioner, the county auditor, and the town clerk of each town in which it intends to enforce the code. A public hearing on the proposed enforcement must be held not less than 30 days after the notice has been provided. Enforcement of the code by the city outside of its jurisdiction commences on the first day of January in the year following the notice and hearing.

Municipalities may provide for the issuance of permits, inspection, and enforcement within their jurisdictions by means which are convenient, and lawful, including by means of contracts with other municipalities pursuant to section 471.59, and with qualified individuals. The other municipalities or qualified individuals may be reimbursed by retention or remission of some or all of the building permit fee collected or by other means. In areas of the state where inspection and enforcement is unavailable from qualified employees of municipalities, the commissioner shall train and designate individuals available to carry out inspection and enforcement on a fee basis. Nothing in this section prohibits a municipality from adopting ordinances relating to zoning, subdivision, or planning unless the ordinance conflicts with a provision of the State Building Code that regulates components or systems of any residential structure.

Sec. 53. [16C.045] [REPORTING OF VIOLATIONS]

A state employee who discovers evidence of violation of laws or rules governing state contracts is encouraged to report the violation or suspected violation to the employee's supervisor, the commissioner or the commissioner's designee, or the legislative auditor. The legislative auditor must report to the legislative coordinating commission if

there are multiple complaints about the same agency. The auditor's report to the legislative coordinating commission under this section must disclose only the number and type of violations alleged. An employee making a good faith report under this section is covered by section 181.932, prohibiting the employer from discriminating against the employee.

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

Sec. 54. Minnesota Statutes 2002, section 16C.05, subdivision 2, is amended to read:

Subd. 2. [CREATION AND VALIDITY OF CONTRACTS.] (a) A contract is not valid and the state is not bound by it and no agency, without the prior written approval of the commissioner, may authorize work to begin on it unless:

(1) it has first been executed by the head of the agency or a delegate who is a party to the contract;

(2) it has been approved by the commissioner; and

(3) ~~it has been approved by the attorney general or a delegate as to form and execution;~~

~~(4) the accounting system shows an obligation in an expense budget or encumbrance for the amount of the contract liability; and,~~

~~(5) (b) The combined contract and amendments shall~~ must not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless otherwise provided for by law. The term of the original contract must not exceed two years unless the commissioner determines that a longer duration is in the best interest of the state. Before approving a contract amendment or extension, the commissioner must determine that: (1) the goods or services to be obtained under the amendment or extension are substantially similar to those in the original contract; and (2) the contracting agency has demonstrated that the benefits to the agency of full and open competition do not justify the time and expense of a separate solicitation for the goods or services included in the contract amendment or extension. When the commissioner approves a contract amendment or extension, the commissioner must post a summary of the approval on the department's Web site for at least 60 days. The summary must include the contract number, agency name, vendor, and the dollar amount of the contract amendment or extension.

~~(b) (c) Grants, interagency agreements, purchase orders, work orders, and annual plans need not, in the discretion of the commissioner and attorney general, require the signature of the commissioner and/or the attorney general. A signature is not required for work orders and amendments to work orders related to department of transportation contracts. Bond purchase agreements by the Minnesota public facilities authority do not require the approval of the commissioner.~~

~~(c) (d) A fully executed copy of every contract, amendments to the contract, and performance evaluations relating to the contract must be kept on file at the contracting agency for a time equal to that specified for contract vendors and other parties in subdivision 5.~~

(e) No action may be maintained by a contractor against an employee or agency who discloses information about a current or former contractor in a performance evaluation, including performance evaluations required under section 16C.08, subdivision 4a, unless the contractor demonstrates by clear and convincing evidence that:

(1) the information was false and defamatory;

(2) the employee or agency knew or should have known the information was false and acted with malicious intent to injure the current or former contractor; and

(3) the information was acted upon in a manner that caused harm to the current or former contractor.

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

Sec. 55. Minnesota Statutes 2002, section 16C.08, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF CONTRACTING AGENCY.] (a) Before an agency may seek approval of a professional or technical services contract valued in excess of \$5,000, it must certify to the commissioner that provide the following:

(1) a description of how the proposed contract or amendment is necessary and reasonable to advance the statutory mission of the agency;

(2) a description of the agency's plan to notify firms or individuals who may be available to perform the services called for in the solicitation; and

(3) a description of the performance measures or other tools that will be used to monitor and evaluate contract performance.

(b) In addition to the information in paragraph (a), clauses (1) to (3), the agency must certify that:

(1) no current state employee is able and available to perform the services called for by the contract;

(2) the normal competitive bidding mechanisms will not provide for adequate performance of the services;

(3) the contractor has certified that the product of the services will be original in character;

(4) (2) reasonable efforts were will be made to publicize the availability of the contract to the public;

(5) the agency has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract, if applicable;

(6) (3) the agency has developed, will develop and fully intends to implement, a written plan providing for the assignment of specific agency personnel to a monitoring and liaison function, the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services; and

(7) (4) the agency will not allow the contractor to begin work before the contract is fully executed unless an exception has been approved by the commissioner and funds are fully encumbered.;

(5) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract; and

(6) in the event the results of the contract work will be carried out or continued by state employees upon completion of the contract, the contractor is required to include state employees in development and training, to the extent necessary to ensure that after completion of the contract, state employees can perform any ongoing work related to the same function.

(c) A contract establishes an employment relationship for purposes of paragraph (b), clause (5), if, under federal laws governing the distinction between an employee and an independent contractor, a person would be considered an employee.

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

Sec. 56. Minnesota Statutes 2002, section 16C.08, subdivision 3, is amended to read:

Subd. 3. [PROCEDURE FOR PROFESSIONAL OR TECHNICAL SERVICES CONTRACTS.] Before approving a proposed contract for professional or technical services, the commissioner must determine, at least, that:

- (1) all provisions of subdivision 2 and section 16C.16 have been verified or complied with;
- (2) the agency has demonstrated that the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities and there is statutory authority to enter into the contract;
- ~~(3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;~~
- ~~(4) the contractor and agents are not employees of the state;~~
- ~~(5) no agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract;~~
- ~~(6)~~ (4) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and
- ~~(7)~~ (5) the combined contract and amendments will not exceed five years, unless otherwise provided for by law. The term of the original contract must not exceed two years unless the commissioner determines that a longer duration is in the best interest of the state.

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

Sec. 57. Minnesota Statutes 2002, section 16C.08, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] (a) The commissioner shall submit to the governor, the chairs of the house ways and means and senate finance committees, and the legislative reference library a yearly listing of all contracts for professional or technical services executed. The report must identify the contractor, contract amount, duration, and services to be provided. The commissioner shall also issue yearly reports summarizing the contract review activities of the department by fiscal year.

(b) The fiscal year report must be submitted by September 1 of each year and must:

- (1) be sorted by agency and by contractor;
- (2) show the aggregate value of contracts issued by each agency and issued to each contractor;
- (3) distinguish between contracts that are being issued for the first time and contracts that are being extended;
- (4) state the termination date of each contract; ~~and~~

(5) identify services by commodity code, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems; and

(6) identify which contracts were awarded without following the solicitation process in this chapter because it was determined that there was only a single source for the services.

(c) Within 30 days of final completion of a contract over ~~\$40,000~~ \$50,000 covered by this subdivision, the head of the agency entering into the contract must submit a one-page report to the commissioner who must submit a copy to the legislative reference library. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract;

(2) state the amount spent on the contract; ~~and~~

~~(3) explain why this amount was a cost effective way to enable the agency to provide its services or products better or more efficiently~~ be accompanied by the performance evaluation prepared in accordance with subdivision 4a; and

(4) if the contract was awarded without following the solicitation process in this chapter because it was determined that there was only a single source for the services, explain why the agency determined there was only a single source for the services.

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

Sec. 58. Minnesota Statutes 2002, section 16C.08, is amended by adding a subdivision to read:

Subd. 4a. [PERFORMANCE EVALUATION.] Upon completion of a professional or technical services contract, an agency entering into the contract must complete a written performance evaluation of the work done under the contract. The evaluation must include an appraisal of the contractor's timeliness, quality, cost, and overall performance in meeting the terms and objectives of the contract, and evaluate the extent to which the contract was a cost-effective way to enable the agency to provide its services or products better or more efficiently. Contractors may request copies of evaluations prepared under this subdivision and may respond in writing. Contractor responses must be maintained with the contract file.

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

Sec. 59. Minnesota Statutes 2002, section 16C.09, is amended to read:

16C.09 [PROCEDURE FOR SERVICE CONTRACTS.]

~~(a)~~ Before entering into or approving a service contract, the commissioner must determine, at least, that:

~~(1) no current state employee is able and available to perform the services called for by the contract;~~

~~(2)~~ the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities and there is statutory authority to enter into the contract;

~~(3)~~ (2) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;

~~(4)~~ (3) the contractor and agents are not employees of the state;

~~(5)~~ (4) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and

~~(6)~~ (5) the combined contract and amendments will not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless otherwise provided for by law. The term of the original contract must not exceed two years, unless the commissioner determines that a longer duration is in the best interest of the state.

~~(b) For purposes of paragraph (a), clause (1), employees are available if qualified and:~~

~~(1) are already doing the work in question; or~~

~~(2) are on layoff status in classes that can do the work in question.~~

~~An employee is not available if the employee is doing other work, is retired, or has decided not to do the work in question.~~

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

Sec. 60. Minnesota Statutes 2002, section 16C.10, subdivision 1, is amended to read:

Subdivision 1. [SINGLE SOURCE.] The solicitation process described in this chapter is not required when there is clearly and legitimately only a single source for the goods and services and the commissioner determines that the price has been fairly and reasonably established. Authority under this subdivision may not be used for a contract for public relations or public education services. A contract for these services may be entered into only after issuing a request for proposals or a request for bids.

Sec. 61. Minnesota Statutes 2002, section 16C.10, subdivision 5, is amended to read:

Subd. 5. [SPECIFIC PURCHASES.] The solicitation process described in this chapter is not required for acquisition of the following:

(1) merchandise for resale purchased under policies determined by the commissioner;

(2) farm and garden products which, as determined by the commissioner, may be purchased at the prevailing market price on the date of sale;

(3) goods and services from the Minnesota correctional facilities;

(4) goods and services from rehabilitation facilities and ~~sheltered workshops~~ extended employment providers that are certified by the commissioner of economic security;

(5) goods and services for use by a community-based facility operated by the commissioner of human services;

(6) goods purchased at auction or when submitting a sealed bid at auction provided that before authorizing such an action, the commissioner consult with the requesting agency to determine a fair and reasonable value for the goods considering factors including, but not limited to, costs associated with submitting a bid, travel, transportation, and storage. This fair and reasonable value must represent the limit of the state's bid; and

(7) utility services where no competition exists or where rates are fixed by law or ordinance.

Sec. 62. Minnesota Statutes 2002, section 16C.10, subdivision 7, is amended to read:

Subd. 7. [REVERSE AUCTION.] (a) For the purpose of this subdivision, "reverse auction" means a purchasing process in which vendors compete to provide goods or services at the lowest selling price in an open and interactive environment.

(b) The provisions of section 16C.06, subdivisions 2 and 3, do not apply when the commissioner determines that a reverse auction is the appropriate purchasing process. Notwithstanding any contrary provision of sections 16C.26 to 16C.28, reverse auctions are competitive bids and bid responses to reverse auctions may be accepted instead of sealed bids, when the commissioner determines that a reverse auction is the appropriate purchasing process.

Sec. 63. Minnesota Statutes 2002, section 16C.15, is amended to read:

16C.15 ~~[SHELTERED WORKSHOPS AND SERVICES WORK ACTIVITY PROGRAMS REHABILITATION FACILITIES AND EXTENDED EMPLOYMENT PROVIDERS.]~~

The commissioner, in consultation with the commissioner of economic security, shall prepare a list containing products and services of ~~state-certified~~ certified rehabilitation facilities, ~~sheltered workshops, and work activity programs~~ and extended employment providers as described in chapter 268A for acquisition by state agencies and institutions.

Sec. 64. Minnesota Statutes 2002, section 16C.16, subdivision 7, is amended to read:

Subd. 7. [ECONOMICALLY DISADVANTAGED AREAS.] (a) Except as otherwise provided in paragraph (b), the commissioner may award up to a six percent preference in the amount bid on state procurement to small businesses located in an economically disadvantaged area.

(b) The commissioner may award up to a four percent preference in the amount bid on state construction to small businesses located in an economically disadvantaged area.

(c) A business is located in an economically disadvantaged area if:

(1) the owner resides in or the business is located in a county in which the median income for married couples is less than 70 percent of the state median income for married couples;

(2) the owner resides in or the business is located in an area designated a labor surplus area by the United States Department of Labor; or

(3) the business is a certified rehabilitation facility or ~~work activity program~~ extended employment provider as described in chapter 268A.

(d) The commissioner may designate one or more areas designated as targeted neighborhoods under section 469.202 or as enterprise zones under section 469.167 as economically disadvantaged areas for purposes of this subdivision if the commissioner determines that this designation would further the purposes of this section. If the owner of a small business resides or is employed in a designated area, the small business is eligible for any preference provided under this subdivision.

(e) The department of revenue shall gather data necessary to make the determinations required by paragraph (c), clause (1), and shall annually certify counties that qualify under paragraph (c), clause (1). An area designated a labor surplus area retains that status for 120 days after certified small businesses in the area are notified of the termination of the designation by the United States Department of Labor.

Sec. 65. Minnesota Statutes 2002, section 16D.08, subdivision 2, is amended to read:

Subd. 2. [POWERS.] (a) In addition to the collection remedies available to private collection agencies in this state, the commissioner, with legal assistance from the attorney general, may utilize any statutory authority granted to a referring agency for purposes of collecting debt owed to that referring agency. The commissioner may also delegate to the enterprise the tax collection remedies in sections 270.06, clauses (7) and (17), excluding the power to subpoena witnesses; 270.66; 270.69, excluding subdivisions 7 and 13; 270.70, excluding subdivision 14; 270.7001 to 270.72; and 290.92, subdivision 23, except that a continuous wage levy under section 290.92, subdivision 23, is only effective for 70 days, unless no competing wage garnishments, executions, or levies are served within the 70-day period, in which case a wage levy is continuous until a competing garnishment, execution, or levy is served in the second or a succeeding 70-day period, in which case a continuous wage levy is effective for the remainder of that period. A debtor who qualifies for cancellation of collection costs under section 16D.11, subdivision 3, clause (1), can apply to the commissioner for reduction or release of a continuous wage levy, if the debtor establishes that the debtor needs all or a portion of the wages being levied upon to pay for essential living expenses, such as food, clothing, shelter, medical care, or expenses necessary for maintaining employment. The commissioner's determination not to reduce or release a continuous wage levy is appealable to district court. The word "tax" or "taxes" when used in the tax collection statutes listed in this subdivision also means debts referred under this chapter.

(b) For debts other than state taxes; and child support, or student loans, before any of the tax collection remedies listed in this subdivision can be used, except for the remedies in section 270.06, clauses (7) and (17), if the referring agency has not already obtained a judgment or filed a lien, the commissioner must first obtain a judgment against the debtor. For student loans when the referring agency has not obtained a judgment or filed a lien, before using the tax collection remedies listed in this subdivision, except for the remedies in section 270.06, clauses (7) and (17), the commissioner shall give the debtor ~~30~~ 90 days' notice in writing, which ~~may~~ shall be served ~~in any manner permitted in section 270.68 for service of a summons and complaint by both first class mail and certified mail to the debtor's address as provided by the referring agency.~~ The notice must advise the debtor of the debtor's right to request that the commissioner commence a court action, and that if no such request is made within ~~30~~ 90 days after service of the notice, the commissioner may use these tax collection remedies. If a timely request is made, the commissioner shall obtain a judgment before using these tax collection remedies.

[EFFECTIVE DATE.] This section is effective the day following final enactment for all debts referred, whether referred prior to or on or after the day following final enactment.

Sec. 66. Minnesota Statutes 2002, section 16D.10, is amended to read:

16D.10 [CASE REVIEWER.]

Subdivision 1. [DUTIES.] The commissioner shall make a case reviewer available to debtors. The reviewer must be available to answer a debtor's questions concerning the collection process and to review the collection activity taken. If the reviewer reasonably believes that the particular action being taken is unreasonable or unfair, the reviewer may make recommendations to the commissioner in regard to the collection action.

Subd. 2. [AUTHORITY TO ISSUE DEBTOR ASSISTANCE ORDER.] On application filed by a debtor with the case reviewer, in the form, manner, and in the time prescribed by the commissioner, and after thorough investigation, the case reviewer may issue a debtor assistance order if, in the determination of the case reviewer, the manner in which the state debt collection laws are being administered is creating or will create an unjust and inequitable result for the debtor. Debtor assistance orders shall be governed by the provisions relating to taxpayer assistance orders under section 270.273.

Subd. 3. [TRANSFER OF DUTIES TO TAXPAYER RIGHTS ADVOCATE.] All duties and authority of the case reviewer under subdivisions 1 and 2 are transferred to the taxpayer rights advocate.

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

Sec. 67. Minnesota Statutes 2002, section 16E.01, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] (a) The office shall:

(1) coordinate the efficient and effective use of available federal, state, local, and private resources to develop statewide information and communications technology and its infrastructure;

(2) review state agency and intergovernmental information and communications systems development efforts involving state or intergovernmental funding, including federal funding, provide information to the legislature regarding projects reviewed, and recommend projects for inclusion in the governor's budget under section 16A.11;

(3) encourage cooperation and collaboration among state and local governments in developing intergovernmental communication and information systems, and define the structure and responsibilities of the information policy council;

(4) cooperate and collaborate with the legislative and judicial branches in the development of information and communications systems in those branches;

(5) continue the development of North Star, the state's official comprehensive online service and information initiative;

(6) promote and collaborate with the state's agencies in the state's transition to an effectively competitive telecommunications market;

(7) collaborate with entities carrying out education and lifelong learning initiatives to assist Minnesotans in developing technical literacy and obtaining access to ongoing learning resources;

(8) promote and coordinate public information access and network initiatives, consistent with chapter 13, to connect Minnesota's citizens and communities to each other, to their governments, and to the world;

(9) promote and coordinate electronic commerce initiatives to ensure that Minnesota businesses and citizens can successfully compete in the global economy;

(10) promote and coordinate the regular and periodic reinvestment in the core information and communications technology infrastructure so that state and local government agencies can effectively and efficiently serve their customers;

(11) facilitate the cooperative development of standards for information systems, electronic data practices and privacy, and electronic commerce among international, national, state, and local public and private organizations; and

(12) work with others to avoid unnecessary duplication of existing services provided by other public and private organizations while building on the existing governmental, educational, business, health care, and economic development infrastructures.

(b) The commissioner of administration in consultation with the commissioner of finance may determine that it is cost-effective for agencies to develop and use shared information and communications technology systems for the delivery of electronic government services. This determination may be made if an agency proposes a new system that duplicates an existing system, a system in development, or a system being proposed by another agency. The commissioner of administration shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to agencies and other governmental entities sufficient to cover the actual development, operating, maintenance, and administrative costs of the shared systems. The methodology for billing may include depositing such funds in the technology enterprise fund, the use of interagency agreements, or other means as allowed by law.

Sec. 68. Minnesota Statutes 2002, section 16E.07, subdivision 9, is amended to read:

Subd. 9. [AGGREGATION OF SERVICE DEMAND.] The office shall identify opportunities to aggregate demand for technical services required by government units for online activities and may contract with governmental or nongovernmental entities to provide services. These contracts are not subject to the requirements of chapters 16B and 16C, except sections 16C.04, ~~16C.07~~, 16C.08, and 16C.09.

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

Sec. 69. Minnesota Statutes 2002, section 16E.09, subdivision 1, is amended to read:

Subdivision 1. [FUND ESTABLISHED.] A technology enterprise fund is established. Money deposited in the fund is appropriated to the commissioner of administration for the purpose of funding technology projects among government entities that promote cooperation, innovation, and shared use of technology and technology standards, and electronic government services. Savings generated by information technology and communications projects or purchases, including rebates, refunds, discounts, or other savings generated from aggregated purchases of software, services, or technology products, may be deposited in the fund upon agreement by the commissioner of administration and the executive of the government entity generating the funds. The commissioner of administration may apply for and accept grants, contributions, or other gifts from the federal government and other public or private sources for deposit into the fund. The commissioner may accept paid advertising for departmental publications, media productions, state Web pages, and other informational materials. Unless otherwise provided in statute, advertising revenues received shall first be used to defray costs associated with production and promotion of advertising activities and the remaining balance shall be deposited into the fund. The commissioner may not accept paid advertising from an elected official or candidate for elected office. The transfer of funds between state agencies is subject to the approval of the commissioner of finance. The commissioner of finance shall notify the chairs of the committees funding the affected state agencies of the transfers. Funds are available until June 30, 2005.

Sec. 70. Minnesota Statutes 2002, section 43A.047, is amended to read:

43A.047 [CONTRACTED SERVICES.]

~~(a) Executive agencies, including the Minnesota state colleges and universities system, must demonstrate that they cannot use available staff before hiring outside consultants or services. If use of consultants is necessary, agencies are encouraged to negotiate contracts that will involve permanent staff, so as to upgrade and maximize training of state employees.~~

~~(b) If agencies reduce operating budgets, agencies must give priority to reducing spending on professional and technical service contracts before laying off permanent employees.~~

## Sec. 71. [43A.311] [DRUG PURCHASING PROGRAM.]

The commissioner of employee relations, in conjunction with other state agencies, shall evaluate whether participation in a multistate or multiagency drug purchasing program can reduce costs or improve the operations of the drug benefit programs administered by the department and other state agencies. The commissioner and other state agencies may enter into a contract with a vendor or other states for purposes of participating in a multistate or multiagency drug purchasing program.

Sec. 72. Minnesota Statutes 2002, section 69.772, subdivision 2, is amended to read:

Subd. 2. [DETERMINATION OF ACCRUED LIABILITY.] Each firefighters' relief association which pays a service pension when a retiring firefighter meets the minimum requirements for entitlement to a service pension specified in section 424A.02 and which in its articles of incorporation or bylaws requires service credit for a period of service of at least 20 years of active service for a totally nonforfeitable service pension shall determine the accrued liability of the special fund of the firefighters' relief association relative to each active ~~or deferred~~ member of the relief association, calculated individually using the following table:

Cumulative Year .....	Accrued Liability .....
1	\$60
2	124
3	190
4	260
5	334
6	410
7	492
8	576
9	666
10	760
11	858
12	962
13	1070
14	1184
15	1304

16	1428
17	1560
18	1698
19	1844
20	2000
21 and thereafter	100 additional per year

As set forth in the table the accrued liability for each member ~~or deferred member~~ of the relief association corresponds to the cumulative years of active service to the credit of the member. The accrued liability of the special fund for each active ~~or deferred~~ member is determined by multiplying the accrued liability from the chart by the ratio of the lump sum service pension amount currently provided for in the bylaws of the relief association to a service pension of \$100 per year of service. If a member has fractional service as of December 31, the figure for service credit to be used for the determination of accrued liability pursuant to this section shall be rounded to the nearest full year of service credit. The total accrued liability of the special fund as of December 31 shall be the sum of the accrued liability attributable to each active ~~or deferred~~ member of the relief association.

To the extent that the state auditor considers it to be necessary or practical, the state auditor may specify and issue procedures, forms, or mathematical tables for use in performing the calculations of the accrued liability for deferred members pursuant to this subdivision.

Sec. 73. Minnesota Statutes 2002, section 115A.929, is amended to read:

115A.929 [FEES; ACCOUNTING.]

Each political subdivision that provides for solid waste management shall account for all revenue collected from waste management fees, together with interest earned on revenue from the fees, separately from other revenue collected by the political subdivision and shall report revenue collected from the fees and use of the revenue separately from other revenue and use of revenue in any required financial report or audit. Each political subdivision must file with the director, on or before June 30 annually, the separate report of all revenue collected from waste management fees, together with interest on revenue from the fees, for the previous year. For the purposes of this section, "waste management fees" means:

- (1) all fees, charges, and surcharges collected under sections 115A.919, 115A.921, and 115A.923;
- (2) all tipping fees collected at waste management facilities owned or operated by the political subdivision;
- (3) all charges imposed by the political subdivision for waste collection and management services; and
- (4) any other fees, charges, or surcharges imposed on waste or for the purpose of waste management, whether collected directly from generators or indirectly through property taxes or as part of utility or other charges for services provided by the political subdivision.

Sec. 74. Minnesota Statutes 2002, section 116J.8771, is amended to read:

116J.8771 [WAIVER.]

The capital access program is exempt from section 16C.05, subdivision 2, paragraph ~~(a), clause (5)~~ (b).

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

Sec. 75. Minnesota Statutes 2002, section 179A.03, subdivision 7, is amended to read:

Subd. 7. [ESSENTIAL EMPLOYEE.] "Essential employee" means firefighters, peace officers subject to licensure under sections 626.84 to 626.863, 911 system and police and fire department public safety dispatchers, guards at correctional facilities, confidential employees, supervisory employees, assistant county attorneys, assistant city attorneys, principals, and assistant principals. However, for state employees, "essential employee" means all employees in law enforcement, health care professionals, health care nonprofessionals, correctional guards, professional engineering, and supervisory collective bargaining units, irrespective of severance, and no other employees. For University of Minnesota employees, "essential employee" means all employees in law enforcement, nursing professional and supervisory units, irrespective of severance, and no other employees. "Firefighters" means salaried employees of a fire department whose duties include, directly or indirectly, controlling, extinguishing, preventing, detecting, or investigating fires. Employees for whom the state court administrator is the negotiating employer are not essential employees.

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

Sec. 76. Minnesota Statutes 2002, section 192.501, subdivision 2, is amended to read:

Subd. 2. [TUITION AND TEXTBOOK REIMBURSEMENT GRANT PROGRAM.] (a) The adjutant general shall establish a program to provide tuition and textbook reimbursement grants to eligible members of the Minnesota national guard within the limitations of this subdivision.

(b) Eligibility is limited to a member of the national guard who:

(1) is serving satisfactorily as defined by the adjutant general;

(2) is attending a post-secondary educational institution, as defined by section 136A.15, subdivision 6, including a vocational or technical school operated or regulated by this state or another state or province; and

(3) provides proof of satisfactory completion of coursework, as defined by the adjutant general.

In addition, if a member of the Minnesota national guard is killed in the line of state active service or federally funded state active service, as defined in section 190.05, subdivisions 5a and 5b, the member's surviving spouse, and any surviving dependent who has not yet reached 24 years of age, is eligible for a tuition and textbook reimbursement grant.

The adjutant general may, within the limitations of this paragraph and other applicable laws, determine additional eligibility criteria for the grant, and must specify the criteria in department regulations and publish changes as necessary.

(c) The amount of a tuition and textbook reimbursement grant must be specified on a schedule as determined and published in department regulations by the adjutant general, but is limited to a maximum of an amount equal to the greater of:

(1) 80 percent of the cost of tuition for lower division programs in the college of liberal arts at the twin cities campus of the University of Minnesota in the most recent academic year; or

(2) 80 percent of the cost of tuition for the program in which the person is enrolled at that Minnesota public institution, or if that public institution is outside the state of Minnesota, for the cost of a comparable program at the University of Minnesota, except that in the case of a survivor as defined in paragraph (b), the amount of the tuition and textbook reimbursement grant for coursework satisfactorily completed by the person is limited to 100 percent of the cost of tuition for post-secondary courses at a Minnesota public educational institution.

Paragraph (b) notwithstanding, a person is no longer eligible for a grant under this subdivision once the person has received grants under this subdivision for the equivalent of 208 quarter credits or 144 semester credits of coursework.

(d) Tuition and textbook reimbursement grants received under this subdivision may not be considered by the Minnesota higher education services office or by any other state board, commission, or entity in determining a person's eligibility for a scholarship or grant-in-aid under sections 136A.095 to 136A.1311.

(e) If a member fails to complete a term of enlistment during which a tuition and textbook reimbursement grant was paid, the adjutant general may seek to recoup a prorated amount as determined by the adjutant general.

~~(f) The adjutant general shall maintain records and report any findings to the legislature by March 1, 2003, on the impact of increasing the reimbursement amounts under paragraph (e) during the period July 1, 2001, through December 31, 2002.~~

~~(g) This paragraph, paragraph (f), and the amendments made by Laws 2001, First Special Session chapter 10 to paragraph (e) expire June 30, 2003.~~

Sec. 77. Minnesota Statutes 2002, section 197.608, is amended to read:

197.608 [VETERANS SERVICE OFFICE GRANT PROGRAM.]

Subdivision 1. [GRANT PROGRAM.] A veterans service office grant program is established to be administered by the commissioner of veterans affairs consisting of grants to counties to enable them to enhance the effectiveness of their veterans service offices.

Subd. 2. [RULE DEVELOPMENT.] The commissioner ~~of veterans affairs~~ shall consult with the Minnesota association of county veterans service officers in formulating rules to implement the grant program.

Subd. 2a. [GRANT CYCLE.] Counties may become eligible to receive grants on a three-year rotating basis according to a schedule to be developed and announced in advance by the commissioner. The schedule must list no more than one-third of the counties in each year of the three-year cycle. A county may be considered for a grant only in the year of its listing in the schedule.

Subd. 3. [ELIGIBILITY.] (a) To be eligible for a grant under this program, a county must:

~~(1) employ a county veterans service officer as authorized by sections 197.60 and 197.606, who is certified to serve in this position by the commissioner of veterans affairs;~~

~~(2) submit a written plan for the proposed expenditures to enhance the functioning of the county veterans service office in accordance with the program rules; and~~

~~(3) apply for the grant according to procedures to be established for this program by the commissioner and receive written approval from the commissioner for the grant in advance of making the proposed expenditures.~~

~~(b) A county that employs a newly hired county veterans service officer who is serving an initial probationary period and who has not been certified by the commissioner is eligible to receive a grant under subdivision 2a.~~

~~(c) Except for the situation described in paragraph (b), a county whose veterans service officer does not receive certification during any year of the three-year cycle is not eligible to receive a grant during the remainder of that cycle or the next three-year cycle.~~

Subd. 4. [GRANT APPLICATION PROCESS.] ~~(a) A grant application must be submitted to the department of veterans affairs according to procedures to be established by the commissioner. The grant application must include a specific description of the plan for enhancing the operation of the county veterans service office. The commissioner shall determine the process for awarding grants. A grant may be used only for the purpose of enhancing the operations of the county veterans service office.~~

~~(b) The commissioner shall provide a list of qualifying uses for grant expenditures as developed in subdivision 5 and shall approve a grant application only if it meets the criteria for eligibility as established and announced by the commissioner for a qualifying use and if there are sufficient funds remaining in the grant program to cover the full amount of the grant. The commissioner may request modification of a plan. If the commissioner rejects a grant application, written reasons for the rejection must be provided to the applicant county and the county may modify the application and resubmit it.~~

Subd. 5. [QUALIFYING USES.] ~~The commissioner of veterans affairs shall determine whether the plan specified in the grant application will enable the applicant county to enhance the effectiveness of its county veterans office.~~

~~Notwithstanding subdivision 3, clause (1), a county may apply for and use a grant for the training and education required by the commissioner for a newly employed county veterans service officer's certificate, or for the continuing education of other staff consult with the Minnesota association of county veterans service officers in developing a list of qualifying uses for grants awarded under this program.~~

Subd. 6. [GRANT AMOUNT.] ~~The amount of each grant must be determined by the commissioner of veterans affairs, and may not exceed the lesser of:~~

~~(1) the amount specified in the grant application to be expended on the plan for enhancing the effectiveness of the county veterans service office; or~~

~~(2) the county's share of the total funds available under the program, determined in the following manner:~~

~~(i) \$1,400, if the county's veteran population is less than 1,000, the county's grant share shall be \$2,000;~~

~~(ii) \$2,800, if the county's veteran population is 1,000 or more but less than 3,000, the county's grant share shall be \$4,000;~~

~~(iii) \$4,200, if the county's veteran population is 3,000 or more but less than 10,000, the county's grant share shall be \$6,000; or~~

~~(iv) \$5,600, if the county's veteran population is 10,000 or more, the county's grant share shall be \$8,000.~~

~~In any year, only one half of the counties in each of the four veteran population categories (i) to (iv) may be awarded grants. Grants shall be awarded on a first come first served basis to counties submitting applications which meet the commissioner's criteria as established in the rules. Any county not receiving a grant in any given year shall receive priority consideration for a grant the following year.~~

~~In any year, after a period of time to be determined by the commissioner, any amounts remaining from undistributed county grant shares may be reallocated to the other counties which have submitted qualifying application.~~

The veteran population of each county shall be determined by the figure supplied by the United States Department of Veterans Affairs, as adopted by the commissioner.

Subd. 7. [RECAPTURE.] If a county fails to use the grant for the qualified use approved by the commissioner, the commissioner shall seek recovery of the grant from the county and the county must repay the grant amount.

Sec. 78. Minnesota Statutes 2002, section 240.03, is amended to read:

240.03 [COMMISSION POWERS AND DUTIES.]

The commission has the following powers and duties:

- (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;
- (2) to issue licenses as provided in this chapter;
- (3) to enforce all laws and rules governing horse racing;
- (4) to collect and distribute all taxes provided for in this chapter;
- (5) to conduct necessary investigations and inquiries and compel the submission of information, documents, and records it deems necessary to carry out its duties;
- (6) to supervise the conduct of pari-mutuel betting on horse racing;
- (7) to employ and supervise personnel under this chapter;
- (8) to determine the number of racing days to be held in the state and at each licensed racetrack; ~~and~~
- (9) to take all necessary steps to ensure the integrity of racing in Minnesota; and
- (10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of finance may grant interim approval for any new fees or adjustments to existing fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission.

Sec. 79. Minnesota Statutes 2002, section 240.10, is amended to read:

240.10 [LICENSE FEES.]

The fee for a class A license is \$10,000 per year. The fee for a class B license is \$100 for each assigned racing day on which racing is actually conducted, and \$50 for each day on which simulcasting is authorized and actually takes place, plus \$10,000 per year if the class B license includes authorization to operate a card club. The fee for a class D license is \$50 for each assigned racing day on which racing is actually conducted. Fees imposed on class B and class D licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 240.08 but no annual fee for a class C license may exceed \$100.

~~License fee payments received must be paid by the commission to the state treasurer for deposit in the general fund.~~

Sec. 80. Minnesota Statutes 2002, section 240.15, subdivision 6, is amended to read:

Subd. 6. [DISPOSITION OF PROCEEDS; ACCOUNT.] The commission shall distribute all money received under this section, and all money received from license fees and fines it collects, ~~as follows:~~ according to this subdivision. All money designated for deposit in the Minnesota breeders fund must be paid into that fund for distribution under section 240.18 except that all money generated by full racing card simulcasts must be distributed as provided in section 240.18, subdivisions 2, paragraph (d), clauses (1), (2), and (3); and 3. Revenue from an admissions tax imposed under subdivision 1 must be paid to the local unit of government at whose request it was imposed, at times and in a manner the commission determines. ~~All other revenues~~ Taxes received under this section ~~by the commission, and all license fees, fines, and other revenue it receives, and fines collected under section 240.22~~ must be paid to the state treasurer for deposit in the general fund. All revenues from licenses and other fees imposed by the commission must be deposited in the state treasury and credited to a racing and card playing regulation account in the special revenue fund. Receipts in this account are available for the operations of the commission up to the amount authorized in biennial appropriations from the legislature.

Sec. 81. Minnesota Statutes 2002, section 240.155, subdivision 1, is amended to read:

Subdivision 1. [REIMBURSEMENT ACCOUNT CREDIT.] Money received by the commission as reimbursement for the costs of services provided by ~~assistant~~ veterinarians, stewards, and medical testing of horses must be deposited in the state treasury and credited to a racing reimbursement account, except as provided under subdivision 2. Receipts are appropriated to the commission to pay the costs of providing the services.

Sec. 82. Minnesota Statutes 2002, section 240A.03, subdivision 10, is amended to read:

Subd. 10. [USE AGREEMENTS AND FEES.] The commission may lease, license, or enter into agreements and may fix, alter, charge, and collect rentals, fees, and charges to persons for the use, occupation, and availability of part or all of any premises, property, or facilities under its ownership, operation, or control. ~~Fees charged by the commission are not subject to section 16A.1285.~~ The commission may also impose other fees it deems appropriate with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of finance may grant interim approval of the fees, until such time as the legislature reconvenes and acts upon the fees. Revenues generated by the commission under this section must be sufficient to offset the biennial appropriations it receives from the legislature and must be deposited to the state treasury and credited to the general fund. A use agreement may provide that the other contracting party has exclusive use of the premises at the times agreed upon. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the direct appropriation to the commission.

Sec. 83. Minnesota Statutes 2002, section 240A.03, subdivision 15, is amended to read:

Subd. 15. [ADVERTISING.] The commission may accept paid advertising in its publications. Funds received from advertising ~~are annually appropriated to the commission for its publications. The commission must annually report the amount of funds received under this subdivision to the chair of the house of representatives ways and means and senate finance committees~~ must be deposited to the state treasury and credited to the general fund.

Sec. 84. Minnesota Statutes 2002, section 240A.04, is amended to read:

240A.04 [PROMOTION AND DEVELOPMENT OF AMATEUR SPORTS.]

In addition to the powers and duties granted under section 240A.03, the commission ~~shall~~ may:

- (1) promote the development of olympic training centers;
- (2) promote physical fitness by promoting participation in sports;
- (3) develop, foster, and coordinate physical fitness services and programs;
- (4) sponsor amateur sport workshops, clinics, and conferences;
- (5) provide recognition for outstanding developments, achievements, and contributions to amateur sports;
- (6) stimulate and promote amateur sport research;
- (7) collect, disseminate, and communicate amateur sport information;
- (8) promote amateur sport and physical fitness programs in schools and local communities;
- (9) develop programs to promote personal health and physical fitness by participation in amateur sports in cooperation with medical, dental, sports medicine, and similar professional societies;
- (10) promote the development of recreational amateur sport opportunities and activities in the state, including the means of facilitating acquisition, financing, construction, and rehabilitation of sports facilities for the holding of amateur sporting events;
- (11) promote national and international amateur sport competitions and events;
- (12) sanction or sponsor amateur sport competition;
- (13) take membership in regional or national amateur sports associations or organizations; and
- (14) promote the mainstreaming and normalization of people with physical disabilities and visual and hearing impairments in amateur sports.

Sec. 85. Minnesota Statutes 2002, section 240A.06, subdivision 1, is amended to read:

Subdivision 1. [SPONSORSHIP REQUIRED.] The commission ~~shall~~ may sponsor and sanction a series of statewide amateur athletic games patterned after the winter and summer Olympic Games, with variations as required by facilities, equipment, and expertise, and as necessary to include people with physical disabilities and visual and hearing impairments. The games may be held annually beginning in 1989, if money and facilities are available, unless the time of the games would conflict with other sporting events as the commission determines.

Sec. 86. Minnesota Statutes 2002, section 256B.435, subdivision 2a, is amended to read:

Subd. 2a. [DURATION AND TERMINATION OF CONTRACTS.] (a) All contracts entered into under this section are for a term of one year. Either party may terminate this contract at any time without cause by providing 90 calendar days' advance written notice to the other party. Notwithstanding section 16C.05, subdivisions 2, paragraph ~~(a)~~ (b), and 5, if neither party provides written notice of termination, the contract shall be renegotiated for additional one-year terms or the terms of the existing contract will be extended for one year. The provisions of the contract shall be renegotiated annually by the parties prior to the expiration date of the contract. The parties may voluntarily renegotiate the terms of the contract at any time by mutual agreement.

(b) If a nursing facility fails to comply with the terms of a contract, the commissioner shall provide reasonable notice regarding the breach of contract and a reasonable opportunity for the facility to come into compliance. If the facility fails to come into compliance or to remain in compliance, the commissioner may terminate the contract. If a contract is terminated, provisions of section 256B.48, subdivision 1a, shall apply.

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

Sec. 87. Minnesota Statutes 2002, section 268.186, is amended to read:

268.186 [RECORDS.]

(a) Each employer shall keep true and accurate records for the periods of time and containing the information the commissioner may require. For the purpose of administering this chapter, the commissioner has the power to examine, or cause to be supplied or copied, any books, correspondence, papers, records, or memoranda that are relevant, whether the books, correspondence, papers, records, or memoranda are the property of or in the possession of the employer or any other person at any reasonable time and as often as may be necessary.

(b) The commissioner may make summaries, compilations, photographs, duplications, or reproductions of any records, or reports that the commissioner considers advisable for the preservation of the information contained therein. Any summaries, compilations, photographs, duplications, or reproductions shall be admissible in any proceeding under this chapter. ~~Regardless of any restrictions contained in section 16B.50,~~ The commissioner may duplicate records, reports, summaries, compilations, instructions, determinations, or any other written or recorded matter pertaining to the administration of this chapter.

(c) Regardless of any law to the contrary, the commissioner may provide for the destruction of any records, reports, or reproductions thereof, or other papers, that are more than two years old, and that are no longer necessary for determining employer liability or an applicant's unemployment benefit rights or for the administration of this chapter, including any required audit. The commissioner may provide for the destruction or disposition of any record, report, or other paper that has been photographed, duplicated, or reproduced.

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

Sec. 88. Minnesota Statutes 2002, section 270.052, is amended to read:

270.052 [AGREEMENT WITH INTERNAL REVENUE SERVICE.]

Pursuant to section 270B.12, the commissioner may enter into an agreement with the Internal Revenue Service to identify taxpayers who have refunds due from the department of revenue and liabilities owing to the Internal Revenue Service. In accordance with the procedures established in the agreement, the Internal Revenue Service may levy against the refunds to be paid by the department of revenue. For each refund levied upon, the

commissioner shall first deduct from the refund a fee of \$20, and then remit the refund or the amount of the levy, whichever is less, to the Internal Revenue Service. The proceeds of fees shall be deposited into the department of revenue recapture revolving fund under section 270A.07, subdivision 1.

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

Sec. 89. Minnesota Statutes 2002, section 270.44, is amended to read:

270.44 [CHARGES FOR COURSES, EXAMINATIONS OR MATERIALS.]

~~The board may establish reasonable fees or charges for courses, examinations or materials, the proceeds of which shall be used to finance the activities and operation of the board.~~

The board shall charge the following fees:

(1) \$105 for a senior accredited Minnesota assessor license;

(2) \$80 for an accredited Minnesota assessor license;

(3) \$65 for a certified Minnesota assessor specialist license;

(4) \$55 for a certified Minnesota assessor license;

(5) \$50 for a course challenge examination;

(6) \$35 for grading a form appraisal;

(7) \$60 for grading a narrative appraisal;

(8) \$30 for a reinstatement fee;

(9) \$25 for a record retention fee;

(10) \$20 for an educational transcript; and

(11) \$30 for all retests of board-sponsored educational courses.

**[EFFECTIVE DATE.]** This section is effective for license terms beginning on or after July 1, 2004, and for all other fees imposed on or after July 1, 2004.

Sec. 90. Minnesota Statutes 2002, section 270A.07, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION REQUIREMENT.] Any claimant agency, seeking collection of a debt through setoff against a refund due, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 270A.04, subdivision 3.

For each setoff of a debt against a refund due, the commissioner shall charge a fee of ~~\$10~~ \$15. The proceeds of fees shall be allocated by depositing ~~\$2.55~~ \$4 of each ~~\$10~~ \$15 fee collected into a department of revenue recapture revolving fund and depositing the remaining balance into the general fund. The sums deposited into the revolving fund are appropriated to the commissioner for the purpose of administering the Revenue Recapture Act.

The claimant agency shall notify the commissioner when a debt has been satisfied or reduced by at least \$200 within 30 days after satisfaction or reduction.

**[EFFECTIVE DATE.]** This section is effective for refund setoffs after June 30, 2003.

Sec. 91. Minnesota Statutes 2002, section 306.95, is amended to read:

306.95 [DUTIES OF THE COUNTY AUDITOR.]

Subdivision 1. ~~[NOTIFICATION OF STATE AUDITOR.]~~ Any county auditor finding evidence of violations of this chapter when reviewing reports or bonds filed by any person, firm, partnership, association, or corporation operating a cemetery, mausoleum, or columbarium must notify the ~~state auditor's office~~ county attorney in a timely manner of such finding.

Subd. 2. [ANNUAL LETTER.] Every county auditor must file an annual letter by May 31 with the ~~state auditor's office~~ county attorney disclosing whether the county auditor has detected any indications of violations of this chapter in the reports or bonds which were filed or should have been filed. If the county auditor has not detected from the information supplied to the county auditor any such indications, that fact must be reported to the ~~state auditor~~ county attorney in the annual letter.

Sec. 92. [326.992] [BOND REQUIREMENT; GAS, HEATING, VENTILATION, AIR CONDITIONING, REFRIGERATION (G/HVACR) CONTRACTORS.]

(a) A person contracting to do gas, heating, ventilation, cooling, air conditioning, fuel burning, or refrigeration work must give bond to the state in the amount of \$25,000 for all work entered into within the state. The bond must be for the benefit of persons suffering financial loss by reason of the contractor's failure to comply with the requirements of the State Mechanical Code. A bond given to the state must be filed with the commissioner of administration and is in lieu of all other bonds to any political subdivision required for work covered by this section. The bond must be written by a corporate surety licensed to do business in the state.

(b) The commissioner of administration may charge each person giving bond under this section an annual bond filing fee of \$25. The money must be deposited in the state government special revenue fund and is appropriated to the commissioner to cover the cost of administering the bond program.

Sec. 93. Minnesota Statutes 2002, section 327A.01, subdivision 2, is amended to read:

Subd. 2. [BUILDING STANDARDS.] "Building standards" means the materials and installation standards of the State Building Code, adopted by the commissioner of administration pursuant to sections 16B.59 to 16B.75, ~~that~~ is in effect at the time of the construction or remodeling.

Sec. 94. Minnesota Statutes 2002, section 349.12, is amended by adding a subdivision to read:

Subd. 11a. [DISTRIBUTOR SALESPERSON.] "Distributor salesperson" means a person who in any manner receives orders for gambling equipment or who solicits a licensed, exempt, or excluded organization to purchase gambling equipment from a licensed distributor.

Sec. 95. Minnesota Statutes 2002, section 349.12, subdivision 25, is amended to read:

Subd. 25. [LAWFUL PURPOSE.] (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined in subdivision 15a, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154, which standards must apply to both types of organizations in the same manner and to the same extent;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome or a contribution to a program recognized by the Minnesota department of human services for the education, prevention, or treatment of compulsive gambling;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board, provided that the rules must not include mileage reimbursements in the computation of the per occasion reimbursement limit and must impose no aggregate annual limit on the amount of reasonable and necessary expenditures made to support:

(i) members of a military marching or color guard unit for activities conducted within the state;

(ii) members of an organization solely for services performed by the members at funeral services; or

(iii) members of military marching, color guard, or honor guard units may be reimbursed for participating in color guard, honor guard, or marching unit events within the state or states contiguous to Minnesota at a per participant rate of up to \$35 per occasion;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on permitted gambling premises wholly owned by the licensed organization paying the taxes, or wholly leased by a licensed veterans organization under a national charter recognized under section 501(c)(19) of the Internal Revenue Code, not to exceed:

(i) for premises used for bingo, the amount that an organization may expend under board rules on rent for bingo; and

(ii) \$35,000 per year for premises used for other forms of lawful gambling;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;

(12) payment of the reasonable costs of an audit required in section 297E.06, subdivision 4, provided the annual audit is filed in a timely manner with the department of revenue;

(13) a contribution to or expenditure on a wildlife management project that benefits the public at-large, provided that the state agency with authority over that wildlife management project approves the project before the contribution or expenditure is made;

(14) expenditures, approved by the commissioner of natural resources, by an organization for grooming and maintaining snowmobile trails and all-terrain vehicle trails that are (1) grant-in-aid trails established under section 85.019, or (2) other trails open to public use, including purchase or lease of equipment for this purpose; or

(15) conducting nutritional programs, food shelves, and congregate dining programs primarily for persons who are age 62 or older or disabled;

(16) a contribution to a community arts organization, or an expenditure to sponsor arts programs in the community, including but not limited to visual, literary, performing, or musical arts;

(17) payment of heat, water, sanitation, telephone, and other utility bills for a building owned or leased by, and used as the primary headquarters of, a veterans organization; ~~or~~

(18) expenditure by a veterans organization of up to \$5,000 in a calendar year in net costs to the organization for meals and other membership events, limited to members and spouses, held in recognition of military service; or

(19) payment of fees authorized under this chapter imposed by the state of Minnesota to conduct lawful gambling in Minnesota.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a

purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced; or (v) with respect to an expenditure to bring an existing building into compliance with the Americans with Disabilities Act under item (ii), an organization has the option to apply the amount of the board-approved expenditure to the erection or acquisition of a replacement building that is in compliance with the Americans with Disabilities Act;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund.

Sec. 96. Minnesota Statutes 2002, section 349.151, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The board has the following powers and duties:

- (1) to regulate lawful gambling to ensure it is conducted in the public interest;
- (2) to issue licenses to organizations, distributors, distributor salespersons, bingo halls, manufacturers, and gambling managers;
- (3) to collect and deposit license, permit, and registration fees due under this chapter;
- (4) to receive reports required by this chapter and inspect all premises, records, books, and other documents of organizations, distributors, manufacturers, and bingo halls to insure compliance with all applicable laws and rules;
- (5) to make rules authorized by this chapter;
- (6) to register gambling equipment and issue registration stamps;
- (7) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;
- (8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;
- (9) to impose civil penalties of not more than \$500 per violation on organizations, distributors, ~~employees eligible to make sales on behalf of a distributor~~ salespersons, manufacturers, bingo halls, and gambling managers for failure to comply with any provision of this chapter or any rule or order of the board;
- (10) to issue premises permits to organizations licensed to conduct lawful gambling;
- (11) to delegate to the director the authority to issue or deny license and premises permit applications and renewals under criteria established by the board;

(12) to suspend or revoke licenses and premises permits of organizations, distributors, distributor salespersons, manufacturers, bingo halls, or gambling managers as provided in this chapter;

(13) to register employees of organizations licensed to conduct lawful gambling;

(14) to require fingerprints from persons determined by board rule to be subject to fingerprinting;

(15) to delegate to a compliance review group of the board the authority to investigate alleged violations, issue consent orders, and initiate contested cases on behalf of the board;

(16) to order organizations, distributors, distributor salespersons, manufacturers, bingo halls, and gambling managers to take corrective actions; and

(17) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

(b) The board, or director if authorized to act on behalf of the board, may by citation assess any organization, distributor, employee eligible to make sales on behalf of a distributor, manufacturer, bingo hall licensee, or gambling manager a civil penalty of not more than \$500 per violation for a failure to comply with any provision of this chapter or any rule adopted or order issued by the board. Any organization, distributor, bingo hall licensee, gambling manager, or manufacturer assessed a civil penalty under this paragraph may request a hearing before the board. Appeals of citations imposing a civil penalty are not subject to the provisions of the Administrative Procedure Act.

(c) All ~~fees and~~ penalties received by the board must be deposited in the general fund.

(d) All fees imposed by the board under sections 349.16 to 349.165 must be deposited in the state treasury and credited to a lawful gambling regulation account in the special revenue fund. Receipts in this account are available for the operations of the board up to the amount authorized in biennial appropriations from the legislature.

Sec. 97. Minnesota Statutes 2002, section 349.151, subdivision 4b, is amended to read:

Subd. 4b. [PULL-TAB SALES FROM DISPENSING DEVICES.] (a) The board may by rule authorize but not require the use of pull-tab dispensing devices.

(b) Rules adopted under paragraph (a):

(1) must limit the number of pull-tab dispensing devices on any permitted premises to three; and

(2) must limit the use of pull-tab dispensing devices to a permitted premises which is (i) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt beverages; or (ii) a licensed bingo hall that allows gambling only by persons 18 years or older.

(c) Notwithstanding rules adopted under paragraph (b), pull-tab dispensing devices may be used in establishments licensed for the off-sale of intoxicating liquor, other than drugstores and general food stores licensed under section 340A.405, subdivision 1.

~~(d) The director may charge a manufacturer a fee of up to \$5,000 per pull tab dispensing device to cover the costs of services provided by an independent testing laboratory to perform testing and analysis of pull tab dispensing devices. The director shall deposit in a separate account in the state treasury all money the director receives as reimbursement for the costs of services provided by independent testing laboratories that have entered into contracts with the state to perform testing and analysis of pull tab dispensing devices. Money in the account is appropriated to the director to pay the costs of services under those contracts.~~

Sec. 98. Minnesota Statutes 2002, section 349.155, subdivision 3, is amended to read:

Subd. 3. [MANDATORY DISQUALIFICATIONS.] (a) In the case of licenses for manufacturers, distributors, distributor salespersons, bingo halls, and gambling managers, the board may not issue or renew a license under this chapter, and shall revoke a license under this chapter, if the applicant or licensee, or a director, officer, partner, governor, or person in a supervisory or management position of the applicant or licensee, ~~or an employee eligible to make sales on behalf of the applicant or licensee:~~

(1) has ever been convicted of a felony or a crime involving gambling;

(2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;

(3) is or has ever been connected with or engaged in an illegal business;

(4) owes \$500 or more in delinquent taxes as defined in section 270.72;

(5) had a sales and use tax permit revoked by the commissioner of revenue within the past two years; or

(6) after demand, has not filed tax returns required by the commissioner of revenue. The board may deny or refuse to renew a license under this chapter, and may revoke a license under this chapter, if any of the conditions in this paragraph are applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee.

(b) In the case of licenses for organizations, the board may not issue or renew a license under this chapter, and shall revoke a license under this chapter, if the organization, or an officer or member of the governing body of the organization:

(1) has been convicted of a felony or gross misdemeanor within the five years before the issuance or renewal of the license;

(2) has ever been convicted of a crime involving gambling; or

(3) has had a license issued by the board or director permanently revoked for violation of law or board rule.

Sec. 99. Minnesota Statutes 2002, section 349.16, subdivision 6, is amended to read:

Subd. 6. [LICENSE CLASSIFICATIONS FEES.] ~~The board may issue four classes of organization licenses: a class A license authorizing all forms of lawful gambling; a class B license authorizing all forms of lawful gambling except bingo; a class C license authorizing bingo only, or bingo and pull tabs if the gross receipts for any combination of bingo and pull tabs does not exceed \$50,000 per year; and a class D license authorizing raffles only. The board shall not charge a fee for an organization impose a fee of \$100 for an organization's initial license application. There is no charge for a renewal license.~~

Sec. 100. Minnesota Statutes 2002, section 349.161, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] (a) No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state other than for lawful gambling exempt or excluded from licensing, except to an organization licensed for lawful gambling;

(2) sell, offer for sale, or furnish gambling equipment for use within the state without having obtained a distributor license or a distributor salesperson license under this section;

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

(b) No licensed distributor salesperson may sell, offer for sale, or furnish gambling equipment for use within the state without being employed by a licensed distributor or owning a distributor license.

Sec. 101. Minnesota Statutes 2002, section 349.161, subdivision 4, is amended to read:

Subd. 4. [FEES.] (a) The initial annual fee for a distributor's license is \$3,500 \$6,000. The initial term of a distributor's license is one year. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$7,000.

(b) The annual fee for a distributor salesperson license is \$100.

Sec. 102. Minnesota Statutes 2002, section 349.161, subdivision 5, is amended to read:

Subd. 5. [PROHIBITION.] (a) No distributor, distributor salesperson, or other employee of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor, may: (1) be involved in the conduct of lawful gambling by an organization; (2) keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.

(c) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased from that distributor or distributor salesperson is being used in the conduct of lawful gambling.

(e) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker.

(f) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.

(g) No distributor or distributor salesperson may purchase gambling equipment for resale to a person for use within the state from any person not licensed as a manufacturer under section 349.163.

(h) No distributor or distributor salesperson may sell gambling equipment to any person for use in Minnesota other than (i) a licensed organization or organization excluded or exempt from licensing, or (ii) the governing body of an Indian tribe.

(i) No distributor or distributor salesperson may sell or otherwise provide a pull-tab or tipboard deal with the symbol required by section 349.163, subdivision 5, paragraph (h), visible on the flare to any person other than in Minnesota to a licensed organization or organization exempt from licensing.

Sec. 103. Minnesota Statutes 2002, section 349.162, subdivision 1, is amended to read:

Subdivision 1. [STAMP REQUIRED.] (a) A distributor may not sell, transfer, furnish, or otherwise provide to a person, and no person may purchase, borrow, accept, or acquire from a distributor gambling equipment for use within the state unless the equipment has been registered with the board and has a registration stamp affixed, except for gambling equipment not stamped by the manufacturer pursuant to section 349.163, subdivision 5 or 8. ~~The board shall charge a fee of five cents for each stamp.~~ Each stamp must bear a registration number assigned by the board. ~~A distributor or manufacturer is entitled to a refund for unused registration stamps and replacement for registration stamps which are defective or canceled by the distributor or manufacturer.~~

(b) A manufacturer must return all unused registration stamps in its possession to the board by February 1, 1995. No manufacturer may possess unaffixed registration stamps after February 1, 1995.

(c) After February 1, 1996, no person may possess any unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare or any unplayed paddleticket cards with a registration stamp affixed to the master flare. This paragraph does not apply to unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare, or to unplayed paddleticket cards with a registration stamp affixed to the master flare, if the deals or cards are identified on a list of existing inventory submitted by a licensed organization or a licensed distributor, in a format prescribed by the commissioner of revenue, to the commissioner of revenue on or before February 1, 1996. Gambling equipment kept in violation of this paragraph is contraband under section 349.2125.

Sec. 104. Minnesota Statutes 2002, section 349.163, subdivision 2, is amended to read:

Subd. 2. [LICENSE; FEE.] ~~The initial license under this section is valid for one year. The fee for the initial license is \$5,000. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$10,000. The annual fee for a manufacturer's license is \$9,000.~~

Sec. 105. Minnesota Statutes 2002, section 349.163, subdivision 6, is amended to read:

Subd. 6. [SAMPLES OF GAMBLING EQUIPMENT.] The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment the manufacturer manufactures for use or resale in this state. The board shall inspect and test all the equipment it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board shall impose a fee of \$25 for each item of gambling equipment that the manufacturer submits for approval or for which the manufacturer requests approval. The board shall impose a fee of \$100 for each sample of gambling equipment that it tests. The board may require samples of gambling equipment to be tested by an independent testing laboratory prior to submission to the board for approval. All costs of testing by an independent testing laboratory must be borne by the manufacturer. An independent testing laboratory used by a manufacturer to test samples of gambling equipment must be approved by the board before the equipment is submitted to the laboratory for testing. The board may request the assistance of the commissioner of public safety and the director of the state lottery in performing the tests.

Sec. 106. Minnesota Statutes 2002, section 349.164, subdivision 4, is amended to read:

Subd. 4. [FEES; TERM OF LICENSE.] The ~~initial~~ annual fee for a bingo hall license is ~~\$2,500~~ \$4,000. ~~An initial license under this section is valid for one year. Renewal licenses under this section are valid for two years and the fee for the renewal license is \$5,000.~~

Sec. 107. Minnesota Statutes 2002, section 349.165, subdivision 3, is amended to read:

Subd. 3. [FEES.] (a) ~~The board may issue four classes of premises permits corresponding to the classes of licenses authorized under section 349.16, subdivision 6. The fee for each class of permit is:~~

- (1) ~~\$400 for a class A permit;~~
- (2) ~~\$250 for a class B permit;~~
- (3) ~~\$200 for a class C permit; and~~
- (4) ~~\$150 for a class D permit.~~

(b) ~~If a premises permit is issued during the second year of an organization's license, the fee for each class of permit is:~~

- (1) ~~\$200 for a class A permit;~~
- (2) ~~\$125 for a class B permit;~~
- (3) ~~\$100 for a class C permit; and~~
- (4) ~~\$75 for a class D permit.~~

The monthly fee for a premises permit is 0.18 percent of the organization's gross receipts from lawful gambling conducted at that site. The fee shall be reported and paid on a monthly basis in a format as determined by the commissioner of revenue, and remitted to the commissioner of revenue along with the organization's monthly tax return for that premises. All premises permit fees received by the commissioner of revenue pursuant to this subdivision must be deposited in the lawful gambling regulation account of the special revenue fund according to section 349.151. Failure to pay the monthly premises permit fees in a timely manner may result in disciplinary action by the board.

Sec. 108. Minnesota Statutes 2002, section 349.166, subdivision 1, is amended to read:

Subdivision 1. [EXCLUSIONS.] (a) Bingo may be conducted without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivisions 1, 4, and 5; 349.18, subdivision 1; and 349.19, if it is conducted:

(1) by an organization in connection with a county fair, the state fair, or a civic celebration and is not conducted for more than 12 consecutive days and is limited to no more than four separate applications for activities applied for and approved in a calendar year; or

(2) by an organization that conducts four or fewer bingo occasions in a calendar year.

An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.

(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization if the prizes for a single bingo game do not exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, and a manager is appointed to supervise the bingo. Bingo conducted under this paragraph is exempt from sections 349.11 to 349.23, and the board may not require an organization that conducts bingo under this paragraph, or the manager who supervises the bingo, to register or file a report with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.

(c) Raffles may be conducted by an organization without a license and without complying with sections 349.154 to 349.165 and 349.167 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed ~~\$750~~ \$1,500.

(d) Except as provided in paragraph (b), the organization must maintain all required records of excluded gambling activity for 3-1/2 years.

Sec. 109. Minnesota Statutes 2002, section 349.166, subdivision 2, is amended to read:

Subd. 2. [EXEMPTIONS.] (a) Lawful gambling may be conducted by an organization without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivisions 4 and 5; 349.18, subdivision 1; and 349.19 if:

(1) the organization conducts lawful gambling on five or fewer days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization pays a fee of ~~\$25~~ \$50 to the board, notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, or 60 days for an occasion held in the case of a city of the first class, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(b) If the organization fails to file a timely report as required by paragraph (a), clause (3) or (6), the board shall not issue any authorization, license, or permit to the organization to conduct lawful gambling on an exempt, excluded, or licensed basis until the report has been filed.

(c) Merchandise prizes must be valued at their fair market value.

(d) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

(e) An organization that is exempt from taxation on purchases of pull-tabs and tipboards under section 297E.02, subdivision 4, paragraph (b), clause (4), must return to the distributor any tipboard or pull-tab deal no part of which is used at the lawful gambling occasion for which it was purchased by the organization.

(f) The organization must maintain all required records of exempt gambling activity for 3-1/2 years.

Sec. 110. [349.2113]

On or after January 1, 2004, a licensed organization may not put into play a pull-tab or tipboard deal that provides for a prize payout of greater than 85 percent of the ideal gross of the deal.

Sec. 111. Minnesota Statutes 2002, section 349A.08, subdivision 5, is amended to read:

Subd. 5. [PAYMENT; UNCLAIMED PRIZES.] A prize in the state lottery must be claimed by the winner within one year of the date of the drawing at which the prize was awarded or the last day sales were authorized for a game where a prize was determined in a manner other than by means of a drawing. If a valid claim is not made for a prize payable directly by the lottery by the end of this period, the prize money is considered unclaimed and the winner of the prize shall have no further claim to the prize. A prize won by a person who purchased the winning ticket in violation of section 349A.12, subdivision 1, or won by a person ineligible to be awarded a prize under subdivision 7 must be treated as an unclaimed prize under this section. The director ~~shall must~~ transfer ~~70 percent of~~ all unclaimed prize money at the end of each fiscal year from the lottery cash flow account ~~as follows: of the 70 percent, 40 percent must be transferred to the Minnesota environment and natural resources trust fund and 60 percent must be transferred to the general fund. The remaining 30 percent of the unclaimed prize money must be added by the director to prize pools of subsequent lottery games.~~

Sec. 112. Minnesota Statutes 2002, section 352D.04, is amended by adding a subdivision to read:

Subd. 3. [ADDITIONAL CONTRIBUTIONS.] The executive director of the Minnesota state retirement system must allow a participant in the unclassified program a onetime option, at the time of hire, under which the employee contribution to the plan is ten percent of salary.

Sec. 113. Minnesota Statutes 2002, section 356.611, subdivision 1, is amended to read:

Subdivision 1. [STATE SALARY LIMITATIONS.] (a) Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements, or retirement plan contracts to the contrary, the covered salary for pension purposes for a plan participant of a covered retirement fund enumerated in section 356.30, subdivision 3, may not exceed 95 percent of the salary established for the governor under section 15A.082 at the time the person received the salary.

(b) This section does not apply to a salary paid:

(1) to the governor;

(2) to an employee of a political subdivision in a position that is excluded from the limit as specified under section ~~43A.17, subdivision 9~~ 15A.23; or

(3) to a state employee in a position for which the commissioner of employee relations has approved a salary rate that exceeds 95 percent of the governor's salary.

(c) The limited covered salary determined under this section must be used in determining employee and employer contributions and in determining retirement annuities and other benefits under the respective covered retirement fund and under this chapter.

Sec. 114. Minnesota Statutes 2002, section 458D.17, subdivision 5, is amended to read:

Subd. 5. [AUDIT.] The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state ~~public examiner~~ auditor or a certified public accountant.

Sec. 115. Minnesota Statutes 2002, section 471.696, is amended to read:

471.696 [FISCAL YEAR; DESIGNATION.]

Beginning in 1979, the fiscal year of a city and all of its funds shall be the calendar year, except that a city may, by resolution, provide that the fiscal year for city-owned nursing homes be the reporting year designated by the commissioner of human services. Beginning in 1994, the fiscal year of a town and all of its funds shall be the calendar year. ~~The state auditor may upon request of a town and a showing of inability to conform, extend the deadline for compliance with this section for one year.~~

Sec. 116. Minnesota Statutes 2002, section 471.999, is amended to read:

471.999 [MAINTAINING PAY EQUITY; REPORT TO LEGISLATURE.]

(a) The state auditor shall monitor compliance by political subdivisions with section 471.992, subdivision 1. The state auditor may charge and collect a fee pursuant to section 6.56.

(b) ~~The commissioner of employee relations~~ state auditor shall report to the legislature by January 1 of each year on the status of compliance with section 471.992, subdivision 1, by governmental subdivisions.

The report must include a list of the political subdivisions in compliance with section 471.992, subdivision 1, and the estimated cost of compliance. The report must also include a list of political subdivisions found by the ~~commissioner~~ state auditor to be not in compliance, the basis for that finding, recommended changes to achieve compliance, estimated cost of compliance, and recommended penalties, if any. ~~The commissioner's~~ auditor's report must include a list of subdivisions that did not comply with the reporting requirements of this section. ~~The commissioner~~ state auditor may request, and a subdivision shall provide, any additional information needed for the preparation of a report under this subdivision.

(c) Notwithstanding any rule to the contrary, beginning in 2005, a political subdivision must report to the state auditor on its compliance with the requirements of sections 471.991 to 471.999 no more frequently than once every five years. No report from a political subdivision is required for 2003 and 2004.

Sec. 117. Minnesota Statutes 2002, section 474A.21, is amended to read:

474A.21 [APPROPRIATION; RECEIPTS.]

Any application fees collected by the department under sections 474A.01 to 474A.21 must be deposited in a ~~separate account in~~ the general fund. The amount necessary to refund application deposits is appropriated to the department ~~from the separate account in the general fund~~ for that purpose. The interest accruing on application

deposits and any application deposit not refunded as provided under section 474A.061, subdivision 4, or 474A.091, subdivision 5, or forfeited as provided under section 474A.131, subdivision 2, must be deposited in the ~~housing trust~~ general fund account under section 462A.201.

Sec. 118. Minnesota Statutes 2002, section 477A.014, subdivision 4, is amended to read:

Subd. 4. [COSTS.] The director of the office of strategic and long-range planning shall annually bill the commissioner of revenue for one-half of the costs incurred by the state demographer in the preparation of materials required by section 4A.02. The state auditor shall bill the commissioner of revenue for the costs of best practices reviews and the services provided by the government information division and the parts of the constitutional office that are related to the government information function, not to exceed \$217,000 in fiscal year 1992 and \$217,000 in fiscal year 1993 and thereafter. The commissioner of administration shall bill the commissioner of revenue for the costs of the local government records program and the intergovernmental information systems activity, not to exceed \$201,100 in fiscal year 1992 and \$205,800 in fiscal year 1993 and thereafter. ~~The commissioner of employee relations shall bill the commissioner of revenue for the costs of administering the local government pay equity function, not to exceed \$56,000 in fiscal year 1992 and \$55,000 in fiscal year 1993 and thereafter.~~

[EFFECTIVE DATE.] The requirement in this section for the state auditor to bill for costs of best practices reviews is effective July 1, 2004. The remainder of the section is effective July 1, 2003.

Sec. 119. Laws 1998, chapter 366, section 80, as amended by Laws 2001, First Special Session chapter 10, article 2, section 86, is amended to read:

Sec. 80. [SETTLEMENT DIVISION; TRANSFER OF JUDGES.]

The office of administrative hearings shall establish a settlement division. The workers' compensation judges at the department of labor and industry, together with their support staff, offices, furnishings, equipment, and supplies, are transferred to the settlement division of the office of administrative hearings. Minnesota Statutes, section 15.039, applies to the transfer of employees. The settlement division of the office of administrative hearings shall maintain offices in either Hennepin or Ramsey county and the ~~cities~~ city of Duluth ~~and Detroit Lakes.~~ The office of a judge in the settlement division of the office of administrative hearings and the support staff of the judge may be located in a building that contains offices of the department of labor and industry. The seniority of a workers' compensation judge at the office of administrative hearings, after the transfer, shall be based on the total length of service as a judge at either agency. For purposes of the commissioner's plan under Minnesota Statutes, section 43A.18, subdivision 2, all compensation judges at the office of administrative hearings shall be considered to be in the same employment condition, the same organizational unit and qualified for work in either division.

Sec. 120. [TRANSFER OF DUTIES RELATING TO PAY EQUITY.]

The responsibilities relating to local government pay equity under Minnesota Statutes, sections 471.991 to 471.999, and Minnesota Rules, chapter 3920, are transferred from the department of employee relations to the state auditor. Minnesota Statutes, section 15.039, applies to the transfer of responsibilities.

Sec. 121. [UNCLASSIFIED PLAN.]

The executive director of the Minnesota state retirement system must offer persons who are participants in the unclassified plan on the effective date of this section a onetime option to choose the ten percent contribution level specified in Minnesota Statutes, section 352D.04.

## Sec. 122. [SALARY FREEZE.]

Subdivision 1. [SALARY INCREASES PROHIBITED.] (a) From the effective date of this section through June 30, 2005, a state employer must not increase the rate of salary or wages for any employee. This section prohibits any increase including, but not limited to, across-the-board increases, cost-of-living adjustments, increases based on longevity, increases as a result of step and lane changes, increases in the form of lump-sum payments, increases in employer contributions to deferred compensation plans, or any other pay grade adjustments of any kind. For purposes of this section, salary or wages does not include employer contributions toward the cost of medical or dental insurance premiums provided that employee contributions to the costs of medical or dental insurance premiums are not decreased.

(b) This section does not prohibit an increase in the rate of salary and wages for an employee who is promoted or transferred to a position that the employer determines has greater job responsibilities.

(c) Notwithstanding any law to the contrary, the terms of a collective bargaining agreement in effect on June 30, 2003, may not be extended after that date if the extension would increase a salary in a manner prohibited by this section.

Subd. 2. [FUTURE CONTRACTS.] A contract or collective bargaining agreement or compensation plan entered into after June 30, 2005, must not provide a retroactive salary, or wage increase that applies to a period before June 30, 2005, if that increase would be prohibited by this section if granted before June 30, 2005.

Subd. 3. [ARBITRATION AND STRIKES.] Notwithstanding any law to the contrary:

(1) an employee may not legally strike due to a state employer's refusal to grant a salary or wage increase if the refusal is required to comply with this section; and

(2) neither a state employer nor an exclusive representative may request interest arbitration in relation to an increase in the rate of salary or wages that is prohibited by this section, and an arbitrator may not issue an award that would increase salary or wages in a manner prohibited by this section.

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

(1) "state employer" means an appointing authority in the executive, legislative, or judicial branches as defined in Minnesota Statutes, section 43A.02, subdivisions 5, 22, 25, and 27; and

(2) "employee" has the meaning given in Minnesota Statutes, section 43A.02, subdivision 21.

Subd. 5. [RELATION TO OTHER LAW.] This section supersedes Minnesota Statutes, chapter 179A, and any other law to the contrary. It is not an unfair labor practice under Minnesota Statutes, chapter 179A, for a state employer to take any action required to comply with this section.

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

## Sec. 123. [UNIVERSITY OF MINNESOTA; SALARY AND WAGE RATE FREEZE RECOMMENDED.]

The legislature strongly recommends that the University of Minnesota comply with section 122 as if it were defined as a state employer under that section.

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

## Sec. 124. [GAMBLING CONTROL; FEE TRANSITION.]

Effective July 1, 2003, all licensees regulated by the gambling control board must begin paying the applicable fees under Minnesota Statutes, sections 349.16 to 349.165. The gambling control board shall provide a onetime, prorated credit against these fees to licensees who paid for licenses before July 1, 2003, that were to extend beyond July 1, 2003.

## Sec. 125. [CARRYFORWARD.]

Notwithstanding Minnesota Statutes, section 16A.28, or other law to the contrary, funds encumbered by the judicial or executive branch for severance costs; unemployment compensation costs; and health, dental, and life insurance continuation costs resulting from state employee layoffs during the fiscal year ending June 30, 2003, may be carried forward and may be spent until January 1, 2004.

## Sec. 126. [VACATION LIMIT.]

A state employee who takes voluntary unpaid leave of absence during the biennium ending June 30, 2005, must be allowed to accrue a vacation leave balance up to at least 300 hours through June 30, 2005.

## Sec. 127. [GAMING STUDY.]

The director of the state lottery shall contract with an independent entity to perform an analysis of the economic effects of a gaming facility in the metropolitan area on existing tribal gaming facilities located in or within 100 miles of the metropolitan area.

## Sec. 128. [LCC; LEAVE WITHOUT PAY.]

(a) If the legislative coordinating commission requires employees under its jurisdiction to take temporary leave without pay during the biennium ending June 30, 2005, the first 80 hours of leave without pay in fiscal year 2004 and the first 80 hours of leave without pay in fiscal year 2005 are governed by this section. The commission must permit employees taking this leave to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit and credited salary in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. The commission may make the employer contribution to the employee's retirement plan if the employee participates in a defined contribution plan. If the leave without pay is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave. Managers must attempt to schedule leaves to meet the needs of employees and the need to continue efficient operation of their offices.

(b) Notwithstanding Minnesota Statutes, section 43A.18, subdivisions 2 and 3, the legislative coordinating commission may require employees in the office of the legislative auditor whose terms and conditions of employment are determined through the commissioner and managerial compensation plans to take leave without pay as described in paragraph (a).

## Sec. 129. [OFFICIAL PUBLICATION STUDY.]

Representatives of local public corporations, as defined in Minnesota Statutes, chapter 331A, must meet with representatives of qualified newspapers and report to the legislature by January 15, 2004, on alternative means of official publication for local public corporations.

## Sec. 130. [TRAINING SERVICES.]

During the biennium ending June 30, 2005, state executive agencies must consider using services provided by the government training service before contracting with other outside vendors for similar services.

## Sec. 131. [CRIMNET FINANCIAL AUDIT.]

The legislative auditor must complete a financial audit of all components and expenditures of the group of projects generally referred to as CriMNet by January 31, 2004. The audit must include a review of all contracts related to CriMNet for compliance with state law, including the laws and guidelines governing the issuance of contracts.

## Sec. 132. [REVISOR'S INSTRUCTIONS.]

(a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall replace the terms "commissioner of employee relations" and "commissioner" with "state auditor" in sections 471.991 to 471.999. In sections affected by this instruction, the revisor may make changes necessary to correct the cross-references, punctuation, grammar, or structure of the remaining text and preserve its meaning.

(b) In the next and subsequent editions of Minnesota Rules, chapter 3920, the revisor of statutes shall replace the terms "department of employee relations" and "department" with "state auditor." The revisor shall replace the address listed in Minnesota Rules, part 3920.0100, subpart 11, with "525 Park Street, Suite 400, Saint Paul, Minnesota 55103." In parts affected by this instruction, the revisor may make changes necessary to correct the cross-references, punctuation, grammar, or structure of the remaining text and preserve its meaning.

## Sec. 133. [REPEALER.]

(a) Minnesota Statutes 2002, sections 3.305, subdivision 5; 3.9222; 3A.11; 4A.055; 6.77; 16A.151, subdivision 5; 16A.87; 16C.18, subdivision 1; 43A.04, subdivision 10; 43A.17, subdivision 9; 149A.97, subdivision 8; 163.10; 240A.08; and 306.97, are repealed.

(b) Minnesota Rules, part 1950.1070, is repealed effective July 1, 2004.

(c) Minnesota Statutes 2002, sections 12.221, subdivision 5; 16B.50; and 16C.07, are repealed effective the day following final enactment.

(d) Minnesota Statutes 2002, section 3.971, subdivision 8, is repealed effective July 1, 2004.

(e) Minnesota Statutes 2002, section 62J.07, is repealed effective July 1, 2005.

## ARTICLE 3

STATE BOARD OF INVESTMENT  
CHANGES

Section 1. Minnesota Statutes 2002, section 11A.17, subdivision 2, is amended to read:

Subd. 2. [ASSETS.] The assets of the supplemental investment fund shall consist of the money certified and transmitted to the state board from the participating public retirement plans and funds or from the board of the Minnesota state colleges and universities under section 136F.45. The assets must be used to purchase investment shares in the investment accounts specified by the plan or fund. These accounts must be valued at least on a monthly basis, but may be valued more frequently as determined by the state board of investment.

Sec. 2. Minnesota Statutes 2002, section 352.96, subdivision 2, is amended to read:

Subd. 2. [PURCHASE OF SHARES.] The amount of compensation so deferred may be used to purchase:

(1) shares in the Minnesota supplemental investment fund established in section 11A.17 that are selected to be offered under the plan by the state board of investment;

(2) saving accounts in federally insured financial institutions;

(3) life insurance contracts, fixed annuity and variable annuity contracts from companies that are subject to regulation by the commissioner of commerce;

(4) investment options from open-end investment companies registered under the federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;

(5) investment options from a firm that is a registered investment advisor under the Investment Advisers Act of 1940, United States Code, title 15, section 80b-1 to 80b-21;

(6) investment options of a bank as defined in United States Code, title 15, section 80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph (1); or

(7) a combination of clause (1), (2), (3), (4), (5), or (6), as provided by the plan as specified by the participant.

All amounts contributed to the deferred compensation plan and all earnings on those amounts will be held for the exclusive benefit of the plan participants and beneficiaries. These amounts will be held in trust, in custodial accounts, or in qualifying annuity contracts as required by federal law and in accordance with section 356A.06, subdivision 1. This subdivision does not authorize an employer contribution, except as authorized in section 356.24, subdivision 1, paragraph (a), clause (5). The state, political subdivision, or other employing unit is not responsible for any loss that may result from investment of the deferred compensation.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective July 1, 2003.

#### ARTICLE 4

##### EARLY RETIREMENT INCENTIVE PROGRAMS

Section 1. [APPLICATION.]

Unless otherwise specified, this article applies to governmental subdivisions as specified in Minnesota Statutes, section 353.01, subdivision 6, and public employees providing service to the applicable employer and covered by the public employees retirement association general plan or police and fire plan under Minnesota Statutes, chapter 353, or the public employees retirement association local government correctional service retirement plan under Minnesota Statutes, chapter 353E.

Sec. 2. [EMPLOYEE EXCLUSION.]

This article does not apply to any employee who provides service to more than one governmental subdivision, or who earns service credit during the time period covered by this article in any Minnesota public employee plan, other than a volunteer fire plan or a plan administered by the public employees retirement association under conditions specified in this article.

Sec. 3. [PHASED RETIREMENT.]

(a) This section applies to a public employee who:

(1) on the effective date of this section is regularly scheduled to work 1,040 or more hours a year in a position covered by an applicable retirement plan;

(2) enters into an agreement with the governmental subdivision to work a reduced schedule that is both:

(i) a reduction of at least 25 percent from the number of regularly scheduled work hours; and

(ii) 1,040 hours or less in the covered position; and

(3) at the time of entering into the agreement under clause (2), meets the age and service requirements necessary to receive a retirement benefit from the applicable plan.

(b) Notwithstanding any law to the contrary, for service under an agreement entered into under paragraph (a), an employee agrees to terminate public employment meeting the requirements of Minnesota Statutes, section 353.01, subdivision 11a, except that the minimum 30-day break-in-service requirement under that subdivision shall not apply, and agrees to reemployment with the applicable governmental subdivision under terms and conditions specified in this section. If an eligible public employee commences receipt of an annuity from a plan specified in section 1, the provisions of Minnesota Statutes, section 353.37, governing annuities of reemployed annuitants shall not apply for the duration of the agreement.

(c) The number of hours worked, the work schedule, and the duration of the phased retirement employment must be mutually agreed to by the employee and the governmental subdivision. The governmental subdivision may not require a person to waive any rights under a collective bargaining agreement as a condition of participation in this section. The governmental subdivision has sole discretion to determine if, and the extent to which, phased retirement under this section is available to an employee.

(d) Notwithstanding any law to the contrary, a person may not earn service credit in the public employees retirement association for employment covered under this section, and employer contributions and payroll deductions for the retirement fund must not be made based on earnings of a person working under this section. No change shall be made to a monthly annuity or retirement allowance based on employment under this section.

(e) A person who works under this section and meets the definition of public employee under Minnesota Statutes, section 179A.03, subdivision 14, is a member of the appropriate bargaining unit, is covered by the appropriate collective bargaining contract or personnel policy, and is eligible for health care coverage as provided in the collective bargaining contract or personnel policy.

(f) An agreement under this section may apply only to work through June 30, 2005.

Sec. 4. [VOLUNTARY HOUR REDUCTION PLAN.]

(a) This section applies to a public employee who:

(1) on the effective date of this section is regularly scheduled to work 1,040 or more hours a year in a position covered by a pension plan administered by the public employees retirement association; and

(2) enters into an agreement with a governmental subdivision to work a reduced schedule of 1,040 or less hours in the covered position.

(b) Notwithstanding any law to the contrary, for service under an agreement entered into under paragraph (a), contributions may be made to the applicable plan of the public employees retirement association as if the employee had not reduced hours. The employee must pay the employee contributions and the employer must pay employer and additional employer contributions necessary to bring the service credit and salary up to the level prior to the voluntary reduction in hours. Contributions must be made in a time and manner prescribed by the executive director of the public employees retirement association.

(c) The number of hours worked, the work schedule, and the duration of the voluntary hour reduction must be mutually agreed to by the employee and the governmental subdivision. The governmental subdivision may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section. The governmental subdivision has sole discretion to determine if, and the extent to which, voluntary hour reduction under this section is available to an employee.

(d) A person who works under this section and meets the definition of public employee under Minnesota Statutes, section 179A.03, subdivision 14, is a member of an appropriate bargaining unit, is covered by an appropriate collective bargaining contract or personnel policy, and is eligible for health care coverage as provided in a collective bargaining contract or personnel policy.

(e) An agreement under this section may apply only to work through June 30, 2005.

#### Sec. 5. [VOLUNTARY UNPAID LEAVE OF ABSENCE.]

(a) Governmental subdivisions may allow employees to take unpaid leaves of absence between June 1, 2003, and June 30, 2005. Each governmental subdivision approving a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit and credited salary in the public employees retirement association as if the employee had actually been employed during the time of leave. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The governmental subdivision shall attempt to grant requests for the unpaid leaves of absence consistent with the need to continue efficient operation of the governmental subdivision. However, each governmental subdivision shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to the applicable provisions of collective bargaining agreements and personnel policy.

(b) To receive eligible service credit, the member shall pay an amount equal to the applicable employee contribution rates. If an employee pays the employee contribution for the period of the leave under this section, the governmental subdivision must pay the employer contribution and the additional employer contribution. The governmental subdivision may, at its discretion, pay employee, employer, and additional employer contributions to the public employees retirement association for the period of leave under this section. Contributions must be made in a time and manner prescribed by the executive director of the public employees retirement association.

#### Sec. 6. [DESIGNATION OF POSITIONS; EMPLOYER DISCRETION.]

Before agreeing to an option under this article, a governmental subdivision must designate the job classifications or positions within job classifications that qualify for each option. The governmental subdivision may modify this designation at any time. Designation of positions eligible for the options and participation of individual employees under this article are at the sole discretion of the governmental subdivision. Implementation of this article by the employer is not an unfair labor practice under Minnesota Statutes, chapter 179A, or an unfair discriminatory practice under Minnesota Statutes, chapter 363.

## Sec. 7. [PROGRAM APPLICATION REQUIREMENTS.]

(a) No agreement between an eligible public employee and a governmental subdivision under this article is effective unless the employee acknowledges acceptance of the terms of the agreement in writing on a form prescribed by the public employees retirement association executive director.

(b) A copy of the signed agreement must be transmitted to the public employees retirement association executive director within 30 days after the agreement is executed.

## Sec. 8. [RELATIONSHIP OF SECTIONS.]

(a) An employee covered by a phased retirement agreement under section 3 may not be covered by the voluntary hour reduction provisions of section 4 or by a voluntary unpaid leave of absence agreement under section 5 during the same time period or any later time period.

(b) An employee covered by the voluntary hour reduction provisions of section 4:

(1) may not be covered by a phased retirement agreement under section 3 during the same time period, but may be covered by a phased retirement agreement under section 3 during a later time period; and

(2) may be covered by the voluntary leave of absence provision of section 5 during an earlier or later time period.

## Sec. 9. [GOVERNMENTAL SUBDIVISION LIMITATION.]

Notwithstanding Minnesota Statutes, section 353.01, subdivision 6, paragraph (b), to the contrary, for purposes of this article, the public employees retirement association is not a governmental subdivision.

## Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective the day following final enactment.

## ARTICLE 5

PUBLIC EMPLOYEES RETIREMENT  
ASSOCIATION CHANGES

Section 1. Minnesota Statutes 2002, section 353.01, subdivision 2d, is amended to read:

Subd. 2d. [OPTIONAL MEMBERSHIP.] (a) Membership in the association is optional by action of the individual employee for the following public employees who meet the conditions set forth in subdivision 2a:

(1) members of the coordinated plan who are also employees of labor organizations as defined in section 353.017, subdivision 1, for their employment by the labor organization only if they elect to have membership under section 353.017, subdivision 2;

(2) persons who are elected or persons who are appointed to elected positions other than local governing body elected positions who elect to participate by filing a written election for membership;

(3) members of the association who are appointed by the governor to be a state department head and who elect not to be covered by the general state employees retirement plan of the Minnesota state retirement system under section 352.021; ~~and~~

(4) city managers as defined in section 353.028, subdivision 1, who do not elect to be excluded from membership in the association under section 353.028, subdivision 2; and

(5) employees of the port authority of the city of St. Paul who were at least age 45 on January 1, 2003, and who elect to participate by filing a written election for membership.

(b) Membership in the association is optional by action of the governmental subdivision for the employees of the following governmental subdivisions under the conditions specified:

(1) the Minnesota association of townships if the board of the association, at its option, certifies to the executive director that its employees are to be included for purposes of retirement coverage, in which case the status of the association as a participating employer is permanent; and

(2) a county historical society if the county in which the historical society is located, at its option, certifies to the executive director that the employees of the historical society are to be county employees for purposes of retirement coverage under this chapter. The status as a county employee must be accorded to all similarly situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society.

(c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or covered by paragraph (b), if the necessary membership election is not made, the employee is excluded from retirement coverage under this chapter. For employees who are covered by paragraph (a), clause (4), if the necessary election is not made, the employee must become a member and have retirement coverage under this chapter. The option to become a member, once exercised under this subdivision, may not be withdrawn until termination of public service as defined under subdivision 11a.

Sec. 2. Minnesota Statutes 2002, section 353.01, subdivision 6, is amended to read:

Subd. 6. [GOVERNMENTAL SUBDIVISION.] (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources.

(b) Governmental subdivision also means the public employees retirement association, the league of Minnesota cities, the association of metropolitan municipalities, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the association of Minnesota counties, the metropolitan intercounty association, the Minnesota municipal utilities association, the metropolitan airports commission, the Minneapolis employees retirement fund for employment initially commenced after June 30, 1979, the range association of municipalities and schools, soil and water conservation districts, economic development authorities created or operating under sections 469.090 to 469.108, the port authority of the city of St. Paul, the Spring Lake Park fire department, incorporated, the Red Wing environmental learning center, and the Dakota county agricultural society.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.089 other than the port authority of the city of St. Paul; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district, nor the Minneapolis community development agency.

Sec. 3. Minnesota Statutes 2002, section 353D.01, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] (a) Eligibility to participate in the defined contribution plan is available to:

(1) elected local government officials of a governmental subdivision who elect to participate in the plan under section 353D.02, subdivision 1, and who, for the elected service rendered to a governmental subdivision, are not members of the public employees retirement association within the meaning of section 353.01, subdivision 7;

(2) physicians who, if they did not elect to participate in the plan under section 353D.02, subdivision 2, would meet the definition of member under section 353.01, subdivision 7;

(3) basic and advanced life support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate under section 353D.02, subdivision 3; ~~and~~

(4) members of a municipal rescue squad associated with Litchfield in Meeker county, or of a county rescue squad associated with Kandiyohi county, if an independent nonprofit rescue squad corporation, incorporated under chapter 317A, performing emergency management services, and if not affiliated with a fire department or ambulance service and if its members are not eligible for membership in that fire department's or ambulance service's relief association or comparable pension plan; and

(5) employees of the port authority of the city of St. Paul who elect to participate in the plan under section 353D.02, subdivision 5, and who are not members of the public employees retirement association under section 353.01, subdivision 7.

(b) For purposes of this chapter, an elected local government official includes a person appointed to fill a vacancy in an elective office. Service as an elected local government official only includes service for the governmental subdivision for which the official was elected by the public-at-large. Service as an elected local government official ceases and eligibility to participate terminates when the person ceases to be an elected official. An elected local government official does not include an elected county sheriff.

~~(c) Elected local government officials, physicians, first response personnel and emergency medical service personnel, and rescue squad personnel~~ Individuals otherwise eligible to participate in the plan under this subdivision who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the public employees defined contribution plan.

(d) A former participant is a person who has terminated eligible employment or service and has not withdrawn the value of the person's individual account.

Sec. 4. Minnesota Statutes 2002, section 353D.02, is amended by adding a subdivision to read:

Subd. 5. [ST. PAUL PORT AUTHORITY PERSONNEL.] Employees of the port authority of the city of St. Paul who do not elect to participate in the general employees retirement plan may elect to participate in the plan by filing a membership application on a form prescribed by the executive director of the association authorizing contributions to be deducted from the employee's salary. Participation begins on the first day of the pay period for which the contributions were deducted or, if pay period coverage dates are not provided, the date on which the membership application or the contributions are received in the office of the association, whichever is received first, if the membership application is received by the association within 60 days of the receipt of the contributions. An election to participate in the plan is irrevocable.

## Sec. 5. [RED WING ENVIRONMENTAL LEARNING CENTER.]

(a) The legislature finds that the Red Wing environmental learning center has a long and very close relationship with independent school district No. 256, Red Wing, that Red Wing environmental learning center employees have been treated as independent school district No. 256, Red Wing, employees for retirement coverage purposes for 33 years, and that the current learning center employees would suffer a significant loss in their pension benefit coverage if their membership in the general employees retirement plan of the public employees retirement association was disrupted.

(b) Notwithstanding the provisions of any other law to the contrary, independent school district No. 256, Red Wing, may certify to the executive director of the public employees retirement association that employees of the Red Wing environmental learning center are considered school district employees solely for purposes of retirement coverage by the general employees retirement plan under Minnesota Statutes, chapter 353. This status must be accorded to all similarly situated Red Wing environmental learning center employees.

## Sec. 6. [PERA-GENERAL; PRIOR ST. PAUL PORT AUTHORITY SERVICE CREDIT PURCHASE.]

Subdivision 1. [ELIGIBILITY.] A full-time salaried employee or a permanent part-time salaried employee of the port authority of the city of St. Paul who was employed by the port authority during all or part of the period from July 1, 1993, to July 1, 2003, and who is a member of the general employees retirement plan of the public employees retirement association may purchase allowable service credit from the general employees retirement plan.

Subd. 2. [PURCHASABLE SERVICE; MAXIMUM.] (a) The service credit that is purchasable under subdivision 1 is a period or periods of employment by the port authority of the city of St. Paul that would have been eligible service for coverage by the general employees retirement plan of the public employees retirement association if the service had been rendered after July 1, 2003.

(b) The maximum period of allowable service credit in the general employees retirement plan of the public employees retirement association for purchase under this section is ten years.

Subd. 3. [PURCHASE PAYMENT REQUIREMENT.] (a) To purchase the service credit, the payment amount must be calculated under Minnesota Statutes, section 356.55.

(b) Notwithstanding any provision of Minnesota Statutes, section 356.55, to the contrary, the prior service credit purchase payment may be made in whole or in part on an institution-to-institution basis from a plan qualified under the federal Internal Revenue Code, section 401(a), 401(k), or 414(h), or from an annuity qualified under the federal Internal Revenue Code, section 403, or from a deferred compensation plan under the federal Internal Revenue Code, section 457, to the extent permitted by the applicable federal law. In no event may a prior service credit purchase transfer be paid directly to the person purchasing the service.

Subd. 4. [DOCUMENTATION; SERVICE CREDIT GRANT.] (a) An eligible person described in subdivision 1 must provide any documentation related to eligibility to make this service credit purchase required by the executive director of the public employees retirement association.

(b) Allowable service credit for the purchase period or periods must be granted by the general employees retirement plan of the public employees retirement association on behalf of the eligible person upon receipt of the prior service credit purchase payment amount.

Subd. 5. [SUNSET.] Authority to purchase service credit under this section expires on December 31, 2004.

Sec. 7. [PRIOR SERVICE; VESTING.]

For purposes of vesting under Minnesota Statutes, section 353.29, subdivision 1, only, a full-time salaried employee or a permanent part-time salaried employee of the port authority of the city of St. Paul who was employed by the port authority on July 1, 2003, and who is a member of the general employees retirement plan of the public employees retirement association may use months of employment with the port authority before that date. This service may not be used to calculate a retirement annuity or a disability benefit provided for under Minnesota Statutes, chapter 353.

Sec. 8. [DEFINED CONTRIBUTION PLAN; ONETIME ELECTION.]

Employees of the port authority of the city of St. Paul who do not exercise the right to become members of the general employees retirement plan of the public employees retirement association under section 1 may, by onetime election, choose to participate in the public employees retirement association's defined contribution plan under Minnesota Statutes, sections 353D.01 to 353D.12. The election is irrevocable.

Sec. 9. [EFFECTIVE DATE.]

(a) Section 2 with respect to the Red Wing environmental learning center, and section 5 are effective the day after the school board of independent school district No. 256, Red Wing, and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and certification to the executive director of the public employees retirement association.

(b) Section 2, with respect to the port authority of the city of St. Paul, is effective the day following final enactment.

(c) Sections 1, 3, 4, 5, 7, and 8 are effective the day following final enactment.

(d) Coverage by the general employees retirement plan of the public employees retirement association under sections 1 and 2 commences July 1, 2003.

## ARTICLE 6

### PRIOR SERVICE CREDIT PURCHASE PROVISIONS

Section 1. Minnesota Statutes 2002, section 356.55, subdivision 7, is amended to read:

Subd. 7. [EXPIRATION OF PURCHASE PAYMENT DETERMINATION PROCEDURE.] (a) This section expires and is repealed on July 1, ~~2003~~ 2004.

(b) Authority for any public pension plan to accept a prior service credit payment that is calculated in a timely fashion under this section expires on October 1, ~~2003~~ 2004.

Sec. 2. Laws 1999, chapter 222, article 16, section 16, as amended by Laws 2002, chapter 392, article 7, section 1, is amended to read:

Sec. 16. [REPEALER.]

Sections 1 to 13 are repealed on May 16, ~~2003~~ 2004.

Sec. 3. Laws 2000, chapter 461, article 4, section 4, is amended to read:

Sec. 4. [EFFECTIVE DATE; SUNSET REPEALER.]

(a) Sections 1, 2, and 3 are effective on the day following final enactment.

(b) Sections 1, 2, and 3 are repealed on May 16, ~~2003~~ 2004.

Sec. 4. Laws 2000, chapter 461, article 12, section 20, as amended by Laws 2002, chapter 392, article 7, section 2, is amended to read:

Sec. 20. [EFFECTIVE DATE.]

(a) Sections 4, 5, and 11 to 20 are effective on the day following final enactment.

(b) Sections 1, 2, 3, and 6 to 10 are effective on the day following final enactment and apply retroactively to a faculty member of the Lake Superior College who was granted an extended leave of absence under article 19, section 4, of the united technical college educators master agreement for the 1999-2000 academic year prior to March 20, 2000.

(c) Sections 5, 11, and 14, paragraph (c), expire on May 16, ~~2003~~ 2004.

Sec. 5. Laws 2001, First Special Session chapter 10, article 6, section 21, as amended by Laws 2002, chapter 392, article 7, section 3, is amended to read:

Sec. 21. [EXPIRATION DATE.]

(a) The amendments in sections 1, 2, 3, 4, 10, 12, 16, 17, 18, 19, and 20 expire May 16, ~~2003~~ 2004.

(b) Sections 9 and 15 expire May 16, ~~2003~~ 2004.

Sec. 6. [PERA-GENERAL; SERVICE CREDIT PURCHASE AUTHORIZED.]

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b), (c), or (d) is authorized to purchase allowable service credit from the general employees retirement plan of the public employees retirement association under Minnesota Statutes, section 356.55 or 356.551, for the applicable period of prior employment as a council member of the city of St. Louis Park which was not credited by the general employees retirement plan of the public employees retirement association as indicated in paragraph (e).

(b) An eligible person is a person who:

(1) is a current member of the St. Louis Park city council and is a current member of the general employees retirement plan of the public employees retirement association;

(2) was born on September 26, 1941;

(3) became a St. Louis Park city council member on January 1, 1996; and

(4) was not a member of the general employees retirement plan of the public employees retirement association for the period January 1, 1996, to January 29, 2000.

(c) An eligible person is a person who:

(1) is a current member of the St. Louis Park city council and is a current member of the general employees retirement plan of the public employees retirement association;

(2) was born on October 8, 1949;

(3) became a St. Louis Park city council member on June 8, 1999; and

(4) was not a member of the general employees retirement plan of the public employees retirement association for the period June 8, 1999, to January 12, 2002.

(d) An eligible person is a person who:

(1) is a current member of the St. Louis Park city council and is a current member of the general employees retirement plan of the public employees retirement association;

(2) was born on June 4, 1964;

(3) became a St. Louis Park city council member on November 18, 1997; and

(4) was not a member of the general employees retirement plan of the public employees retirement association for the period November 18, 1997, to March 9, 2002.

(e) The allowable service credit purchase period is limited to the period of St. Louis Park city council service that was not covered by the general employees retirement plan of the public employees retirement association.

(f) The eligible person must provide all relevant documentation of the applicability of the requirements set forth in paragraph (b), (c), or (d) and any other applicable information that the executive director of the public employees retirement association may request.

(g) Allowable service credit for the purchase period must be granted by the general employees retirement plan of the public employees retirement association to the eligible person upon receipt of the prior service credit purchase payment amount.

(h) Notwithstanding Minnesota Statutes, section 356.55, subdivision 5, or 356.551, subdivision 2, whichever applies, the city of St. Louis Park is not permitted to pay any portion of the service credit purchase payment amount.

(i) The prior service credit purchase authority expires on July 1, 2004, or on the date of the termination of active St. Louis Park city council service by the eligible person, whichever occurs earlier.

Sec. 7. [REPEALER.]

Minnesota Statutes 2002, sections 354.541 and 354A.109, are repealed May 16, 2004.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day following final enactment.

## ARTICLE 7

## GENERAL RETIREMENT CHANGES

Section 1. Minnesota Statutes 2002, section 356B.05, is amended to read:

## 356B.05 [PUBLIC PENSION ADMINISTRATION LEGISLATION.]

(a) Proposed administrative legislation recommended by or on behalf of the Minnesota state retirement system, the public employees retirement association, the teachers retirement association, the Minneapolis employees retirement fund, ~~or a first class city teachers retirement fund association,~~ or the Minnesota state colleges and universities system must be presented to the legislative commission on pensions and retirement, the state and local governmental operations committee of the senate, and the governmental operations and veterans affairs policy committee of the house of representatives on or before October 1 of each year in order for the proposed administrative legislation to be acted upon during the upcoming legislative session. The executive director or the deputy executive director of the legislative commission on pensions and retirement shall provide written comments on the proposed administrative provisions to the public pension plans by November 15 of each year.

(b) Proposed administrative legislation recommended by or on behalf of a public employee pension plan or system under paragraph (a) must address provisions:

- (1) authorizing allowable service credit for leaves of absence and related circumstances;
- (2) governing offsets or deductions from the amount of disability benefits;
- (3) authorizing the purchase of allowable service credit for prior uncredited periods;
- (4) governing subsequent employment earnings by reemployed annuitants; and
- (5) authorizing retroactive effect for retirement annuity or benefit applications.

(c) Where possible and desirable, taking into account the differences among the public pension plans in existing law and the unique characteristics of the individual public pension fund memberships, uniform provisions relating to paragraph (b) for all applicable public pension plans must be presented for consideration during the legislative session. Supporting documentation setting forth the policy rationale for each set of uniform provisions must accompany the proposed administrative legislation.

## Sec. 2. [ACTUARIAL STUDY OF COSTS TO RESTRUCTURE TEACHER PLANS.]

Subdivision 1. [STUDY MANDATED.] The actuary retained by the legislative commission on pensions and retirement shall prepare an additional actuarial valuation report, using the results of the 2003 actuarial valuation reports prepared under Minnesota Statutes, section 356.215, that considers the feasibility of restructuring the Minnesota teachers retirement association, the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, and the Duluth teachers retirement plan and fund association into a new restructured fund.

Subd. 2. [CONTENTS OF STUDY.] The actuarial valuation report must be based on the proposals put forth in the report mandated by the legislature in Laws 2001, First Special Session chapter 10, article 11, section 20, and filed February 15, 2002, including changes to the postretirement adjustment, benefits, and restructuring administrative costs and including asset transfers.

Subd. 3. [INFORMATION PROVIDED.] The executive director of the teachers retirement association, the executive secretary of the Duluth teachers retirement fund association, the executive director of the St. Paul teachers retirement fund association, and the executive director of the Minneapolis teachers retirement fund association must consult with the task force established under Laws 2001, First Special Session chapter 10, article 11, section 20, and must provide the commission-retained actuary with all necessary information requested for the preparation of this report.

Subd. 4. [COSTS.] The cost of the actuarial valuation report mandated in this section will be paid by the pension funds named in this legislation. The cost must be allocated equally between the four pension funds. The executive director of the Minneapolis teachers retirement fund association shall serve as the fiscal agent for this study, shall pay its cost, and shall be reimbursed by the other three retirement funds for their appropriate share.

Subd. 5. [FILING DATE.] The report must be filed by January 15, 2004, with the chair of the legislative commission on pensions and retirement, the chair of the senate committee on state and local government operations, and the chair of the house committee on government operations and veterans affairs policy.

Sec. 3. [EFFECTIVE DATE.]

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

## ARTICLE 8

### MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 2002, section 423C.08, is amended to read:

423C.08 [MEMBER CONTRIBUTION REFUND TO BENEFICIARY UPON DEATH.]

If an active, deferred, or retired member of the association dies and no survivor benefit is payable, the designated beneficiary of the decedent or, if none, the legal representative of the estate of the decedent is entitled, upon application, to a refund. The refund shall be an amount equal to the member contributions to the credit of the decedent, plus interest on those contributions at an annual compounded rate of five percent from the first day of the month following the date of the contribution to the first day of the month following the date of death of the decedent, reduced by the sum of any service pension or disability benefit previously paid by the fund to the decedent.

Sec. 2. [INTENT.]

Section 1 is intended to bring the Minneapolis firefighters relief association's statutory provision which provides for a refund of member contributions where the decedent does not leave a surviving spouse or children in conformance with Minnesota Statutes, section 423A.18.

Sec. 3. Minnesota Statutes 2002, section 423C.03, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION OF OFFICERS AND BOARD MEMBERS.] Notwithstanding any other law to the contrary, the association may provide for payment of the following salaries to its officers and board members:

(1) the executive secretary may receive a salary not exceeding ~~30~~ 50 percent of the maximum salary of a first grade firefighter;

(2) the president may receive a salary not exceeding ten percent of the maximum salary of a first grade firefighter; and

(3) all other elected members of the board may receive a salary not exceeding 2.5 percent of the maximum salary of a first grade firefighter.

[EFFECTIVE DATE.] (a) The board of the Minneapolis firefighters relief association may increase the salary of the executive secretary subject to the maximum set forth in this section.

(b) Any salary increase under paragraph (a) may be effective on September 1, 2002, or any time thereafter as designated by the relief association board.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective retroactively from September 25, 2001. Section 2 is effective the day following final enactment.

## ARTICLE 9

### PLYMOUTH VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION CHANGES

Section 1. Laws 1978, chapter 685, section 1, as amended by Laws 1979, chapter 201, section 41, is amended to read:

Section 1. [PLYMOUTH VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION.]

The bylaws of the Plymouth firefighter's relief association may be amended to provide for payment of a disability pension in an amount ~~equal to \$8.50 per month per year of service, to a maximum of \$255 per month~~ consistent with the ancillary benefit requirements specified in Minnesota Statutes, section 424A.02, subdivision 9, to a firefighter qualified pursuant to determined to be disabled, as defined in the bylaws of the association and under procedures specified in those bylaws. No member shall be entitled to draw both a disability pension and a service pension.

Sec. 2. Laws 1978, chapter 685, section 2, is amended to read:

Sec. 2. The Plymouth firefighter's relief association may provide for a benefit to the surviving spouse of a volunteer firefighter who died, providing that the surviving spouse qualifies under the terms of the bylaws, such benefit to be paid as the bylaws of the association may provide, except that the bylaws may not provide for a spouse's benefit of more than \$127.50 per month, and provided the benefit shall cease as of the date of the spouse's remarriage and the benefit is consistent with ancillary benefit requirements specified in Minnesota Statutes, section 424A.02, subdivision 9.

Sec. 3. Laws 1978, chapter 685, section 3, is amended to read:

Sec. 3. The Plymouth firefighter's relief association may pay a pension for the children of deceased members, as the association's bylaws may provide, consistent with ancillary benefit requirements specified in Minnesota Statutes, section 424A.02, subdivision 9.

Sec. 4. Laws 1978, chapter 685, section 6, is amended to read:

Sec. 6. (a) The bylaws of the Plymouth firefighter's relief association may further provide that when any active or deferred member of the association or any pensioner who is a former member disabilitant or service pension recipient dies, there may be paid a death or funeral benefit to defray or assist the family of the deceased with funeral expenses.

(b) A benefit paid under this section due to the death of an active or deferred member must conform to Minnesota Statutes, section 424A.02, subdivision 9.

(c) A death or funeral benefit may be paid under this section to the family of a deceased disabilitant or service pensioner notwithstanding Minnesota Statutes, section 424A.02, subdivision 9, providing that liabilities relating to this benefit are recognized in determinations of actuarial condition and funding costs, as determined under section 69.772 or 69.773, whichever is applicable. Notwithstanding any law to the contrary, the association is authorized to use a load factor or factors to recognize liabilities relating to funeral or death benefits paid to the family of a deceased disabilitant or service pensioner. Benefits are not payable under this paragraph if the city council does not approve the load factor or factors used in determinations of actuarial conditions and funding costs.

Sec. 5. [REPEALER.]

Laws 1978, chapter 685, section 5, is repealed.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective on the day after the date on which the Plymouth city council and the chief clerical officer of the city of Plymouth complete in a timely manner their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## ARTICLE 10

### VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 2002, section 424A.02, subdivision 3, is amended to read:

Subd. 3. [FLEXIBLE SERVICE PENSION MAXIMUMS.] (a) Annually on or before August 1 of each year as part of the certification of the financial requirements and minimum municipal obligation made pursuant to determined under section 69.772, subdivision 4, or 69.773, subdivision 5, as applicable, the secretary or some other official of the relief association designated in the bylaws of each relief association shall calculate and certify to the governing body of the applicable qualified municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing shall include any amounts of fire state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated pursuant to sections under section 69.772, subdivision 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if any.

(b) The maximum service pension which the relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in paragraph (c) or (d), whichever applies.

(c) For a relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$...	\$.25
42	.50
84	1.00
126	1.50
168	2.00
209	2.50
252	3.00
294	3.50
335	4.00
378	4.50
420	5.00
503	6.00
587	7.00
672	8.00
755	9.00
839	10.00
923	11.00
1007	12.00
1090	13.00
1175	14.00
1259	15.00
1342	16.00
1427	17.00

1510	18.00
1594	19.00
1677	20.00
1762	21.00
1845	22.00
1888	22.50
1929	23.00
2014	24.00
2098	25.00
2183	26.00
2267	27.00
2351	28.00
2436	29.00
2520	30.00
2604	31.00
2689	32.00
2773	33.00
2857	34.00
2942	35.00
3026	36.00
3110	37.00
<del>3963</del> <u>3194</u>	38.00
<del>4047</del> <u>3278</u>	39.00
<del>4137</del> <u>3362</u>	40.00
<del>Effective beginning December 31, 2000:</del>	
<del>4227</del> <u>3446</u>	41.00
<del>4317</del> <u>3530</u>	42.00
<del>4407</del> <u>3614</u>	43.00
<del>4497</del> <u>3698</u>	44.00

~~Effective beginning December 31, 2001:~~

<del>4587</del> <u>3782</u>	45.00
<del>4677</del> <u>3866</u>	46.00
<del>4767</del> <u>3950</u>	47.00
<del>4857</del> <u>4034</u>	48.00

~~Effective beginning December 31, 2002:~~

<del>4947</del> <u>4118</u>	49.00
<del>5037</del> <u>4202</u>	50.00
<del>5127</del> <u>4286</u>	51.00
<del>5217</del> <u>4370</u>	52.00

## Effective beginning December 31, 2003:

<del>5307</del> <u>4454</u>	53.00
<del>5397</del> <u>4538</u>	54.00
<del>5487</del> <u>4622</u>	55.00
<del>5577</del> <u>4706</u>	56.00

(d) For a relief association in which the governing bylaws provide for a lump sum service pension to a retiring member, the maximum lump sum service pension amount for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump Sum Service Pension Amount Payable for Each Year of Service
\$..	\$10
11	20
16	30
23	40
27	50
32	60
43	80
54	100

65	120
77	140
86	160
97	180
108	200
131	240
151	280
173	320
194	360
216	400
239	440
259	480
281	520
302	560
324	600
347	640
367	680
389	720
410	760
432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500
864	1600

918	1700
972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800
1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750
2050	3800
2104	3900
2158	4000
2212	4100

2265	4200
2319	4300
2373	4400
2427	4500
2481	4600
2535	4700
2589	4800
2643	4900
2697	5000
2751	5100
2805	5200
2859	5300
2913	5400
2967	5500

~~Effective beginning December 31, 2000:~~

3021	5600
3075	5700
3129	5800
3183	5900
3237	6000

~~Effective beginning December 31, 2001:~~

3291	6100
3345	6200
3399	6300
3453	6400
3507	6500

~~Effective beginning December 31, 2002:~~

3561	6600
3615	6700
3669	6800
3723	6900
3777	7000

## Effective beginning December 31, 2003:

3831	7100
3885	7200
3939	7300
3993	7400
4047	7500

(e) For a relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump sum service pension, the maximum service pension amount for each pension payment type must be determined using the applicable table contained in this subdivision.

(f) If a relief association establishes a service pension in compliance with the applicable maximum contained in paragraph (c) or (d) and the minimum average amount of available financing per active covered firefighter is subsequently reduced because of a reduction in fire state aid or because of an increase in the number of active firefighters, the relief association may continue to provide the prior service pension amount specified in its bylaws, but may not increase the service pension amount until the minimum average amount of available financing per firefighter under the table in paragraph (c) or (d), whichever applies, permits.

(g) No relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.

## Sec. 2. [BENEFIT RATIFICATION; WHITE BEAR LAKE.]

Notwithstanding Minnesota Statutes, section 424A.02, subdivisions 3 and 3a, to the contrary, the service pension amounts specified in the bylaws of the White Bear Lake fire department relief association following bylaw amendments in January 1999 and prior to the effective date of this section are ratified.

## Sec. 3. [EFFECTIVE DATE.]

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

## ARTICLE 11

## LOCAL RETIREMENT CHANGES

Section 1. Minnesota Statutes 2002, section 383B.49, is amended to read:

383B.49 [SUPPLEMENTAL RETIREMENT BENEFITS; REDEMPTION OF SHARES.]

When requested to do so, in writing, on forms provided by the county, by a participant, surviving spouse, a guardian of a surviving child or a personal representative, whichever is applicable, the county of Hennepin shall redeem shares in the accounts of the Minnesota supplemental investment fund standing in a participant's share account record under the following circumstances and in accordance with the laws and regulations governing the Minnesota supplemental investment fund:

(1) A participant who is no longer employed by the county of Hennepin is entitled to receive the cash realized on the redemption of the shares to the credit of the participant's share account record of the person. The participant may request the redemption of all or a portion of the shares in the participant's share account record of the person, but may not request more than one redemption in any one calendar year. If only a portion of the shares in the participant's share account record is requested to be redeemed the person may request to redeem not less than 20 percent of the shares in any one calendar year and the redemption must be completed in no more than five years. An election is irrevocable except that a participant may request an amendment of the election to redeem all of the person's remaining shares. All requests under this paragraph are subject to application to and approval of the Hennepin county ~~board~~ administrator, in ~~its~~ the sole discretion of the administrator.

(2) In the event of the death of a participant leaving a surviving spouse, the surviving spouse is entitled to receive the cash realized on the redemption of all or a portion of the shares in the participant's share account record of the deceased spouse, but in no event may the spouse request more than one redemption in each calendar year. If only a portion of the shares in the participant's share account record is requested to be redeemed, the surviving spouse may request the redemption of not less than 20 percent of the shares in any one calendar year. Redemption must be completed in no more than five years. An election is irrevocable except that the surviving spouse may request an amendment of the election to redeem all of the participant's remaining shares. All requests under this paragraph are subject to application to and approval of the Hennepin county ~~board~~ administrator, in ~~its~~ the sole discretion of the administrator. Upon the death of the surviving spouse, any shares remaining in the participant's share account record must be redeemed by the county of Hennepin and the cash realized from the redemption distributed to the estate of the surviving spouse.

(3) In the event of the death of a participant leaving no surviving spouse, but leaving a minor surviving child or minor surviving children, the guardianship estate of the minor child is, or the guardianship estates of the minor children are, entitled to receive the cash realized on the redemption of all shares to the credit of the participant's share account record of the deceased participant. In the event of minor surviving children, the cash realized must be paid in equal shares to the guardianship estates of the minor surviving children.

(4) In the event of the death of a participant leaving no surviving spouse and no minor surviving children, the estate of the deceased participant is entitled to receive the cash realized on the redemption of all shares to the credit of the participant's share account record of the deceased participant.

Sec. 2. Minnesota Statutes 2002, section 383B.493, is amended to read:

383B.493 [WITHDRAWAL FROM PARTICIPATION.]

Notwithstanding Laws 1982, chapter 450, or any other law to the contrary, a Hennepin county employee participating in the Hennepin county supplemental retirement program pursuant to Laws 1982, chapter 450 may, in the event of an unforeseeable emergency, apply to the county to discontinue participation in the program. Employees who are no longer participating in the program may apply for the redemption of all shares credited to their share account record. Applications are subject to approval of the Hennepin county ~~board of commissioners~~ administrator in ~~its~~ the sole discretion of the administrator. For the purposes of this section, the term "unforeseeable emergency" shall mean a severe financial hardship to the participant resulting from a sudden and unexpected illness or accident of the participant or a person dependent upon the participant, loss of participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant. Applications based on foreseeable expenditures normally budgetable shall not be approved. A participant exercising the option provided by this section shall be ineligible for further participation in the supplemental retirement program.

Sec. 3. [EVELETH RETIRED POLICE AND FIRE TRUST FUND; AD HOC POSTRETIREMENT ADJUSTMENT.]

In addition to the current pensions and other retirement benefits payable, the pensions and retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund are increased by \$100 per month. Increases are retroactive from January 1, 2003.

Sec. 4. [MARSHALL VOLUNTEER FIRE.]

Notwithstanding any provision of Minnesota Statutes, section 424A.02, subdivision 7, or other law to the contrary, as a pilot project, the Marshall volunteer firefighter relief association may amend its bylaws to pay interest on deferred lump sum payment pensions based on a rate determined annually by the board of trustees based on the actual time weighted total rate of return investment performance of the special fund as reported by the office of the state auditor under Minnesota Statutes, section 356.219, up to five percent, and applied consistently for all deferred service pensioners.

Sec. 5. [EFFECTIVE DATE.]

(a) Sections 1 and 2 are effective upon approval by the Hennepin county board of commissioners and compliance with Minnesota Statutes, section 645.021.

(b) Section 3 is effective the day after the date on which the Eveleth city council and the chief clerical officer of the city of Eveleth comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(c) Section 4 is effective the day after the date on which the Marshall city council and the chief clerical officer of the city of Marshall comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## ARTICLE 12

## PRIOR SERVICE CREDIT PURCHASE PROVISIONS

Section 1. Laws 2000, chapter 461, article 19, section 6, is amended to read:

Sec. 6. [MTRFA; PRIOR SERVICE CREDIT PURCHASE FOR UNCREDITED TEACHING SERVICE PERIODS.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis teachers retirement fund association basic program for the periods of teaching employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was employed by special school district No. 1 (Minneapolis) as a long call reserve teacher from October 1972 to June 1973 and was covered by the Minneapolis employees retirement fund;

(2) was employed by special school district No. 1 (Minneapolis) as a school social worker at Franklin junior high school from August 28, 1973, through June 12, 1974, and from August 29, 1974, through June 11, 1975, without retirement coverage;

(3) was employed by special school district No. 1 (Minneapolis) as a school social worker at North high school from August 29, 1975, through December 19, 1975, covered by the Minneapolis teachers retirement fund association;

(4) was retained by special school district No. 1 (Minneapolis) in the capacity of a school social worker at North high school as an hourly wage social worker from August 1976 through June 1983 without retirement coverage; and

(5) is currently employed by Hennepin county covered by the public employees retirement association.

(c) The periods for allowable service credit purchase are August 28, 1973, through June 12, 1974; and August 29, 1974, through June 11, 1975.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis teachers retirement fund association.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis teachers retirement fund association to the account of the eligible person upon receipt of the prior service credit purchase payment amount. Authority provided by this section is voided if payment is not made before December 31, 2003, or before commencing receipt of an annuity from the Minneapolis teachers retirement fund association, whichever is earlier.

(f) The prior service credit purchase payment ~~amount shall be computed by the actuary retained by the legislative commission on pensions and retirement. That~~ computation must give recognition, in applying the process stated in Minnesota Statutes, section 356.55, ~~give recognition~~ to the liabilities that would be created in the Minneapolis teachers retirement fund association and other Minnesota public pension funds due to the service credit purchase.

(g) Following receipt of that purchase payment amount, the executive director of the Minneapolis teachers retirement fund association shall allocate and transmit that amount to the applicable pension administrations, as determined under paragraph (f).

Sec. 2. [TEACHERS RETIREMENT ASSOCIATION; SERVICE CREDIT PURCHASE FOR SABBATICAL LEAVES.]

(a) Notwithstanding Minnesota Statutes, section 354.092, or any other law to the contrary, an eligible person described in paragraph (b) is entitled to purchase not more than three years of allowable service credit from the teachers retirement association for sabbatical leave as defined in Minnesota Statutes, section 122A.49.

(b) An eligible person is a person who:

(1) worked as a teacher for independent school district No. 191, Burnsville-Eagan-Savage;

(2) was on sabbatical leave at some time between January 1, 1982, and December 31, 1989; and

(3) did not receive service credit for time on sabbatical leave because the leave was not properly reported to the teachers retirement association.

(c) An eligible person described in paragraph (b) must apply with the executive director of the teachers retirement association to make a service credit purchase under this section. The application must be in writing and must include all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

(d) Allowable service credit for the purchase periods must be granted by the teachers retirement association to the account of an eligible person upon receipt of the portion of the prior service credit purchase payment amount payable under paragraph (e) in a lump sum by the applicable eligible person.

(e) Notwithstanding Minnesota Statutes, section 356.55 or 356.551, whichever is applicable, an eligible person may pay before September 1, 2003, or the date of termination from service, whichever is earlier, an amount equal to the employee contribution rate or rates in effect during the applicable sabbatical leave period or periods specified in paragraph (b) applied to the actual salary rate or rates in effect during that period or periods, plus annual compound interest at the rate of 8.5 percent from the midpoint of each applicable sabbatical leave period, to the date on which the payment is actually made. Independent school district No. 191 must pay the remaining balance of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55 or 356.551, whichever is applicable, within 30 days of the payment by an eligible person. The executive director of the teachers retirement association must notify the superintendent of independent school district No. 191 of its payment amount and payment due date if an eligible person makes the required payment.

(f) If independent school district No. 191 fails to pay its portion of the required prior service credit purchase payment amount, the executive director of the teachers retirement association must notify the commissioner of finance of that fact and the commissioner of finance must order that the required employer payment be deducted from the next subsequent payment or payments of state education aid to the school district and be transmitted to the teachers retirement association.

Sec. 3. [SPECIAL SCHOOL DISTRICT NO. 1; QUALIFIED PART-TIME TEACHER PROGRAM RETROACTIVE COVERAGE.]

(a) An eligible individual is a teacher who:

(1) was born on March 10, 1950;

(2) is a basic plan member of the Minneapolis teachers retirement fund association;

(3) first became a Minneapolis teachers retirement fund association member in August 1972; and

(4) entered into a job sharing arrangement with another Minneapolis teachers retirement fund association member for the 2001-2002 school year but failed to enter into a qualified part-time teacher agreement for that school year.

(b) Notwithstanding any provision of Minnesota Statutes, section 354A.094, to the contrary, an eligible individual described in paragraph (a) is authorized to receive full-time salary and service credit in the Minneapolis teachers retirement fund association basic program for service under Minnesota Statutes, section 354A.094, for the 2001-2002 school year, if all conditions required by this section are met.

(c) To receive the full-time equivalent service and salary credit for the 2001-2002 school year provided by this section, an eligible individual described in paragraph (a) must pay the applicable employee contribution under Minnesota Statutes, section 354A.12, subdivision 1, on the difference between the amount of the person's compensation from which employee contributions were actually deducted and the amount of the person's full-time equivalent salary under Minnesota Statutes, section 354A.094, subdivision 4. The employee must pay 8.5 percent interest, compounded daily, on all employee contributions required under this section, from the date the contributions would have occurred if the individual were employed on a full-time basis, until paid.

(d) If payment is made under paragraph (c), upon notification from the Minneapolis teachers retirement fund association, special school district No. 1, Minneapolis, must pay the applicable employer and additional employer contributions under Minnesota Statutes, section 354A.12, subdivision 2a, on the difference between the person's full-time equivalent salary and actual salary upon which contributions were previously made for the eligible individual. The employer must pay 8.5 percent interest, compounded daily, on all employer and employer additional contributions required under this section, from the date the contributions would have occurred if the individual were employed on a full-time basis, until paid.

(e) Payments under this section must be made in a lump sum to the Minneapolis teachers retirement fund association. Payment under paragraph (c) must occur on or before June 30, 2003, or the effective date of retirement, whichever is earlier. Payment by the employer under paragraph (d) must be made within 30 days following payment by the eligible employee.

(f) The eligible person must provide any relevant documentation that the Minneapolis teachers retirement fund association may request.

Sec. 4. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

## ARTICLE 13

### VARIOUS ONE PERSON AND SMALL GROUP RETIREMENT CHANGES

Section 1. [TEACHERS RETIREMENT ASSOCIATION; COVERAGE ELECTION OPTION DEADLINE EXTENSION.]

(a) Notwithstanding any provision of Minnesota Statutes, section 354B.21, subdivision 2 or 3 to the contrary, an eligible person described in paragraph (b) is entitled to elect to continue retirement coverage by the teachers retirement association.

(b) An eligible person is a person who:

(1) was born on May 5, 1960;

(2) was first employed as a teacher for the 1982-1983 school year;

(3) was employed as a teacher by independent school district No. 345, New London-Spicer, from the 1984-1985 school year until the 1994-1995 school year;

(4) was employed as a teacher by independent school district No. 858, St. Charles, from the 1995-1996 school year through the 2001-2002 school year;

(5) was employed by the Riverland community college on August 22, 2002; and

(6) received a Minnesota state colleges and universities system retirement plan election form on August 27, 2002, but did not file the form by December 4, 2002, and received individual retirement account retirement plan coverage by default.

(c) The election of teachers retirement coverage must be made in writing by the eligible person and must be made on or before September 1, 2003.

(d) If an election of teachers retirement association coverage is made under this section, the Minnesota state colleges and universities system shall transfer from the individual retirement account plan member and employer contributions equal to ten percent of the eligible person's covered salary as an employee of the system from August 22, 2002, to the date of the coverage election under this section, plus annual interest at the rate of 8.5 percent. Upon the contribution transfer, the teachers retirement association shall credit the eligible person with allowable and formula service credit for the period August 22, 2002, to the date of the coverage election.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment.

#### ARTICLE 14

#### EXTENDED LEAVES

Section 1. Minnesota Statutes 2002, section 122A.46, subdivision 9, is amended to read:

Subd. 9. [BENEFITS.] A teacher on an extended leave of absence shall receive all of the health, accident, medical, surgical and hospitalization insurance or benefits, for both the teacher and the teacher's dependents, for which the teacher would otherwise be eligible if not on an extended leave. A teacher shall receive the coverage if such coverage is available from the school district's insurer, if the teacher requests the coverage, and if the teacher either (a) reimburses the district for the full amount of the premium necessary to maintain the coverage within one month ~~following~~ preceding the district's payment of the premium, or (b) if the district is wholly or partially self-insured, pays the district, according to a schedule agreed upon by the teacher and the school board, an amount determined by the school board to be the amount that would be charged for the coverage chosen by the teacher if the school board purchased all health, accident, medical, surgical and hospitalization coverage for its teachers from an

insurer. A school district may enter into an agreement with a teacher in the district where the district agrees to pay all or a portion of the premium for such coverage. Any such agreement must include a sunset of eligibility to qualify for the payment.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to agreements in effect or entered into after that date. The sunset date of eligibility must not extend beyond June 30, 2005. The amendments to this section expire on July 1, 2005.

Sec. 2. Minnesota Statutes 2002, section 354.094, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT CONTRIBUTIONS.] Upon granting any extended leave of absence under section 122A.46 or 136F.43, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member granted an extended leave of absence under section 122A.46 or 136F.43 may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of the leave, provided that the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave. The employer may enter into an agreement with a teacher in the district under which all or a portion of the employee's contribution is paid by the employer. Any such agreement must include a sunset of eligibility to qualify for the payment and must not be a part of the collective bargaining agreement. The leave period must not exceed five years. A member may not receive more than five years of allowable service credit under this section. The employee and employer contributions must be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave must be made on or before the later of June 30 of each fiscal year for which service credit is received or within 30 days after first notification of the amount due, if requested by the member, is given by the association. No payment is permitted after the following September 30. Payments received after June 30 must include interest at an annual rate of 8.5 percent from June 30 through the end of the month in which payment is received. Notwithstanding the provisions of any agreements to the contrary, employee and employer contributions may not be made to receive allowable service credit if the member does not have full reinstatement rights as provided in section 122A.46 or 136F.43, both during and at the end of the extended leave.

Any school district paying the employee's retirement contributions under this section shall forward to the applicable retirement association or retirement fund a copy of the agreement executed by the school district and the employee.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to agreements in effect or entered into after that date. The sunset date of eligibility must not extend beyond June 30, 2005. The amendments to this section expire on July 1, 2005.

Sec. 3. [REPORT.]

By February 1, 2005, the executive director of the teachers retirement association, the executive secretary of the Duluth teachers retirement fund association, the executive director of the St. Paul teachers retirement fund association, and the executive director of the Minneapolis teachers retirement fund association shall submit a report to the chair of the legislative commission on pensions and retirement summarizing the agreements entered into under Minnesota Statutes, section 354.094, subdivision 1, on or before December 31, 2004."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for the general legislative and administrative expenses of state government; modifying provisions related to state government operations; requiring certain contractor bonding; requiring licensure of certain gambling equipment salespersons; modifying fee provisions and

providing for disposition of various fees and other revenue; modifying provisions of various state boards and commissions; modifying provisions relating to state debt collection; authorizing rulemaking; providing for a license fee for fireworks retailers; requiring studies; modifying lawful gambling provisions; providing for early retirement incentives and other employment provisions for public employees; modifying public employee retirement provisions; modifying various firefighters relief association provisions; amending Minnesota Statutes 2002, sections 3.885, subdivision 1; 3.971, subdivision 2; 6.48; 6.49; 6.54; 6.55; 6.64; 6.65; 6.66; 6.67; 6.68, subdivision 1; 6.70; 6.71; 6.74; 8.06; 10A.02, by adding subdivisions; 10A.04, subdivisions 2, 4, by adding a subdivision; 10A.09, subdivision 6, by adding a subdivision; 10A.31, subdivision 4; 11A.17, subdivision 2; 14.091; 14.48, by adding a subdivision; 15.50, subdivision 1, as amended; 16A.102, subdivision 1; 16A.11, subdivision 3; 16A.17, by adding a subdivision; 16A.40; 16A.501; 16A.642, subdivision 1; 16B.054; 16B.24, subdivisions 1, 5; 16B.33, subdivision 3; 16B.35, subdivision 1; 16B.465, subdivisions 1a, 7; 16B.47; 16B.48, subdivision 2; 16B.49; 16B.58, by adding a subdivision; 16B.61, subdivision 1a; 16B.62, subdivision 1; 16C.05, subdivision 2; 16C.08, subdivisions 2, 3, 4, by adding a subdivision; 16C.09; 16C.10, subdivisions 1, 5, 7; 16C.15; 16C.16, subdivision 7; 16D.08, subdivision 2; 16D.10; 16E.01, subdivision 3; 16E.07, subdivision 9; 16E.09, subdivision 1; 43A.047; 69.772, subdivision 2; 115A.929; 116J.8771; 122A.46, subdivision 9; 179A.03, subdivision 7; 192.501, subdivision 2; 197.608; 240.03; 240.10; 240.15, subdivision 6; 240.155, subdivision 1; 240A.03, subdivisions 10, 15; 240A.04; 240A.06, subdivision 1; 256B.435, subdivision 2a; 268.186; 270.052; 270.44; 270A.07, subdivision 1; 306.95; 327A.01, subdivision 2; 349.12, subdivision 25, by adding a subdivision; 349.151, subdivisions 4, 4b; 349.155, subdivision 3; 349.16, subdivision 6; 349.161, subdivisions 1, 4, 5; 349.162, subdivision 1; 349.163, subdivisions 2, 6; 349.164, subdivision 4; 349.165, subdivision 3; 349.166, subdivisions 1, 2; 349A.08, subdivision 5; 352.96, subdivision 2; 352D.04, by adding a subdivision; 353.01, subdivisions 2d, 6; 353D.01, subdivision 2; 353D.02, by adding a subdivision; 354.094, subdivision 1; 356.55, subdivision 7; 356.611, subdivision 1; 356B.05; 383B.49; 383B.493; 423C.03, subdivision 3; 423C.08; 424A.02, subdivision 3; 458D.17, subdivision 5; 471.696; 471.999; 474A.21; 477A.014, subdivision 4; Laws 1978, chapter 685, section 1, as amended; Laws 1978, chapter 685, section 2; Laws 1978, chapter 685, section 3; Laws 1978, chapter 685, section 6; Laws 1998, chapter 366, section 80, as amended; Laws 1999, chapter 222, article 16, section 16, as amended; Laws 2000, chapter 461, article 4, section 4; Laws 2000, chapter 461, article 12, section 20, as amended; Laws 2000, chapter 461, article 19, section 6; Laws 2001, First Special Session chapter 10, article 6, section 21, as amended; proposing coding for new law in Minnesota Statutes, chapters 3A; 6; 10A; 15A; 16C; 43A; 326; 349; repealing Minnesota Statutes 2002, sections 3.305, subdivision 5; 3.9222; 3.971, subdivision 8; 3A.11; 4A.055; 6.77; 12.221, subdivision 5; 16A.151, subdivision 5; 16A.87; 16B.50; 16C.07; 16C.18, subdivision 1; 43A.04, subdivision 10; 43A.17, subdivision 9; 62J.07; 149A.97, subdivision 8; 163.10; 240A.08; 306.97; 354.541; 354A.109; Laws 1978, chapter 685, section 5; Laws 2000, chapter 461, article 19, section 6; Minnesota Rules, part 1950.1070."

The motion prevailed and the amendment was adopted.

The Speaker called Boudreau to the Chair.

Haas moved to amend S. F. No. 1524, as amended, as follows:

Page 106, after line 36, insert:

"ARTICLE 3  
CASINO GAMING

Section 1. [297A.652] [LOTTERY GAMING MACHINES; IN-LIEU TAX.]

Adjusted gross revenue from the operation of gaming machines authorized under section 349A.20 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 20 percent. The commissioner shall deposit the money transmitted under this section in the state treasury to be credited as provided in section 297A.94.

Sec. 2. Minnesota Statutes 2002, section 297A.94, is amended to read:

297A.94 [DEPOSIT OF REVENUES.]

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the department of revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and for fiscal year 2004 and thereafter, 87.1 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota zoological garden, the Como park zoo and conservatory, and the Duluth zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

(g) The commissioner must deposit revenues, including interest and penalties, transmitted to the commissioner under section 297A.652, into the gaming facility proceeds fund established in section 297A.941.

Sec. 3. [297A.941] [GAMING FACILITY PROCEEDS FUND.]

A gaming facilities proceeds fund is established in the state treasury, consisting of money deposited in the fund under section 297A.94, paragraph (g), and other money credited to the fund by law. Money in the fund is appropriated as follows:

(1) 1.50 percent of the receipts is annually appropriated to the department of children, families, and learning for the Indian education program and for schools in urban areas of the state. For purposes of this section, "urban areas" means the cities of Minneapolis, St. Paul, Bemidji, and Duluth;

(2) 1.50 percent of the receipts is annually appropriated to the department of human services to be used for programs and services for minorities and American Indians living in urban areas of the state;

(3) 1.50 percent of the receipts is annually appropriated to the department of trade and economic development for grants to nonprofit 501(c)(3) corporations, which exist as of February 1, 2003, and provide loans and business education to minorities and American Indians living in urban areas of the state, to make grants to fund loans to minorities and American Indians;

(4) 1.50 percent of the receipts is annually appropriated to the commissioner of the housing finance agency to provide affordable housing for minorities and American Indians living in urban areas of the state;

(5) 1.0 percent of the receipts is annually appropriated to the commissioner of economic security for grants to nonprofit entities that provide for the promotion and development of minority and American Indian business opportunities in urban areas;

(6) 0.50 percent of the receipts is annually appropriated to the commissioner of human services for the compulsive gambling treatment program under section 245.98. The commissioner shall provide culturally sensitive approaches to gambling treatment of minority and American Indian communities of the state;

(7) 2.5 percent of the receipts is annually transferred to, to be divided equally between, the city and county where the gaming facility is located; and

(8) the remaining 90 percent of the receipts shall be transferred to the general fund.

Sec. 4. Minnesota Statutes 2002, section 349A.01, is amended by adding a subdivision to read:

Subd. 14. [GAMING FACILITY.] "Gaming facility" means the site selected for the location of gaming machines pursuant to a location contract under section 349A.20.

Sec. 5. [349A.20] [GAMING MACHINES.]

Subdivision 1. [LOCATION CONTRACT.] (a) The director may enter into a contract with a person to provide locations for gaming machines at one site located in the metropolitan area as defined in section 473.121, subdivision 2, that is determined by the director to maximize revenues from the gaming facility operations. If a home rule charter or statutory city notifies the director by September 1, 2003, that it does not consent to being a site for gaming machines, the director shall not consider that city as a site for the facility. For purposes of this section, a "person" means one or more Minnesota tribal governments that enter into a location contract under this section. Before selecting a site for the facility the director shall contract with an independent entity to perform an analysis of the economic effects of the facility on existing tribal gaming facilities located in or within 100 miles of the metropolitan area.

(b) Contracts entered into under this section are not subject to chapter 16C. The director may only enter into a contract under this section with one or more Minnesota tribal governments choosing to be a party to the contract. This contract shall have no legal effect on the existing tribal-state gaming compact. Tribal governments must express their intention to be a party to this contract by passing a formal tribal council resolution by April 4, 2003. Any tribal government that does not choose to sign an agreement in principle by passing a resolution by that date is deemed to have refused to enter into this agreement. Tribal governments may enter into this agreement via any affiliate, tribally chartered corporation, or other legal entity wholly owned by the tribe. Contracts signed with tribal governments under this section shall run for not less than 20 years and shall be negotiable and renewable every 15 years thereafter. Tribal governments may opt out of this arrangement as part of the renewal process.

(c) The director shall cancel, suspend, or refuse to renew the location contract under this section if the person, or an officer, director, or other individual with a direct financial or management interest in the person:

(1) has been convicted of a felony or gross misdemeanor;

(2) has committed fraud, misrepresentation, or deceit;

(3) has provided false or misleading information to the director; or

(4) has acted in a manner prejudicial to public confidence in the integrity of the gaming facility.

A contract cancellation, suspension, or refusal to renew under this paragraph is a contested case under sections 14.57 to 14.69 and is in addition to any criminal penalties provided for a violation of law or rule.

(d) The director may only choose one site for the operation of a gaming facility under this section. Contracts entered into under this section shall provide for liquidated damages to recover investment in the event the state expands new forms of gambling or revokes the form of gambling authorized under this section. For purposes of this paragraph, "liquidated damages" are limited to the unpaid balance of any amount owed by the person on debt incurred by the person for the construction or acquisition of the facility.

Subd. 2. [GAMING FACILITY; REVENUE SHARING.] The gaming machines may only be placed at a gaming facility that is owned or leased by the person. The costs of leasing, purchasing, constructing, operating, and maintaining equipment and facilities other than gaming machines for the operation of the gaming facility shall be

borne by the person. Contracts entered into under this section must provide for the sharing of revenue generated by the gaming machines in an amount equal to at least 65 percent of adjusted gross gaming machine revenue. The share of revenue due to the person must be apportioned as follows:

(1) if White Earth and Red Lake Nations are the only tribal governments signing the agreement, the revenue must be divided equally; and

(2) if additional tribal governments sign the agreement, then 60 percent of the revenue must be divided equally among all tribal governments participating and 40 percent of the revenue must be split among tribal governments on the basis of tribal enrollment.

Subd. 3. [OPERATION.] (a) All gaming machines that are placed at a gaming facility 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 a 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 gaming facility 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. 4. [GAMING FACILITY CONTRACTS; EMPLOYMENT.] (a) In the construction of the gaming facility, and the subsequent repair and maintenance of the facility, the person shall make good faith efforts to contract with minority-owned and American Indian businesses. General contractors awarded contracts under this section shall be required to use minority-owned and American Indian businesses when subcontracting for labor, skill, material, or machinery.

(b) The person shall make good faith efforts to use minority-owned and American Indian businesses when contracting with private vendors for goods and services for the gaming facility. Best efforts shall be made by the person to have 55 percent of the vendors providing goods and services be minority-owned and American Indian businesses.

(c) The person shall contract and consult with an employment assistance firm to create an employment program to recruit, hire, train, and retain minorities and American Indians as employees of the gaming facility. Best efforts shall be made by the person to have 55 percent of entry level, middle management, and upper management staffed by minorities and American Indians.

(d) The person shall conduct a background investigation and provide for the licensing of employees at the gaming facility. The person shall provide standards for the qualification and disqualification of licensed employees, subject to the approval and enforcement of the director.

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.] An individual 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. An individual 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 subject to section 349A.08, subdivision 8, only if the prize is paid by the director by check.

Subd. 10. [PROHIBITIONS.] An individual under the age of 18 years may not play a game on 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.

Subd. 12. [LOCAL LICENSES.] Except as provided in subdivision 2, 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.

Subd. 13. [SALE OF INTOXICATING LIQUOR.] The commissioner of public safety shall issue to the person an on-sale license for the sale of intoxicating liquor at the gaming facility. The annual fee for the license issued pursuant to this subdivision shall be set by the commissioner of public safety at an amount comparable to the fee charged by municipalities in the surrounding area for a similar license. All provisions of chapter 340A shall apply to the sale of intoxicating liquor at the gaming facility except that the licensed premises need not be compact and contiguous if the licensed premises are limited to the interior and grounds of the facility.

Sec. 6. [349A.30] [CARD CLUBS.]

Subdivision 1. [CARD CLUB OPERATION.] A person that has a location contract with the director under section 349A.20 may operate a card club at the gaming facility and offer card playing services to patrons only if the director has authorized the person to operate a card club operation under subdivision 5 and the director has approved the plan of operation under subdivision 6. The director may withdraw its authorization for operation of a card club at any time for a violation of a law or rule governing card club operation. For purposes of this chapter, "card club" and "card playing" have the meanings given in section 240.01, subdivisions 24 and 25.

Subd. 2. [SUPERVISION.] The authorized person is responsible for conducting and supervising the card games, providing all necessary equipment, services, and personnel, and reimbursing the director for costs related to card club regulation and enforcement.

Subd. 3. [TYPE OF WAGERING.] All card club wagering activities must be conducted in an unbanked system. Unbanked games include those games that involve a player pool. For purposes of this chapter, "unbanked" and "player pool" have the meanings given in section 240.01, subdivisions 26 and 27.

Subd. 4. [CHARGES.] The authorized person may charge patrons for card playing services by deducting and retaining money from wagers, by charging a fee based on playing time, or by any other means authorized by the director.

Subd. 5. [LIMITATION.] If the director determines that the person will operate a card club in accordance with all applicable law and rules and the approved plan of operation under subdivision 6, that the operation of a card club by the person will not adversely affect the public health, welfare, and safety, and that the person is fit to operate a card club, the director may authorize the person to conduct a card club at the gaming facility as provided in section 349A.20.

Subd. 6. [PLAN OF OPERATION.] (a) The director shall not authorize a person to operate a card club unless the person has submitted, and the director has approved, a plan of operation for card playing activities. The plan must set forth all necessary details for conducting card playing activities, including, among other things:

- (1) specifying and defining all card games to be played, including all governing aspects of each game;
- (2) time and location of card playing activities;
- (3) amount and method by which participants will be charged for card playing services;
- (4) arrangements to ensure the security of card playing activities;
- (5) designation of all employees of the person who undertake supervisory positions related to card playing activities;
- (6) internal control systems for card playing activities; and
- (7) a plan for the training of card club personnel in identification of problem gamblers and appropriate action to prevent or control problem gambling.

(b) The person must prepare and make available to all customers a written manual that covers all portions of the current plan of operation. The person must also publish, in pamphlet form, a condensed and comprehensive version of the manual and make it available to all customers.

Subd. 7. [AMENDMENTS TO PLAN; VIOLATIONS; RELATION TO OTHER LAWS.] (a) The person may amend the plan of operation only with the director's approval. The director may withdraw its approval of a plan of operation.

(b) A violation of an approved plan of operation is deemed to be a violation of a rule of the director for purposes of section 349A.05.

Subd. 8. [LIMITATIONS.] The director may not approve any plan of operation under subdivision 6 that exceeds any of the following limitations:

(1) the maximum number of tables used for card playing at the card club at any one time, other than tables used for instruction, demonstrations, or tournament play, may not exceed 50. The table limit exception for tournament play is allowed for only one tournament per year that lasts for no longer than 14 days;

(2) except as provided in clause (3), no wager may exceed \$60;

(3) for games in which each player is allowed to make only one wager or has a limited opportunity to change that wager, no wager may exceed \$300.

Subd. 9. [REIMBURSEMENT TO DIRECTOR.] The director shall require that the person reimburse the director for the director's actual costs, including personnel costs, of regulating the card club. Amounts received under this subdivision must be deposited in the lottery fund in section 349A.10.

Subd. 10. [REPORTING.] The person shall report all income generated by the card club in an annual report to the director. The report shall also account for all costs of operation, taxes paid, and net profits to the person.

Subd. 11. [DETENTION OF SUSPECTS.] (a) The director, an employee designated by the director, or a security officer licensed under Minnesota Rules, chapter 7878, may detain a person if they have probable cause to believe that the person detained has violated section 609.651 or 609.76 while at the gaming facility.

(b) The director, designee, or security officer may detain a person to:

(1) require the person to provide identification or to verify identification;

(2) inquire as to whether the person possesses any contraband as provided by section 609.762, subdivision 1;

(3) notify a peace officer of the alleged violation; or

(4) institute criminal proceedings against the person.

(c) The person detained must be promptly informed of the purpose of the detention and may not be subjected to unnecessary or unreasonable force, nor to interrogation against the person's will. If at any time the person detained requests the summoning of a peace officer, a peace officer must be notified immediately. The director, their designee, or security officer must not detain a person for more than one hour unless a peace officer requests detention, in which case the person may be detained until the peace officer has accepted custody of or released the person.

(d) Upon a charge being made by the director, their designee, or security officer, a peace officer may arrest a person with a warrant if the officer has probable cause to believe that the person has committed or attempted to commit an offense described in section 609.76.

(e) Neither the director, their designee, security officer, or peace officer is criminally or civilly liable for any detention authorized by this section if probable cause exists for the detention, and the detention was not conducted with unreasonable force or in bad faith.

(f) The director, the designee, security officer, or peace officer may exclude a person from the gaming facility or remove that person from the gaming facility if the person is suspected of violating section 609.651 or 609.76, or possesses contraband as provided in section 609.762, subdivision 1.

(g) The director may establish a self-exclusion program by which persons, at their request, may be excluded from the gaming facility.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Latz was excused between the hours of 1:40 p.m. and 5:45 p.m.

#### POINT OF ORDER

Pugh raised a point of order pursuant to rule 3.21 that the Haas amendment was not in order. Speaker pro tempore Boudreau ruled the point of order not well taken and the Haas amendment in order.

#### POINT OF ORDER

Solberg raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Haas amendment was not in order. Speaker pro tempore Boudreau ruled the point of order not well taken and the Haas amendment in order.

The question recurred on the Haas amendment and the roll was called. There were 19 yeas and 112 nays as follows:

Those who voted in the affirmative were:

Boudreau	Ellison	Haas	Mariani	Tingelstad
Buesgens	Erickson	Hackbarth	Osterman	Zellers
Cornish	Goodwin	Heidgerken	Penas	Spk. Sviggum
Eken	Gunther	Kahn	Rhodes	

Those who voted in the negative were:

Abeler	Biernat	Davnie	Erhardt	Holberg	Juhnke
Abrams	Blaine	DeLaForest	Finstad	Hoppe	Kelliher
Adolphson	Borrell	Demmer	Fuller	Hornstein	Kielkucki
Anderson, B.	Bradley	Dempsey	Gerlach	Howes	Klinzing
Anderson, I.	Brod	Dill	Greiling	Huntley	Knoblach
Anderson, J.	Carlson	Dorman	Harder	Jacobson	Koenen
Atkins	Clark	Dorn	Hausman	Jaros	Kohls
Beard	Cox	Eastlund	Hilstrom	Johnson, J.	Krinkie
Bernardy	Davids	Entenza	Hilty	Johnson, S.	Kuisle

Lanning	Marquart	Opatz	Ruth	Soderstrom	Wagenius
Larson	McNamara	Otremba	Samuelson	Solberg	Walker
Lenczewski	Mullery	Otto	Seagren	Stang	Walz
Lesch	Murphy	Paulsen	Seifert	Strachan	Wardlow
Lieder	Nelson, C.	Paymar	Sertich	Swenson	Wasiluk
Lindgren	Nelson, M.	Pelowski	Severson	Sykora	Westerberg
Lindner	Nelson, P.	Peterson	Sieben	Thao	Westrom
Lipman	Nornes	Powell	Simpson	Thissen	Wilkin
Magnus	Olsen, S.	Pugh	Slawik	Urdahl	
Mahoney	Olson, M.	Rukavina	Smith	Vandev eer	

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

The Speaker resumed the Chair.

Haas and Solberg offered an amendment to S. F. No. 1524, as amended.

Krinkie requested a division of the Haas and Solberg amendment to S. F. No. 1524, as amended.

The first portion of the Haas and Solberg amendment to S. F. No. 1524, as amended, reads as follows:

Page 104, after line 32, insert:

"Sec. 128. [EARLY SEPARATION INCENTIVE.]

Subdivision 1. [ELIGIBILITY.] An appointing authority in the executive or legislative branch of state government may offer the early separation incentive in this section to an employee who:

(1) has at least ten years of allowable service in one or more of the funds listed in Minnesota Statutes, section 356.30, subdivision 3; and

(2) terminates state service after the effective date of this section and before June 15, 2003.

Subd. 2. [INCENTIVE.] For an employee eligible under subdivision 1, the employer may provide an amount up to \$15,000, to be deposited in the employee's account in the health care savings plan established by Minnesota Statutes, section 352.98.

Subd. 3. [DESIGNATION OF POSITIONS; EMPLOYER DISCRETION.] Before offering an incentive under this section, an appointing authority must designate the job classifications or positions within job classifications that qualify for the incentive. The appointing authority may modify this designation at any time. Designation of positions eligible for the incentive under this section, participation of individual employees, and the amount of the payment under this section are at the sole discretion of the appointing authority. Unilateral implementation of this section by the employer is not an unfair labor practice under Minnesota Statutes, chapter 179A."

Page 106, after line 36, insert:

"Sec. 136. [EFFECTIVE DATE.]

Section 128 is effective on the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the first portion of the Haas and Solberg amendment and the roll was called. There were 80 yeas and 50 nays as follows:

Those who voted in the affirmative were:

Abeler	Davnie	Hackbarth	Mahoney	Paymar	Strachan
Abrams	Dempsey	Hausman	Mariani	Pelowski	Swenson
Anderson, I.	Dill	Hilstrom	Marquart	Penas	Thao
Anderson, J.	Dorn	Hornstein	McNamara	Peterson	Thissen
Atkins	Eastlund	Jaros	Mullery	Pugh	Tingelstad
Bernardy	Eken	Johnson, S.	Nelson, M.	Rhodes	Vanderveer
Biernat	Ellison	Juhnke	Nelson, P.	Rukavina	Walker
Blaine	Entenza	Kelliher	Olsen, S.	Samuelson	Wardlow
Boudreau	Erhardt	Klinzing	Opatz	Sertich	Wasiluk
Brod	Fuller	Koenen	Osterman	Sieben	Zellers
Carlson	Goodwin	Larson	Otremba	Slawik	
Clark	Greiling	Lesch	Otto	Smith	
Cornish	Gunther	Lieder	Ozment	Solberg	
Davids	Haas	Lindgren	Paulsen	Stang	

Those who voted in the negative were:

Adolphson	Dorman	Howes	Lanning	Powell	Walz
Anderson, B.	Erickson	Jacobson	Lenczewski	Ruth	Westerberg
Beard	Finstad	Johnson, J.	Lindner	Seagren	Westrom
Borrell	Gerlach	Kahn	Lipman	Seifert	Wilkin
Bradley	Harder	Kielkucki	Magnus	Severson	Spk. Sviggum
Buesgens	Heidgerken	Knoblach	Murphy	Simpson	
Cox	Hilty	Kohls	Nelson, C.	Soderstrom	
DeLaForest	Holberg	Krinkie	Nornes	Sykora	
Demmer	Hoppe	Kuisle	Olson, M.	Urdahl	

The motion prevailed and the first portion of the Haas and Solberg amendment was adopted.

The Speaker called Abrams to the Chair.

The second portion of the Haas and Solberg amendment to S. F. No. 1524, as amended, reads as follows:

Page 104, after line 32, insert:

"Sec. 129. [VOLUNTARY UNPAID LEAVE OF ABSENCE.]

(a) Appointing authorities in state government may allow each employee to take unpaid leaves of absence for up to 1,040 hours between June 1, 2003, and June 30, 2005. The 1,040 hour limit replaces, and is not in addition to, limits set in prior laws. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit and credited salary in the state retirement plans as if the employee had actually been employed during the time of leave. An employee covered by the unclassified plan may voluntarily make the employee contributions to the unclassified plan during the leave of absence. If the employee makes these contributions, the appointing authority must make the employer contribution. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for the unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to the applicable provisions of collective bargaining agreements and compensation plans.

(b) To receive eligible service credit and credited salary in a defined benefit plan, the member shall pay an amount equal to the applicable employee contribution rates. If an employee pays the employee contribution for the period of the leave under this section, the appointing authority must pay the employer contribution. The appointing authority may, at its discretion, pay the employee contributions. Contributions must be made in a time and manner prescribed by the executive director of the Minnesota state retirement association."

Page 106, after line 36, insert:

"Sec. 136. [EFFECTIVE DATE.]

Section 129 is effective on the day following final enactment."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the second portion of the Haas and Solberg amendment was adopted.

Marquart moved to amend S. F. No. 1524, as amended, as follows:

Delete article 2, section 119

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Rhodes moved to amend S. F. No. 1524, as amended, as follows:

Page 147, after line 35, insert:

"ARTICLE 15

TIPBOARDS

Section 1. Minnesota Statutes 2002, section 349.12, subdivision 34, is amended to read:

Subd. 34. [TIPBOARD.] "Tipboard" means a board, placard or other device containing a seal that conceals the winning number or symbol, and that serves as the game flare for a tipboard game, or a board or placard that is not required to contain a seal, but for which the winning numbers are determined in whole or in part by the outcome of one or more professional sporting events.

Sec. 2. Minnesota Statutes 2002, section 349.151, is amended by adding a subdivision to read:

Subd. 4c. [RULES.] The board may adopt rules for the conduct of tipboards for which the winning numbers are determined in whole or in part by the outcome of one or more professional sporting events. The rules must provide for operation procedures, internal control standards, posted information, records, and reports. The rules must provide for the award of prizes, method of payout, wagers, determination of winners, and the specifications of these tipboards. Cash or merchandise prizes may be awarded in these tipboards.

Sec. 3. Minnesota Statutes 2002, section 349.1711, subdivision 2, is amended to read:

Subd. 2. [DETERMINATION OF WINNERS.] When the predesignated numbers or symbols have all been purchased, or all of the tipboard tickets for that game have been sold, the seal must be removed to reveal a number or symbol that determines which of the predesignated numbers or symbols is the winning number or symbol. A tipboard may also contain consolation winners, or winning chances that are determined in whole or in part by the outcome of one or more professional sporting events, that need not be determined by the use of the seal.

Sec. 4. Minnesota Statutes 2002, section 349.211, is amended by adding a subdivision to read:

Subd. 2d. [SPORTS BOARDS.] The maximum prize which may be awarded for a tipboard for which the winning numbers are determined in whole or in part by the outcome of one or more professional sporting events is \$500. A chance for such a board may not be sold for more than \$10.

Sec. 5. [REPEALER.]

Minnesota Statutes 2002, section 349.2127, subdivision 9, is repealed."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Krinkie, Jacobson, Kahn, Erickson, Kielkucki and Seifert moved to amend S. F. No. 1524, as amended, as follows:

Pages 62 and 63, delete article 2, section 69

Page 106, line 25, after the first semicolon, insert "16E.09:"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Wardlow moved to amend S. F. No. 1524, as amended, as follows:

Page 100, after line 14, insert:

"Sec. 117. Minnesota Statutes 2002, section 473.551, subdivision 3, is amended to read:

Subd. 3. [COMMISSION.] "Commission" means the ~~metropolitan sports facilities~~ Minnesota sports and entertainment commission.

Sec. 118. Minnesota Statutes 2002, section 473.553, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The ~~metropolitan sports facilities~~ Minnesota sports and entertainment commission is established and shall be organized, structured, and administered as provided in this section.

Sec. 119. Minnesota Statutes 2002, section 473.553, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The commission shall consist of ~~six~~ ten members, appointed by the ~~city council of the city in which the stadium is located~~ governor plus a chair appointed as provided in subdivision 3. The governor must appoint at least one resident of each congressional district as a member.

Sec. 120. Minnesota Statutes 2002, section 473.553, subdivision 3, is amended to read:

Subd. 3. [CHAIR.] The chair shall be appointed by the governor as the ~~ninth~~ 11th voting member and shall meet all of the qualifications of a member, ~~except the chair need only reside outside the city of Minneapolis.~~ The chair shall preside at all meetings of the commission, if present, and shall perform all other duties and functions assigned by the commission or by law. The commission may appoint from among its members a vice-chair to act for the chair during temporary absence or disability.

Sec. 121. Minnesota Statutes 2002, section 473.553, subdivision 4, is amended to read:

Subd. 4. [QUALIFICATIONS.] A member shall not during a term of office hold the office of metropolitan council member or be a member of another metropolitan agency or hold any judicial office or office of state government. ~~None of the members appointed by the city council of the city in which the stadium is located shall be an elected public official of that city or of another political subdivision any part of whose territory is shared with that city.~~ Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article V, section 6. The oath, duly certified by the official administering it, shall be filed with the ~~chair of the metropolitan council~~ secretary of state.

Sec. 122. Minnesota Statutes 2002, section 473.553, subdivision 5, is amended to read:

Subd. 5. [TERMS.] The terms of ~~three~~ five members shall end the first Monday in January in the year ending in the numeral "5". The terms of the other members and the chair shall end the first Monday in January in the year ending in the numeral "7". Thereafter, the term of each member and the chair shall be four years. The terms shall continue until a successor is appointed and qualified. Members may be removed only for cause.

Sec. 123. Minnesota Statutes 2002, section 473.553, subdivision 7, is amended to read:

Subd. 7. [COMPENSATION.] Each commission member shall be paid \$50 for each day when the member attends one or more meetings or provides other services, as authorized by the commission, and shall be reimbursed for all actual and necessary expenses incurred in the performance of duties. The chair of the ~~metropolitan sports facilities~~ commission shall receive, unless otherwise provided by other law, a salary in an amount fixed by the members of the commission and shall be reimbursed for reasonable expenses to the same extent as a member. The annual budget of each commission shall provide as a separate account anticipated expenditures for per diem, travel, and associated expenses for the chair and members, and compensation or reimbursement shall be made to the chair and members only when budgeted."

Page 106, after line 21, insert:

"(c) The revisor of statutes must change in Minnesota Statutes, where appropriate, "metropolitan sports facilities commission" to "Minnesota sports and entertainment commission" to conform to the changes in sections 117 to 123."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

#### POINT OF ORDER

Kelliher raised a point of order pursuant to rule 3.21 that the Wardlow amendment was not in order. The Speaker ruled the point of order was not well taken and the Wardlow amendment in order.

Wardlow withdrew his amendment to S. F. No. 1524, as amended.

Lenczewski moved to amend S. F. No. 1524, as amended, as follows:

Page 35, after line 2, insert:

"Sec. 35. Minnesota Statutes 2002, section 16A.103, subdivision 1, is amended to read:

Subdivision 1. [STATE REVENUE AND EXPENDITURES.] In February, July, and November each year, the commissioner shall prepare a forecast of state revenue and expenditures. The November forecast must be delivered to the legislature and governor no later than the end of the first week of December. The February forecast must be

delivered to the legislature and governor by the end of February. The July 2003 forecast must be delivered to the legislature and governor by the end of July 2003. Forecasts must be delivered to the legislature and governor on the same day. If requested by the legislative commission on planning and fiscal policy, delivery to the legislature must include a presentation to the commission.

**[EFFECTIVE DATE.]** The amendments to this section are effective upon final enactment and expire August 1, 2003."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Lenczewski amendment and the roll was called. There were 57 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Atkins	Eken	Huntley	Lenczewski	Otremba	Solberg
Bernardy	Ellison	Jacobson	Lesch	Otto	Thao
Biernat	Entenza	Jaros	Lieder	Paymar	Thissen
Buesgens	Erhardt	Johnson, S.	Mahoney	Pelowski	Vandever
Carlson	Goodwin	Juhnke	Mariani	Peterson	Wagenius
Clark	Greiling	Kahn	Marquart	Pugh	Walker
Cox	Hausman	Kelliher	Mullery	Rukavina	Wasiluk
Davnie	Hilstrom	Klinzing	Murphy	Sertich	
Dill	Hilty	Koenen	Nelson, M.	Sieben	
Dorn	Hornstein	Larson	Opatz	Slawik	

Those who voted in the negative were:

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

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

The Speaker called Abrams to the Chair.

Krinkie, Erickson, Heidgerken and Lipman moved to amend S. F. No. 1524, as amended, as follows:

Page 14, after line 31, insert:

"Subd. 3a. [REQUIRED SALE.] The commissioner of administration, on behalf of the Minnesota amateur sports commission, must sell land purchased with the appropriation made in Laws 1998, chapter 404, section 15, subdivision 2, to the extent this land is not used for soccer fields. Proceeds from the sale of this land are appropriated to the department of military affairs for purposes of the National Guard tuition and textbook reimbursement program in Minnesota Statutes, section 192.501, subdivision 2."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Krinkie et al amendment and the roll was called. There were 35 yeas and 96 nays as follows:

Those who voted in the affirmative were:

Adolphson	Entenza	Holberg	Koenen	Otto	Thissen
Anderson, B.	Erickson	Howes	Kohls	Paymar	Vandever
Borrell	Gerlach	Jacobson	Krinkie	Pelowski	Walz
Buesgens	Greiling	Juhnke	Lenczewski	Samuelson	Westrom
DeLaForest	Heidgerken	Kielkucki	Lipman	Seagren	Wilkin
Dorn	Hilty	Knoblach	Olson, M.	Sykora	

Those who voted in the negative were:

Abeler	Davids	Harder	Lindgren	Otremba	Smith
Abrams	Davnie	Hausman	Lindner	Ozment	Soderstrom
Anderson, I.	Demmer	Hilstrom	Magnus	Paulsen	Solberg
Anderson, J.	Dempsey	Hoppe	Mahoney	Penas	Stang
Atkins	Dill	Hornstein	Mariani	Peterson	Strachan
Beard	Dorman	Huntley	Marquart	Powell	Swenson
Bernardy	Eastlund	Jaros	McNamara	Pugh	Thao
Biernat	Eken	Johnson, J.	Mullery	Rhodes	Tingelstad
Blaine	Ellison	Johnson, S.	Murphy	Rukavina	Urdahl
Boudreau	Erhardt	Kahn	Nelson, C.	Ruth	Wagenius
Bradley	Finstad	Klinzing	Nelson, M.	Seifert	Walker
Brod	Fuller	Kuisle	Nelson, P.	Sertich	Wardlow
Carlson	Goodwin	Lanning	Nornes	Severson	Wasiluk
Clark	Gunther	Larson	Olsen, S.	Sieben	Westerberg
Cornish	Haas	Lesch	Opatz	Simpson	Zellers
Cox	Hackbarth	Lieder	Osterman	Slawik	Spk. Sviggum

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

Rhodes moved to amend S. F. No. 1524, as amended, as follows:

Page 80, line 26, delete "\$25,000" and insert "\$10,000"

Page 81, line 1, delete "\$25" and insert "\$10"

The motion prevailed and the amendment was adopted.

Haas moved to amend S. F. No. 1524, as amended, as follows:

Page 12, line 1, delete everything after "agencies"

Page 12, line 2, delete everything before the period

Page 12, line 20, delete "other"

Page 12, line 21, delete everything before "by"

Page 12, line 30, delete everything after "agencies"

Page 12, line 31, delete everything before "for"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Hilty moved to amend S. F. No. 1524, as amended, as follows:

Page 48, after line 25, insert:

"Sec. 53. Minnesota Statutes 2002, section 16C.03, is amended by adding a subdivision to read:

Subd. 17. [INELIGIBLE VENDORS.] (a) No agency may enter into or renew any contract with a corporation or its subsidiary or other affiliate if the corporation has reincorporated in a tax haven country and the United States is the principal market for the public trading of the corporation's stock. The commissioner shall require each vendor submitting a bid or contract or otherwise entering into a contract with an agency to certify that the vendor is not ineligible under this subdivision.

(b) For the purposes of this subdivision, "tax haven country" means any country that has no corporate income tax or that has an effective tax rate of less than ten percent on income that does not arise in or is not derived from that country. As of the effective date of this section, this includes at least the following: Barbados, Bermuda, British Virgin Islands, Cayman Islands, Commonwealth of the Bahamas, Cyprus, Gibraltar, Isle of Man, the Principality of Liechtenstein, the Principality of Monaco, the Republic of the Seychelles. A tax haven country does not include any country that is a signatory to a treaty that would contravene this provision.

(c) The commissioner may waive paragraph (a) when the commissioner has made a written finding that the contract is necessary to meet a compelling public interest. A "compelling public interest" includes, but is not limited to, ensuring the provision of essential services and ensuring the public health and safety.

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Hilty amendment and the roll was called. There were 56 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dorn	Huntley	Lieder	Paymar	Solberg
Anderson, J.	Eken	Jaros	Mahoney	Pelowski	Thao
Atkins	Ellison	Johnson, S.	Mariani	Peterson	Thissen
Bernardy	Entenza	Juhnke	Marquart	Pugh	Wagenius
Biernat	Goodwin	Kahn	Mullery	Rukavina	Walker
Carlson	Greiling	Kelliher	Murphy	Sertich	Wasiluk
Clark	Hausman	Koenen	Nelson, M.	Severson	
Cox	Hilstrom	Larson	Opatz	Sieben	
Davnie	Hilty	Lenczewski	Otremba	Slawik	
Dill	Hornstein	Lesch	Otto	Soderstrom	

Those who voted in the negative were:

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

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

Kelliher, Larson and Olson, M., moved to amend S. F. No. 1524, as amended, as follows:

Page 98, after line 9, insert:

"Sec. 112. Minnesota Statutes 2002, section 349A.09, subdivision 2, is amended to read:

Subd. 2. [CONTENT OF ADVERTISING.] (a) Advertising and promotional materials for the lottery adopted or published by the director must be consistent with the dignity of the state and may only:

(1) present information on how lottery games are played, prizes offered, where and how tickets may be purchased, when drawings are held, and odds on the games advertised;

(2) identify state programs supported by lottery net revenues;

(3) present the lottery as a form of entertainment; or

(4) state the winning numbers or identity of winners of lottery prizes.

(b) The director may not adopt or publish any advertising for the lottery which:

(1) presents directly or indirectly any lottery game as a potential means of relieving any person's financial difficulties;

(2) is specifically targeted with the intent to exploit a person, a specific group or economic class of people, or a religious holiday by use of a religious theme or symbol;

(3) presents the purchase of a lottery ticket as a financial investment or a way to achieve financial security;

(4) uses the name or picture of a current elected state official to promote a lottery game;

(5) exhorts the public to bet by directly or indirectly misrepresenting a person's chance of winning a prize; or

(6) denigrates a person who does not buy a lottery ticket or unduly praises a person who does buy a ticket.

(c) The director must spend at least one-half of all expenditures for advertising preparation, publication, and placement on advertising that is intended solely to inform the public of the dangers of participating in gambling, including the possibility of developing or aggravating a gambling addiction."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Kelliher et al amendment and the roll was called. There were 51 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Hilty	Lenczewski	Nelson, M.	Slawik
Anderson, B.	Davnie	Hornstein	Lesch	Olson, M.	Soderstrom
Bernardy	Dill	Jaros	Lindner	Otremba	Thao
Biernat	Eastlund	Johnson, J.	Lipman	Otto	Urdahl
Borrell	Entenza	Johnson, S.	Magnus	Paymar	Walker
Boudreau	Gerlach	Kelliher	Mahoney	Pelowski	Wasiluk
Bradley	Goodwin	Knoblach	Mariani	Rukavina	
Carlson	Greiling	Krinkie	Marquart	Ruth	
Clark	Harder	Larson	Nelson, C.	Seagren	

Those who voted in the negative were:

Abrams	Dorman	Holberg	Lindgren	Powell	Swenson
Adolphson	Dorn	Hoppe	McNamara	Pugh	Sykora
Anderson, I.	Eken	Howes	Mullery	Rhodes	Thissen
Anderson, J.	Ellison	Huntley	Murphy	Samuelson	Tingelstad
Beard	Erhardt	Jacobson	Nelson, P.	Seifert	Vanderveer
Blaine	Erickson	Kahn	Nornes	Sertich	Walz
Brod	Finstad	Kielkucki	Olsen, S.	Severson	Wardlow
Buesgens	Fuller	Klinzing	Opatz	Sieben	Westerberg
Cornish	Gunther	Koenen	Osterman	Simpson	Westrom
Cox	Haas	Kohls	Ozment	Smith	Wilkin
DeLaForest	Hackbarth	Kuisle	Paulsen	Solberg	Zellers
Demmer	Heidgerken	Lanning	Penas	Stang	Spk. Sviggum
Dempsey	Hilstrom	Lieder	Peterson	Strachan	

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

The Speaker resumed the Chair.

Dempsey, Heidgerken, Pelowski, Dorn and Urdahl moved to amend S. F. No. 1524, as amended, as follows:

Page 125, line 12, after the period, insert "The report must include any negative impacts on the affected plans and their members as a result of any restructuring plan."

A roll call was requested and properly seconded.

The question was taken on the Dempsey et al amendment and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

Thissen  
Tingelstad  
Urdahl

Vandever  
Wagenius  
Walker

Walz  
Wardlow  
Wasiluk

Westerberg  
Westrom  
Wilkin

Zellers  
Spk. Sviggum

The motion prevailed and the amendment was adopted.

Thissen moved to amend S. F. No. 1524, as amended, as follows:

Page 31, after line 36, insert:

"Sec. 31. [15.0601] [APPOINTMENT OF GOVERNOR'S SECRETARIES; GENERAL POWERS.]

Subdivision 1. [APPOINTMENT.] The governor shall appoint the governor's secretaries, subject to the advice and consent of the senate. A secretary serves at the pleasure of the governor for a term coincident with that of the governor or until a successor is appointed and qualified. Before entering upon the discharge of duties, a secretary must take an oath to faithfully execute the duties of the office.

Subd. 2. [DIRECTION BY GOVERNOR.] A secretary is subject to the direction and supervision of the governor. Except as provided in other law, the agencies assigned to each secretary shall:

(1) exercise their respective powers and duties in accordance with the general policy established by the governor or by the secretary acting on behalf of the governor;

(2) provide assistance to the governor or the secretary as may be required; and

(3) forward all reports to the governor through the secretary.

Subd. 3. [DISCRETIONARY AUTHORITY.] Unless the governor expressly reserves a power listed in this subdivision, a secretary may:

(1) resolve administrative, jurisdictional, operational, program, or policy conflicts between agencies or officials assigned;

(2) direct the formulation of a comprehensive program budget for the services of agencies assigned for consideration by the governor;

(3) hold agency heads accountable for their administrative, fiscal, and program actions in the conduct of the respective powers and duties of the agencies;

(4) direct the development of goals, objectives, policies, and plans that are necessary to the effective and efficient operation of government;

(5) sign documents on behalf of the governor that originate with agencies assigned to the secretary; and

(6) employ the personnel and contract for services as may be required to perform the powers and duties conferred upon the secretary by law or executive order.

Subd. 4. [DEFINITION.] For purposes of this section, "governor's secretaries" means the secretary of administration, the secretary of business development, the secretary of education, the secretary of public advocacy, the secretary of transportation and safety, the secretary of environment, the secretary of finance, and the secretary of health and human services.

**[EFFECTIVE DATE.]** This section is effective June 30, 2004.

Sec. 32. [15.0602] [ASSIGNMENT OF AGENCIES.]

Subdivision 1. [SECRETARY OF ADMINISTRATION.] Except as otherwise specifically provided in this section, the following agencies report to the secretary of administration: department of administration and department of employee relations.

Subd. 2. [SECRETARY OF BUSINESS DEVELOPMENT.] Except as otherwise specifically provided in this section, the following agencies report to the secretary of business development: bureau of mediation services, department of agriculture, department of commerce, department of labor and industry, and department of trade and economic development.

Subd. 3. [SECRETARY OF EDUCATION.] Except as otherwise specifically provided in this section, the following agencies report to the secretary of education: department of children, families, and learning and department of jobs and training.

Subd. 4. [SECRETARY OF PUBLIC ADVOCACY.] Except as otherwise specifically provided in this section, the following agencies report to the secretary of public advocacy: department of human rights, energy issues intervention office of the department of commerce, crime victims ombudsman, ombudsman for corrections, ombudsman for mental health and mental retardation, and ombudsman for older Minnesotans.

Subd. 5. [SECRETARY OF TRANSPORTATION AND SAFETY.] Except as otherwise specifically provided in this section, the following agencies report to the secretary of transportation and safety: department of military affairs, department of public safety, and department of transportation.

Subd. 6. [SECRETARY OF ENVIRONMENT.] Except as otherwise specifically provided in this section, the following agencies report to the secretary of environment: pollution control agency and department of natural resources.

Subd. 7. [SECRETARY OF FINANCE.] Except as otherwise specifically provided in this section, the following agencies report to the secretary of finance: department of finance, department of revenue, and office of strategic and long-range planning.

Subd. 8. [SECRETARY OF HEALTH AND HUMAN SERVICES.] Except as otherwise specifically provided in this section, the following agencies report to the secretary of health and human services: department of corrections, department of health, department of human services, department of veterans affairs, and housing finance agency.

**[EFFECTIVE DATE.]** This section is effective June 30, 2004."

Page 106, after line 4, insert:

"Sec. 132. [IMPLEMENTATION.]

(a) Within 30 days of the effective date of this section, a task force shall convene to plan the implementation of Minnesota Statutes, sections 15.0601 and 15.0602. The governor shall appoint at least four, but no more than six, heads of state agencies to serve on the task force. The speaker of the house of representatives shall appoint one

member of the majority caucus and the minority leader shall appoint a member of the minority caucus. The subcommittee on committees of the committee on rules and administration of the senate shall appoint two members of the senate, one of whom must be a member of the minority.

(b) In planning the implementation of Minnesota Statutes, sections 15.0601 and 15.0602, the task force shall address at least the following issues:

(1) whether noncabinet level agencies, including boards that have traditionally been independent, should be assigned to secretaries and, if so, to which secretaries should they be assigned;

(2) whether any reorganization of state agencies or reassignment of agency functions would be necessary or desirable; and

(3) whether any changes in the appointment, confirmation, and titles of agency heads would be necessary or desirable.

(c) The task force shall report to the governor and the legislature by January 15, 2004. Its report must include a report on the progress of any reorganization that has been identified as necessary or desirable and shall recommend any legislation that might be necessary for further reorganization and for implementation of Minnesota Statutes, sections 15.0601 and 15.0602. Also, by January 15, 2004, the governor's office must submit to the legislature drafts of any reorganization orders that might be planned to implement any reorganization that has been identified as necessary or desirable.

(d) As a result of efficiencies achieved through the realignment of agency authority and accountability in Minnesota Statutes, sections 15.0601 and 15.0602, the governor shall reduce managerial, supervisory, and other positions in executive branch agencies. In accomplishing these reductions, the governor shall eliminate certain commissioner and deputy commissioner positions and shall consolidate support services, such as management information systems, public information, government relations, research, human resources, procurement, and training and development. The legislature anticipates general fund savings of \$12,000,000 in fiscal year 2005 as a result of these reductions. These general fund savings cancel to the general fund.

(e) The governor must not appoint secretaries until January 6, 2004. Notwithstanding Minnesota Statutes, section 15.06, the first secretaries appointed on or after January 6, 2004, may serve in office until the senate refuses to consent to their appointment.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Thissen amendment and the roll was called. There were 58 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Cox	Goodwin	Johnson, S.	Larson	McNamara
Anderson, J.	Davnie	Greiling	Juhnke	Lenczewski	Mullery
Atkins	Dill	Hausman	Kahn	Lesch	Nelson, M.
Bernardy	Dorn	Hilstrom	Kelliher	Lieder	Opatz
Biernat	Eken	Hilty	Kielkucki	Lindgren	Otremba
Carlson	Ellison	Hornstein	Koenen	Mariani	Otto
Clark	Entenza	Jaros	Krinkie	Marquart	Pelowski

Peterson	Samuelson	Sieben	Solberg	Urdahl	Wasiluk
Pugh	Sertich	Slawik	Thao	Wagenius	
Rukavina	Severson	Soderstrom	Thissen	Walker	

Those who voted in the negative were:

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

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

Thissen was excused between the hours of 5:30 p.m. and 7:30 p.m.

Gerlach; Hoppe; Krinkie; Klinzing; Jacobson; Anderson, B.; Vandever; DeLaForest; Westerberg; Johnson, J.; Wilkin; Powell; Buesgens; Kohls; Lipman and Adolphson moved to amend S. F. No. 1524, as amended, as follows:

Page 102, line 22, after "state" insert "or metropolitan"

Page 103, line 28, delete "and"

Page 103, after line 28, insert:

"(2) metropolitan employer" means the metropolitan council or a metropolitan agency as defined in Minnesota Statutes, section 473.121, subdivision 5a; and"

Page 103, line 29, delete "(2)" and insert "(3)"

Page 103, line 30, before the period, insert ", and an employee of the metropolitan council or a metropolitan agency"

Page 103, line 35, after the period, insert "This section does not apply to an employee of the metropolitan council or a metropolitan agency to the extent an increase is required by a contract entered into before the effective date of this section."

A roll call was requested and properly seconded.

The question was taken on the Gerlach et al amendment and the roll was called. There were 76 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Abeler	Anderson, B.	Borrell	Buesgens	Davids	Dempsey
Abrams	Beard	Boudreau	Cornish	DeLaForest	Dorman
Adolphson	Blaine	Bradley	Cox	Demmer	Eastlund

Erickson	Hoppe	Lanning	Olsen, S.	Seifert	Vandever
Finstad	Howes	Lindgren	Olson, M.	Severson	Walz
Fuller	Jacobson	Lindner	Osterman	Simpson	Wardlow
Gerlach	Johnson, J.	Lipman	Ozment	Soderstrom	Westerberg
Gunther	Kielkucki	Magnus	Paulsen	Stang	Westrom
Haas	Klinzing	Marquart	Penas	Strachan	Wilkin
Hackbarth	Knoblach	McNamara	Powell	Swenson	Zellers
Harder	Kohls	Nelson, C.	Ruth	Sykora	Spk. Sviggum
Heidgerken	Krinkie	Nelson, P.	Samuelson	Tingelstad	
Holberg	Kuisle	Nornes	Seagren	Urdahl	

Those who voted in the negative were:

Anderson, I.	Dorn	Hornstein	Lenczewski	Paymar	Solberg
Anderson, J.	Eken	Huntley	Lesch	Pelowski	Thao
Atkins	Ellison	Jaros	Lieder	Peterson	Wagenius
Bernardy	Entenza	Johnson, S.	Mahoney	Pugh	Walker
Biernat	Erhardt	Juhnke	Mariani	Rhodes	Wasiluk
Brod	Goodwin	Kahn	Murphy	Rukavina	
Carlson	Greiling	Kelliher	Nelson, M.	Sertich	
Clark	Hausman	Koenen	Opatz	Sieben	
Davnie	Hilstrom	Larson	Otremba	Slawik	
Dill	Hilty	Latz	Otto	Smith	

The motion prevailed and the amendment was adopted.

Lenczewski moved to amend S. F. No. 1524, as amended, as follows:

Page 25, after line 26, insert:

"Sec. 21. [10A.035] [FORMER LEGISLATOR; LOBBYIST RESTRICTION.]

For the period of one calendar year after leaving office, a member of the legislature may not act as a lobbyist as defined in section 10A.01, subdivision 11, with regard to attempting to influence legislative action."

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Lenczewski amendment and the roll was called. There were 47 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Abeler	Biernat	Entenza	Hausman	Jacobson	Kelliher
Anderson, B.	Clark	Erickson	Hilstrom	Jaros	Knoblach
Atkins	Davnie	Goodwin	Hilty	Johnson, S.	Latz
Bernardy	Eken	Greiling	Hornstein	Kahn	Lenczewski

Lesch	Mariani	Otremba	Slawik	Vandev eer	Westerberg
Lipman	Marquart	Peterson	Soderstrom	Wagenius	Westrom
Magnus	Nelson, M.	Seagren	Sykora	Walker	Spk. Sviggum
Mahoney	Opatz	Sieben	Thao	Wasiluk	

Those who voted in the negative were:

Abrams	Davids	Hackbarth	Kuisle	Osterman	Sertich
Adolphson	DeLaForest	Harder	Lanning	Otto	Severson
Anderson, I.	Demmer	Heidgerken	Larson	Ozment	Simpson
Anderson, J.	Dempsey	Holberg	Lieder	Paulsen	Smith
Beard	Dill	Hoppe	Lindgren	Paymar	Solberg
Blaine	Dorman	Howes	Lindner	Pelowski	Stang
Borrell	Dorn	Huntley	McNamara	Penas	Strachan
Boudreau	Eastlund	Johnson, J.	Mullery	Powell	Swenson
Bradley	Ellison	Juhnke	Murphy	Pugh	Tingelstad
Brod	Erhardt	Kielkucki	Nelson, C.	Rhodes	Urdahl
Buesgens	Fuller	Klinzing	Nelson, P.	Rukavina	Walz
Carlson	Gerlach	Koenen	Nornes	Ruth	Wardlow
Cornish	Gunther	Kohls	Olsen, S.	Samuelson	Wilkin
Cox	Haas	Krinkie	Olson, M.	Seifert	Zellers

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

Howes; Rukavina; Lindgren; Swenson; Cornish; Otremba; Davids; Finstad; Dill; Sertich; Hackbarth; Gunther; Anderson, I.; Eken; Koenen; Marquart; Seagren; Solberg; Juhnke; Heidgerken and Urdahl offered an amendment to S. F. No. 1524, as amended.

#### POINT OF ORDER

Ozment raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Howes et al amendment was not in order. The Speaker ruled the point of order well taken and the Howes et al amendment out of order.

Erhardt moved to amend S. F. No. 1524, as amended, as follows:

Page 28, line 17, delete "\$300" and insert "in lieu of a fee the collection plate must be passed among the members of the house of representatives immediately after the pledge of allegiance"

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

Olson, M.; Erickson; Kielkucki; Severson; Lindner; Anderson, B.; Ozment; Buesgens; Borrell; Lipman and Eastlund moved to amend S. F. No. 1524, as amended, as follows:

Page 63, after line 35, insert:

"Sec. 71. Minnesota Statutes 2002, section 43A.24, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] (a) Employees, including persons on layoff from a civil service position, and employees who are employed less than full time, shall be eligible for state paid life insurance and hospital, medical and dental benefits as provided in collective bargaining agreements or plans established pursuant to section 43A.18.

(b) A collective bargaining agreement or compensation plan may provide state-paid benefits only to one or more of the following:

(1) an employee;

(2) the employee's spouse;

(3) the employee's dependent children; or

(4) the employee's dependent grandchildren.

(c) A collective bargaining agreement or compensation plan may define a dependent child to include a biological child, a child legally adopted or placed for adoption with the employee, a foster child, or a stepchild. A collective bargaining agreement or compensation plan need not cover all people who are eligible for coverage and may provide conditions and limitations on coverage."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Clark, Walker and Kelliher moved to amend the Olson, M., et al amendment to S. F. No. 1524, as amended, as follows:

Page 2, line 1, strike the quotation mark

Page 2, after line 1, insert:

"(d) If a collective bargaining agreement or compensation plan in this section provides for sick leave with pay, an employee must be granted sick leave with pay, to the extent of the employee's accumulation of sick leave, for absences:

(1) due to illness or disability of a regular member of the employee's immediate household for a reasonable period as the employee's attendance is necessary; and

(2) due to the death of a regular member of the employee's immediate household, for a reasonable period.

(e) The benefit provided under paragraph (d) is not a replacement for any other sick leave benefit provided for in the collective bargaining agreement or compensation plan as ratified in this section."

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Olson, M., et al amendment, as amended, to S. F. No. 1524, as amended. The motion prevailed and the amendment, as amended, was adopted.

The Speaker called Abrams to the Chair.

Goodwin, Hilty and Murphy moved to amend S. F. No. 1524, as amended, as follows:

Page 54, lines 32 and 33, reinstate the stricken language

Page 63, lines 27 to 33, reinstate the stricken language

A roll call was requested and properly seconded.

The question was taken on the Goodwin et al amendment and the roll was called. There were 53 yeas and 78 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

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

Kahn moved to amend S. F. No. 1524, as amended, as follows:

Delete article 2, sections 17, 116, 120, and 132

Page 101, lines 9 to 13, reinstate the stricken language

Page 101, line 16, delete everything after the period

Page 101, delete line 17

Page 106, line 25, delete "43A.04, subdivision 10;"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Kahn amendment and the roll was called. There were 53 yeas and 79 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

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

Hilty moved to amend S. F. No. 1524, as amended, as follows:

Delete article 2, section 75

A roll call was requested and properly seconded.

The question was taken on the Hilty amendment and the roll was called. There were 63 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Abrams	Dorn	Huntley	Lesch	Otremba	Solberg
Anderson, I.	Eken	Jaros	Lieder	Otto	Thao
Anderson, J.	Ellison	Johnson, S.	Mahoney	Paymar	Thissen
Atkins	Entenza	Juhnke	Mariani	Pelowski	Vandever
Biernat	Goodwin	Kahn	Marquart	Peterson	Wagenius
Carlson	Greiling	Kelliher	Mullery	Pugh	Walker
Clark	Hausman	Koenen	Murphy	Rhodes	Walz
Cornish	Hilstrom	Krinkie	Nelson, M.	Rukavina	Wasiluk
Davnie	Hilty	Larson	Nornes	Sertich	
Dill	Hornstein	Latz	Opatz	Sieben	
Dorman	Howes	Lenczewski	Osterman	Slawik	

Those who voted in the negative were:

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

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

S. F. No. 1524, A bill for an act relating to state government; appropriating money for the general legislative and administrative expenses of state government, criminal justice, and economic development; modifying provisions relating to state and local government operations; modifying certain fee and revenue provisions; modifying certain board and commission provisions; modifying certain public safety and judiciary provisions; amending Minnesota Statutes 2002, sections 3.885, subdivision 1; 3A.11, subdivision 1; 10A.02, by adding a subdivision; 10A.025, subdivision 2; 10A.04, by adding subdivisions; 10A.34, subdivision 1a, by adding a subdivision; 13.072, subdivisions 1, 2; 13.87, subdivision 3; 14.48, subdivision 3; 16A.11, subdivision 3; 16A.1285, subdivision 3; 16A.40; 16B.24, subdivision 5; 16B.465, subdivision 7; 16B.48, subdivision 2; 16B.54, by adding a subdivision; 16C.02, subdivision 6; 16C.05, subdivision 2, by adding a subdivision; 16C.06, subdivision 1; 16C.08, subdivisions 2, 3, 4, by adding a subdivision; 16D.08, subdivision 2; 16E.01, subdivision 3; 16E.07, subdivision 9; 43A.17, subdivision 9; 116J.8771; 154.18; 197.608; 239.101, subdivision 3, by adding a subdivision; 240.03; 240.10; 240.15, subdivision 6; 240.155, subdivision 1; 240A.03, subdivision 10; 240A.04; 240A.06, subdivision 1; 256B.435, subdivision 2a; 270.052; 270.44; 270A.07, subdivision 1; 271.06, subdivision 4; 289A.08, subdivision 16; 299C.10, subdivision 4, by adding a subdivision; 299C.48; 299F.46, subdivision 1, by adding subdivisions; 299M.03, by adding a subdivision; 303.14; 340A.301, by adding a subdivision; 349A.08, subdivision 5; 349A.15; 357.021, subdivisions 2, 7; 357.022; 357.08; 403.02, subdivision 10; 403.06; 403.07, subdivisions 1, 2, 3; 403.09, subdivision 1; 403.11; 403.113; 473.891, subdivision 10, by adding a subdivision; 473.898, subdivisions 1, 3; 473.901; 473.902, by adding a subdivision; 473.907, subdivision 1; 611A.72; 611A.73, subdivisions 2, 6; 611A.74;

624.22, subdivision 1; Laws 1998, chapter 366, section 80, as amended; Laws 2001, First Special Session chapter 8, article 4, section 2; proposing coding for new law in Minnesota Statutes, chapters 5; 15; 16C; 326; 473; repealing Minnesota Statutes 2002, sections 16B.50; 16C.07; 123B.73.

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 71 yeas and 62 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, I.	Ellison	Jaros	Mahoney	Otto	Thao
Anderson, J.	Entenza	Johnson, S.	Mariani	Paymar	Thissen
Atkins	Goodwin	Juhnke	Marquart	Pelowski	Urdahl
Bernardy	Greiling	Kahn	Mullery	Peterson	Wagenius
Biernat	Hausman	Kelliher	Murphy	Pugh	Walker
Carlson	Hilstrom	Koenen	Nelson, C.	Rukavina	Walz
Clark	Hilty	Larson	Nelson, M.	Sertich	Wasiluk
Davnie	Holberg	Latz	Olson, M.	Sieben	
Dill	Hornstein	Lenczewski	Opatz	Slawik	
Dorn	Howes	Lesch	Osterman	Soderstrom	
Eken	Huntley	Lieder	Otremba	Solberg	

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

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Howes introduced:

H. F. No. 1594, A bill for an act relating to education; providing for an election to determine whether to detach land from independent school district No. 2170, Staples-Motley, for a new school district.

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

**FISCAL CALENDAR**

Pursuant to rule 1.22, Knoblach requested immediate consideration of H. F. No. 437.

H. F. No. 437 was reported to the House.

Speaker pro tempore Abrams called Smith to the Chair.

**SUSPENSION OF RULES**

Boudreau moved that rule 1.50, relating to the adjourning of the House, be suspended to allow the House to continue in session after 12:00 midnight.

A roll call was requested and properly seconded.

**MOTION TO ADJOURN**

Entenza moved that the House adjourn.

A roll call was requested and properly seconded.

**CALL OF THE HOUSE**

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

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 question recurred on the Entenza motion and the roll was called. There were 53 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Eken	Huntley	Lieder	Otremba	Sieben
Atkins	Ellison	Johnson, S.	Mahoney	Otto	Slawik
Bernardy	Entenza	Juhnke	Mariani	Paymar	Solberg
Biernat	Goodwin	Kahn	Mullery	Pelowski	Thao
Carlson	Greiling	Kelliher	Murphy	Peterson	Thissen
Clark	Hausman	Klinzing	Nelson, M.	Pugh	Wagenius
Davnie	Hilstrom	Koenen	Nelson, P.	Rhodes	Walker
Dill	Hilty	Larson	Opatz	Rukavina	Wasiluk
Dorn	Hornstein	Latz	Osterman	Sertich	

Those who voted in the negative were:

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

The motion did not prevail.

The question recurred on the Boudreau motion and the roll was called. There were 78 yeas and 53 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, I.	Eken	Johnson, S.	Lieder	Otremba	Sieben
Atkins	Ellison	Juhnke	Mahoney	Otto	Slawik
Bernardy	Entenza	Kahn	Mariani	Paymar	Solberg
Biernat	Goodwin	Kelliher	Marquart	Pelowski	Thao
Carlson	Greiling	Koenen	Mullery	Peterson	Thissen
Clark	Hausman	Larson	Murphy	Pugh	Wagenius
Davnie	Hilstrom	Latz	Nelson, M.	Rhodes	Walker
Dill	Hilty	Lenczewski	Nelson, P.	Rukavina	Wasiluk
Dorn	Hornstein	Lesch	Osterman	Sertich	

The motion prevailed.

#### CALL OF THE HOUSE LIFTED

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

Bradley moved to amend H. F. No. 437, the fourth engrossment, as follows:

Page 120, line 11, delete "107" and insert "108"

Page 175, after line 6, insert:

"Emergency services, dentures, and extractions related to dentures are not included in the \$500 annual benefit limit."

Page 230, line 34, delete "25" and insert "50"

Page 234, line 17, after the period, insert "No copayments shall apply to antipsychotic drugs when used for the treatment of mental illness."

Page 238, line 26, delete "25" and insert "50"

Page 260, line 25, delete "assistance" and insert "discount"

Page 625, line 9, delete "\$3,623,751,000" and insert "\$3,747,774,000" and delete "\$3,535,232,000" and insert "\$3,668,129,000" and delete "\$7,158,983,000" and insert "\$7,415,903,000"

Page 625, line 12, delete "262,386,000" and insert "260,262,000" and delete "328,686,000" and insert "326,325,000" and delete "591,072,000" and insert "586,587,000"

Page 625, line 17, delete "\$4,200,087,000" and insert "\$4,321,986,000" and delete "\$4,177,284,000" and insert "\$4,307,820,000" and delete "\$8,377,371,000" and insert "\$8,629,806,000"

Page 625, line 25, delete "\$4,071,756,000" and insert "\$4,074,880,000" and delete "\$4,059,974,000" and insert "\$4,064,216,000"

Page 625, line 27, delete "3,552,321,000" and insert "3,557,569,000" and delete "3,474,560,000" and insert "3,481,163,000"

Page 625, line 31, delete "256,113,000" and insert "253,989,000" and delete "322,413,000" and insert "320,052,000"

Page 630, line 24, delete "54,845,000" and insert "54,978,000" and delete "51,221,000" and insert "51,345,000"

Page 631, line 8, delete "\$1,126,000" and insert "\$993,000"

Page 631, line 9, delete "\$118,000" and insert "shall be increased by \$6,000"

Page 631, line 30, delete "1,501,432,000" and insert "1,505,760,000" and delete "1,457,549,000" and insert "1,462,747,000"

Page 631, after line 39, insert:

"[PHARMACY REIMBURSEMENT.] The commissioner may adjust the discount from the average wholesale price used to estimate the actual acquisition cost of a drug in Minnesota Statutes, section 256B.0625, subdivision 13f, to allow the spending to match the allocation and tracking for that provision."

Page 632, line 22, delete "560,143,000" and insert "560,492,000" and delete "575,614,000" and insert "575,494,000"

Page 632, line 25, delete "696,413,000" and insert "700,407,000" and delete "750,033,000" and insert "754,349,000"

Page 632, line 48, delete "232,650,000" and insert "232,211,000" and delete "119,904,000" and insert "120,034,000"

Page 632, line 51, delete "2,660,000" and insert "3,067,000" and delete "2,472,000" and insert "3,123,000"

Page 632, line 54, delete "9,566,000" and insert "9,583,000" and delete "9,526,000" and insert "9,747,000"

Page 633, line 12, delete "\$7,200,000" and insert "\$284,000"

Page 633, line 15, delete "July 1, 2003" and insert "January 1, 2005"

Page 633, line 22, delete "24,452,000" and insert "24,733,000" and delete "24,517,000" and insert "25,292,000"

Page 633, line 23, delete "14,453,000" and insert "12,329,000" and delete "14,207,000" and insert "11,846,000"

Page 633, line 28, delete "4,222,000" and insert "4,472,000" and delete "5,466,000" and insert "5,216,000"

Page 633, line 51, delete "Options" and insert "Operations"

Page 633, line 52, delete "20,230,000" and insert "20,261,000" and delete "20,051,000" and insert "20,076,000"

Page 633, line 53, delete "13,607,000" and insert "11,483,000" and delete "13,361,000" and insert "11,000,000"

Page 634, line 57, delete "1,504,983,000" and insert "1,505,622,000" and delete "1,503,331,000" and insert "1,503,961,000"

Page 635, line 2, delete "12,259,000" and insert "12,960,000" and delete "13,212,000" and insert "13,913,000"

Page 635, line 14, after the semicolon, delete "the"

Page 635, line 15, delete "congregate meals portion of"

Page 635, line 42, delete "666,828,000" and insert "666,766,000" and delete "729,808,000" and insert "729,737,000"

Page 637, line 32, delete "94,800,000" and insert "95,060,000" and delete "101,426,000" and insert "101,686,000"

Page 638, delete line 17

The motion prevailed and the amendment was adopted.

Bradley moved to amend H. F. No. 437, the fourth engrossment, as amended, as follows:

Page 176, line 8, delete "13i" and insert "13h"

Page 177, line 9, delete "13i" and insert "13h"

Page 182, lines 28 to 29, delete "and any step therapy guidelines"

Page 183, delete lines 7 to 28

Page 183, line 29, delete "13i" and insert "13h"

A roll call was requested and properly seconded.

The question was taken on the Bradley amendment and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Brod	Eastlund	Harder	Kahn	Lieder
Abrams	Buesgens	Eken	Hausman	Kelliher	Lindgren
Adolphson	Carlson	Ellison	Heidgerken	Kielkucki	Lindner
Anderson, B.	Clark	Entenza	Hilstrom	Klinzing	Lipman
Anderson, I.	Cornish	Erhardt	Hilty	Knoblach	Magnus
Anderson, J.	Cox	Erickson	Holberg	Koenen	Mahoney
Atkins	Davids	Finstad	Hoppe	Kohls	Mariani
Beard	Davnie	Fuller	Hornstein	Krinkie	Marquart
Bernardy	DeLaForest	Gerlach	Howes	Kuisle	McNamara
Biernat	Demmer	Goodwin	Huntley	Lanning	Mullery
Blaine	Dempsey	Greiling	Jacobson	Larson	Murphy
Borrell	Dill	Gunther	Johnson, J.	Latz	Nelson, C.
Boudreau	Dorman	Haas	Johnson, S.	Lenczewski	Nelson, M.
Bradley	Dorn	Hackbarth	Juhnke	Lesch	Nelson, P.

Nornes	Paulsen	Rukavina	Simpson	Sykora	Walz
Olsen, S.	Paymar	Ruth	Slawik	Thao	Wardlow
Olson, M.	Pelowski	Samuelson	Smith	Thissen	Wasiluk
Opatz	Penas	Seagren	Soderstrom	Tingelstad	Westerberg
Osterman	Peterson	Seifert	Solberg	Urdahl	Westrom
Otremba	Powell	Sertich	Stang	Vandever	Wilkin
Otto	Pugh	Severson	Strachan	Wagenius	Zellers
Ozment	Rhodes	Sieben	Swenson	Walker	Spk. Sviggum

The motion prevailed and the amendment was adopted.

Juhnke, Hilstrom, Otremba, Heidgerken, Howes, Peterson, Vandever, Dorn, Urdahl, Stang, Nornes, Abeler, Eken, Bernardy, Westerberg, Davids, Hoppe, Swenson, Hackbarth, Marquart, Koenen, Huntley, Walz, Tingelstad, Eastlund and Goodwin moved to amend H. F. No. 437, the fourth engrossment, as amended, as follows:

Page 533, after line 14, insert:

"Sec. 40. [STATE-OPERATED SERVICES REFINANCING STRATEGY.]

Subdivision 1. [REDESIGN OF MENTAL HEALTH SAFETY NET.] (a) Pursuant to Minnesota Statutes, sections 246.0135, 251.011, and 251.013, when implementing any proposal to restructure state-operated services, redesign the mental health safety net, relocate a program located at a regional treatment center or state-operated nursing home, or reduce reliance on large institutions, the commissioner of human services must seek specific legislative authorization to close any regional treatment center or state-operated nursing home or any program at a regional treatment center or state-operated nursing home.

(b) In developing and seeking legislative authorization for any proposals to restructure state-operated services under this subdivision, the commissioner must consider:

(1) the needs and preferences of the individuals served by affected state-operated services programs and their families;

(2) the location of necessary support services, as identified in the service or treatment plans of individuals served by affected state-operated services programs;

(3) the appropriate grouping of individuals served by a community-based state-operated services program;

(4) the availability of qualified staff to provide services in community-based state-operated services programs;

(5) the need for state-operated services programs in certain geographical regions in the state; and

(6) whether commuting distance to the program for staff and families is reasonable.

(c) The commissioner's proposals to restructure state-operated services under this subdivision must not result in a net reduction in the total number of services in any catchment area in the state. The commissioner's proposals under this subdivision also must ensure that any new community-based state-operated services programs are located in areas that are convenient to the individuals receiving services and their families.

Subd. 2. [REDEVELOPMENT PLAN.] (a) Before seeking legislative authorization for any proposal to restructure state-operated services, redesign the mental health safety net, or reduce reliance on large institutions, the commissioner shall develop a comprehensive redevelopment plan for any facilities or land vacated as a result of the

proposal. If a local government entity cannot be secured for facility redevelopment, then the commissioner shall develop the plan in collaboration with affected residents, family members, employees, providers, and communities. The plan must include specific information on the redevelopment of the affected facilities or land, specific information about the implementation schedule for the plan, proposed legislation, and letters of commitment regarding the reuse and redevelopment of the facilities or land vacated as a result of the proposal.

(b) The commissioner shall not implement a redevelopment plan under this subdivision until the county board of commissioners in any regional treatment center domiciled county affected by the commissioner's redevelopment plan approves the plan.

Subd. 3. [STAFFING.] To the extent permitted by applicable collective bargaining agreements, the commissioner must offset any staff position reductions that result from restructuring state-operated services, redesigning the mental health safety net, or reducing reliance on large institutions, by creating new positions at community-based state-operated services programs. A state employee whose job is eliminated as a result of the restructuring of state-operated services shall have the option of transferring to a community-based state-operated services program, a position of comparable classification in another regional treatment center setting, or a position in another state agency. State employees affected by the restructuring of state-operated services shall have the rights available under the memorandum of understanding between the commissioner, the state negotiator, and the bargaining representatives of state employees.

Subd. 4. [STATE-OPERATED SERVICES COSTS.] (a) Programs that remain at a regional treatment center campus during and after the restructuring of state-operated services shall not be assessed any disproportional increase in fees, charges, or other costs associated with operating and maintaining the campus. Increased costs associated with inflation are permissible.

(b) Effective January 2, 2004, there shall be no increase in the county share of the cost of care provided in state-operated services.

Subd. 5. [REQUEST FOR FEDERAL WAIVER.] By January 1, 2004, the commissioner of human services shall apply to the federal government for a waiver from Medicaid requirements to permit medical assistance coverage for mental health treatment services provided by an existing program located at a regional treatment center with a capacity of more than 15 beds."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Otremba moved to amend H. F. No. 437, the fourth engrossment, as amended, as follows:

Page 553, after line 4, insert:

"Sec. 16. Minnesota Statutes 2002, section 144.343, subdivision 1, is amended to read:

Subdivision 1. [MINOR'S CONSENT VALID.] Any minor may give effective consent for medical, mental and other health services to determine the presence of or to treat pregnancy and conditions associated therewith, venereal disease, alcohol and other drug abuse, and the consent of no other person is required. This section does not preclude parents from having access to the medical records of their unemancipated minor children."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Davnie moved to amend the Otremba amendment to H. F. No. 437, the fourth engrossment, as amended, as follows:

Page 1, line 13, after "children" insert "who have given consent to that access"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 40 yeas and 91 nays as follows:

Those who voted in the affirmative were:

Abrams	Ellison	Hornstein	Latz	Otto	Thao
Atkins	Entenza	Huntley	Lesch	Paymar	Thissen
Bernardy	Erhardt	Jaros	Mahoney	Pugh	Wagenius
Biernat	Goodwin	Johnson, S.	Mariani	Rhodes	Walker
Carlson	Greiling	Kahn	Mullery	Sertich	Wasiluk
Clark	Hausman	Kelliher	Nelson, M.	Sieben	
Davnie	Hilstrom	Larson	Osterman	Slawik	

Those who voted in the negative were:

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

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

The question recurred on the Otremba amendment and the roll was called. There were 92 yeas and 40 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Abrams	Ellison	Huntley	Lesch	Paymar	Thao
Atkins	Entenza	Jaros	Mahoney	Pugh	Thissen
Bernardy	Erhardt	Johnson, S.	Mariani	Rhodes	Wagenius
Biernat	Goodwin	Kahn	Mullery	Rukavina	Walker
Carlson	Hausman	Kelliher	Nelson, M.	Sertich	Wasiluk
Clark	Hilstrom	Larson	Osterman	Sieben	
Davnie	Hornstein	Latz	Otto	Slawik	

The motion prevailed and the amendment was adopted.

Huntley moved to amend H. F. No. 437, the fourth engrossment, as amended, as follows:

Pages 324 to 329, delete section 43 of article 3

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Huntley amendment and the roll was called. There were 58 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dorn	Hornstein	Lenczewski	Osterman	Slawik
Atkins	Eken	Huntley	Lesch	Otremba	Solberg
Bernardy	Ellison	Jaros	Lieder	Otto	Thao
Biernat	Entenza	Johnson, S.	Mahoney	Paymar	Thissen
Carlson	Erhardt	Juhnke	Mariani	Pelowski	Wagenius
Clark	Goodwin	Kahn	Marquart	Peterson	Walker
Cornish	Greiling	Kelliher	Mullery	Pugh	Wasiluk
Cox	Hausman	Koenen	Murphy	Rukavina	Westrom
Davnie	Hilstrom	Larson	Nelson, M.	Sertich	
Dill	Hilty	Latz	Opatz	Sieben	

Those who voted in the negative were:

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

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

Slawik moved to amend H. F. No. 437, the fourth engrossment, as amended, as follows:

Page 495, line 25, delete "and"

Page 495, line 27, delete the period and insert a semicolon

Page 495, after line 27, insert:

"(3) for new providers; or

(4) for providers who have attained at least 16 hours of training before seeking initial licensure."

A roll call was requested and properly seconded.

The question was taken on the Slawik amendment and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and the amendment was adopted.

Thao and Hornstein moved to amend H. F. No. 437, the fourth engrossment, as amended, as follows:

Page 119, line 34, strike "; and"

Page 119, line 35, delete the new language and strike the existing language

Page 119, strike line 36

Page 120, strike everything before the period

A roll call was requested and properly seconded.

The question was taken on the Thao and Hornstein amendment and the roll was called. There were 54 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Carlson	Eken	Greiling	Hornstein	Juhnke
Atkins	Clark	Ellison	Hausman	Huntley	Kahn
Bernardy	Davnie	Entenza	Hilstrom	Jaros	Kelliher
Biernat	Dorn	Goodwin	Hilty	Johnson, S.	Koenen

Larson	Mahoney	Nelson, M.	Pelowski	Sieben	Thissen
Latz	Mariani	Opatz	Peterson	Slawik	Vandever
Lenczewski	Marquart	Otremba	Pugh	Smith	Wagenius
Lesch	Mullery	Ozment	Rukavina	Solberg	Walker
Lieder	Murphy	Paymar	Sertich	Thao	Wasiluk

Those who voted in the negative were:

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

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

Otremba moved to amend H. F. No. 437, the fourth engrossment, as amended, as follows:

Pages 30 to 32, delete section 36

Page 630, line 17, delete "17,373,000" and insert "13,740,000" and delete "3,076,000" and insert "(4,190,000)"

Page 630, after line 18, insert:

"[REDUCE GENERAL FUND APPROPRIATIONS.] The commissioner shall implement reductions in operating expenditures and positions beginning January 1, 2004."

Renumber the sections in sequence and correct the internal references

Correct the totals and summaries accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Otremba amendment and the roll was called. There were 53 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Biernat	Davnie	Eken	Goodwin	Heidgerken
Atkins	Carlson	Dill	Ellison	Greiling	Hilty
Bernardy	Clark	Dorn	Entenza	Hausman	Hornstein

Huntley	Koenen	Mahoney	Opatz	Pugh	Thao
Jaros	Larson	Mariani	Otremba	Rukavina	Thissen
Johnson, S.	Latz	Marquart	Otto	Sertich	Wagenius
Juhnke	Lenczewski	Mullery	Paymar	Sieben	Walker
Kahn	Lesch	Murphy	Pelowski	Slawik	Wasiluk
Kelliher	Lieder	Nelson, M.	Peterson	Solberg	

Those who voted in the negative were:

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

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

Eken offered an amendment to H. F. No. 437, the fourth engrossment, as amended.

#### POINT OF ORDER

Bradley raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Eken amendment was not in order. The Speaker ruled the point of order well taken and the Eken amendment out of order.

Lipman offered an amendment to H. F. No. 437, the fourth engrossment, as amended.

#### POINT OF ORDER

Huntley raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Lipman amendment was not in order. The Speaker ruled the point of order well taken and the Lipman amendment out of order.

Davnie offered an amendment to H. F. No. 437, the fourth engrossment, as amended.

## POINT OF ORDER

Knoblach raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Davnie amendment was not in order. The Speaker ruled the point of order well taken and the Davnie amendment out of order.

Otremba offered an amendment to H. F. No. 437, the fourth engrossment, as amended.

## POINT OF ORDER

Bradley raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Otremba amendment was not in order. The Speaker ruled the point of order well taken and the Otremba amendment out of order.

Otremba appealed the decision of the Speaker.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called. There were 83 yeas and 49 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, I.	Eken	Jaros	Lesch	Paymar	Thissen
Atkins	Ellison	Johnson, S.	Lieder	Peterson	Wagenius
Bernardy	Entenza	Juhnke	Mariani	Pugh	Walker
Biernat	Goodwin	Kahn	Marquart	Rukavina	Wasiluk
Carlson	Greiling	Kelliher	Mullery	Sertich	
Clark	Hausman	Koenen	Murphy	Sieben	
Davnie	Hilstrom	Larson	Nelson, M.	Slawik	
Dill	Hilty	Latz	Opatz	Solberg	
Dorn	Hornstein	Lenczewski	Otremba	Thao	

So it was the judgment of the House that the decision of the Speaker should stand.

The Speaker called Smith to the Chair.

Howes; Blaine; Olson, M.; Holberg; Dill; Powell; Severson; Soderstrom; Abeler; Otremba; Westerberg; Buesgens; Dempsey; Davids; Jacobson; Erickson; Penas; Anderson, B.; Gerlach; Beard; Kielkucki; Swenson; Marquart; Anderson, I.; Wilkin and Walz moved to amend H. F. No. 437, the fourth engrossment, as amended, as follows:

Page 132, line 16, after the period, insert "Covered prescription drug does not include the drug commonly referred to as RU486, nor any other drug used to chemically induce an abortion, and these drugs shall not be made available under this program nor be allowed on any preferred drug list adopted or implemented by the state."

A roll call was requested and properly seconded.

The question was taken on the Howes et al amendment and the roll was called. There were 88 yeas and 43 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Abrams	Dorn	Hilty	Latz	Paymar	Wagenius
Atkins	Ellison	Hornstein	Lesch	Rhodes	Walker
Bernardy	Entenza	Huntley	Mahoney	Rukavina	Wasiluk
Biernat	Erhardt	Jaros	Mariani	Sertich	
Carlson	Goodwin	Johnson, S.	Mullery	Sieben	
Clark	Greiling	Kahn	Nelson, M.	Slawik	
Davnie	Hausman	Kelliher	Osterman	Thao	
Dorman	Hilstrom	Larson	Otto	Thissen	

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Eken offered an amendment to H. F. No. 437, the fourth engrossment, as amended.

POINT OF ORDER

Bradley raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Eken amendment was not in order. The Speaker ruled the point of order well taken and the Eken amendment out of order.

Eken moved to amend H. F. No. 437, the fourth engrossment, as amended, as follows:

Page 509, line 24, strike "CONTRIBUTION" and insert "TAX"

Page 509, line 34, strike "contribution" and insert "tax"

Page 510, lines 9, 14, 28, and 33, delete "contribution" and insert "tax"

Page 511, lines 1, 5, 7, 14, 16, 19, 22, 25, 30, and 34, strike "contribution" and insert "tax"

Page 512, line 3, delete "contribution" and insert "tax"

Page 512, lines 4, 17, 18, 23, and 35, strike "contribution" and insert "tax"

A roll call was requested and properly seconded.

The question was taken on the Eken amendment and the roll was called. There were 53 yeas and 80 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Abeler	Bradley	Dorman	Hackbarth	Klinzing	Magnus
Abrams	Brod	Eastlund	Harder	Knoblach	McNamara
Adolphson	Buesgens	Erhardt	Heidgerken	Kohls	Nelson, C.
Anderson, B.	Cornish	Erickson	Holberg	Krinkie	Nelson, P.
Anderson, J.	Cox	Finstad	Hoppe	Kuisle	Nornes
Beard	Dauids	Fuller	Howes	Lanning	Olsen, S.
Blaine	DeLaForest	Gerlach	Jacobson	Lindgren	Olson, M.
Borrell	Demmer	Gunther	Johnson, J.	Lindner	Osterman
Boudreau	Dempsey	Haas	Kielkucki	Lipman	Ozment

Paulsen	Samuelson	Smith	Sykora	Wardlow	Spk. Sviggum
Penas	Seagren	Soderstrom	Tingelstad	Westerberg	
Powell	Seifert	Stang	Urdahl	Westrom	
Rhodes	Severson	Strachan	Vandevveer	Wilkin	
Ruth	Simpson	Swenson	Walz	Zellers	

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

H. F. No. 437, A bill for an act relating to state government; making changes to public assistance programs, health care programs, long-term care, continuing care for persons with disabilities, human services licensing, county initiatives, and children's services; establishing the Community Services Act; changing estate recovery provisions for medical assistance; changing health department provisions; modifying local public health grants; changing child care provisions; making forecast adjustments; appropriating money; amending Minnesota Statutes 2002, sections 16A.724; 61A.072, subdivision 6; 62A.315; 62A.48, by adding a subdivision; 62A.49, by adding a subdivision; 62A.65, subdivision 7; 62D.095, subdivision 2, by adding a subdivision; 62J.692, subdivision 4, by adding a subdivision; 62Q.19, subdivision 1; 62S.22, subdivision 1; 69.021, subdivision 11; 119B.011, subdivisions 5, 6, 15, 19, 21, by adding subdivisions; 119B.02, subdivision 1; 119B.03, subdivision 9; 119B.05, subdivision 1; 119B.08, subdivision 3; 119B.09, subdivisions 1, 2, 7, by adding subdivisions; 119B.11, subdivision 2a; 119B.12, subdivision 2; 119B.13, subdivisions 1, 2, 6, by adding subdivisions; 119B.16, subdivision 2, by adding subdivisions; 119B.19, subdivision 7; 119B.21, subdivision 11; 119B.23, subdivision 3; 124D.23, subdivision 2; 144.1222, by adding a subdivision; 144.125; 144.128; 144.1483; 144.1488, subdivision 4; 144.1491, subdivision 1; 144.1502, subdivision 4; 144.343, subdivision 1; 144.551, subdivision 1; 144A.04, subdivision 3, by adding a subdivision; 144A.071, subdivision 4a; 144A.10, by adding a subdivision; 144A.4605, subdivision 4; 144E.11, subdivision 6; 145.88; 145.881, subdivision 2; 145.882, subdivisions 1, 2, 3, 7, by adding a subdivision; 145.883, subdivisions 1, 9; 145A.02, subdivisions 5, 6, 7; 145A.06, subdivision 1; 145A.09, subdivisions 2, 4, 7; 145A.10, subdivisions 2, 10, by adding a subdivision; 145A.11, subdivisions 2, 4; 145A.12, subdivisions 1, 2, by adding a subdivision; 145A.13, by adding a subdivision; 145A.14, subdivision 2, by adding a subdivision; 147A.08; 148.5194, subdivisions 1, 2, 3, by adding a subdivision; 148.6445, subdivision 7; 153A.17; 174.30, subdivision 1; 179A.03, subdivision 7; 245.4932, subdivision 1; 245A.035, subdivision 3; 245A.04, subdivisions 3, 3b, 3d; 245A.09, subdivision 7; 245A.10; 245A.11, subdivisions 2a, 2b, by adding a subdivision; 245B.03, subdivision 2, by adding a subdivision; 245B.04, subdivision 2; 245B.06, subdivisions 2, 5, 8; 245B.07, subdivisions 6, 9, 11; 245B.08, subdivision 1; 246.54; 252.27, subdivision 2a; 252.32, subdivisions 1, 1a, 3, 3c; 252.41, subdivision 3; 252.46, subdivision 1; 253B.04, subdivision 1; 253B.05, subdivision 3; 256.01, subdivision 2; 256.012; 256.046, subdivision 1; 256.0471, subdivision 1; 256.476, subdivisions 3, 4, 5; 256.482, subdivision 8; 256.935, subdivision 1; 256.955, subdivisions 2a, 3, by adding subdivisions; 256.9657, subdivisions 1, 4, by adding a subdivision; 256.969, subdivisions 2b, 3a; 256.975, by adding a subdivision; 256.9754, subdivisions 2, 3, 4, 5; 256.98, subdivisions 3, 4, 8; 256.984, subdivision 1; 256B.055, by adding a subdivision; 256B.056, subdivisions 1a, 1c, 6; 256B.057, subdivisions 1, 2, 3b, 9, 10; 256B.0595, subdivisions 1, 2, by adding subdivisions; 256B.06, subdivision 4; 256B.061; 256B.0621, subdivision 4; 256B.0623, subdivisions 2, 4, 5, 6, 8; 256B.0625, subdivisions 5a, 9, 13, 17, 18a, 19c, 20, 23, by adding subdivisions; 256B.0627, subdivisions 1, 4, 9; 256B.0635, subdivisions 1, 2; 256B.064, subdivision 2; 256B.0911, subdivisions 3, 4d; 256B.0913, subdivisions 2, 4, 5, 6, 7, 8, 10, 12; 256B.0915, subdivision 3, by adding a subdivision; 256B.092, subdivisions 1a, 5; 256B.0945, subdivisions 2, 4; 256B.095; 256B.0951, subdivisions 1, 2, 3, 5, 7, 9; 256B.0952, subdivision 1; 256B.0953, subdivision 2; 256B.0955; 256B.15, subdivisions 1, 1a, 2, 3, 4, by adding subdivisions; 256B.19, subdivision 1; 256B.195, subdivisions 4, 5; 256B.31; 256B.32, subdivision 1; 256B.431, subdivisions 2r, 32, 36, by adding subdivisions; 256B.434, subdivisions 4, 10; 256B.47, subdivision 2; 256B.48, subdivision 1; 256B.501, subdivision 1, by adding a subdivision; 256B.5012, by adding a subdivision; 256B.5013, subdivision 4; 256B.5015; 256B.69, subdivisions 2, 4, 5a, 5c, by adding subdivisions; 256B.75; 256B.76; 256B.761; 256B.82; 256D.03, subdivisions 3, 3a, 4; 256D.06, subdivision 2; 256D.44, subdivision 5; 256D.46, subdivisions 1, 3; 256D.48, subdivision 1; 256F.10, subdivision 6; 256F.13, subdivisions 1, 2; 256G.05, subdivision 2; 256I.02; 256I.04,

subdivision 3; 256I.05, subdivisions 1, 1a, 7c; 256J.01, subdivision 5; 256J.02, subdivision 2; 256J.021; 256J.08, subdivisions 35, 65, 82, 85, by adding subdivisions; 256J.09, subdivisions 2, 3, 3a, 3b, 8, 10; 256J.14; 256J.20, subdivision 3; 256J.21, subdivisions 1, 2; 256J.24, subdivisions 3, 5, 6, 7, 10; 256J.30, subdivision 9; 256J.31, subdivision 4; 256J.32, subdivisions 2, 4, 5a, by adding a subdivision; 256J.37, subdivision 9, by adding subdivisions; 256J.38, subdivisions 3, 4; 256J.40; 256J.42, subdivisions 4, 5, 6; 256J.425, subdivisions 1, 1a, 2, 3, 4, 6, 7; 256J.45, subdivision 2; 256J.46, subdivisions 1, 2, 2a; 256J.49, subdivisions 4, 5, 9, 13, by adding subdivisions; 256J.50, subdivisions 1, 8, 9, 10; 256J.51, subdivisions 1, 2, 3, 4; 256J.53, subdivisions 1, 2, 5; 256J.54, subdivisions 1, 2, 3, 5; 256J.55, subdivisions 1, 2; 256J.56; 256J.57; 256J.62, subdivision 9; 256J.645, subdivision 3; 256J.66, subdivision 2; 256J.67, subdivisions 1, 3; 256J.69, subdivision 2; 256J.75, subdivision 3; 256J.751, subdivisions 1, 2, 5; 256L.02, by adding a subdivision; 256L.03, subdivisions 1, 3, 5; 256L.04, subdivision 1; 256L.05, subdivisions 1, 3, 3a, 3c, 4; 256L.06, subdivision 3; 256L.07, subdivisions 1, 2, 3; 256L.09, subdivision 4; 256L.12, subdivisions 6, 9, by adding subdivisions; 256L.15, subdivisions 1, 2, 3; 256L.17, subdivision 2; 257.05; 259.67, subdivision 4; 260C.141, subdivision 2; 261.035; 261.063; 295.55, subdivision 2; 326.42; 393.07, subdivisions 1, 5, 10; 466.03, subdivision 6d; 514.981, subdivision 6; 518.167, subdivision 1; 518.551, subdivision 7; 518.6111, subdivisions 2, 3, 4, 16; 524.3-805; 626.559, subdivision 5; 641.15, subdivision 2; Laws 1997, chapter 203, article 9, section 21, as amended; proposing coding for new law as Minnesota Statutes, chapter 256M; proposing coding for new law in Minnesota Statutes, chapters 62S; 119B; 144; 144A; 145; 145A; 148C; 256; 256B; 256D; 256I; 256J; 514; repealing Minnesota Statutes 2002, sections 16A.151, subdivision 5; 16A.87; 62J.17; 62J.66; 62J.68; 62J.694; 119B.061; 144.126; 144.1484; 144.1494; 144.1495; 144.1496; 144.1497; 144.395; 144.396; 144.401; 144.9507, subdivision 3; 144A.071, subdivision 5; 144A.35; 144A.36; 144A.38; 145.56, subdivision 2; 145.882, subdivisions 4, 5, 6, 8; 145.883, subdivisions 4, 7; 145.884; 145.885; 145.886; 145.888; 145.889; 145.890; 145.9266, subdivisions 2, 4, 5, 6, 7; 145.928, subdivision 9; 145A.02, subdivisions 9, 10, 11, 12, 13, 14; 145A.09, subdivision 6; 145A.10, subdivisions 5, 6, 8; 145A.11, subdivision 3; 145A.12, subdivisions 3, 4, 5; 145A.14, subdivisions 3, 4; 145A.17, subdivisions 2, 9; 148.5194, subdivision 3a; 148.6445, subdivision 9; 245.4712, subdivision 2; 245.478; 245.4886; 245.4888; 245.496; 245.714; 252.32, subdivision 2; 254A.17; 256.955, subdivision 8; 256.973; 256.9772; 256B.055, subdivision 10a; 256B.056, subdivision 3c; 256B.057, subdivision 1b; 256B.0625, subdivisions 35, 36; 256B.0928; 256B.0945, subdivisions 6, 7, 8, 9, 10; 256B.195, subdivision 5; 256B.437, subdivision 2; 256B.83; 256E.01; 256E.02; 256E.03; 256E.04; 256E.05; 256E.06; 256E.07; 256E.08; 256E.081; 256E.09; 256E.10; 256E.11; 256E.115; 256E.13; 256E.14; 256E.15; 256F.01; 256F.02; 256F.03; 256F.04; 256F.05; 256F.06; 256F.07; 256F.08; 256F.10, subdivision 7; 256F.11; 256F.12; 256F.14; 256J.02, subdivision 3; 256J.08, subdivisions 28, 70; 256J.24, subdivision 8; 256J.30, subdivision 10; 256J.462; 256J.47; 256J.48; 256J.49, subdivisions 1a, 2, 6, 7; 256J.50, subdivisions 2, 3, 3a, 5, 7; 256J.52; 256J.62, subdivisions 1, 2a, 4, 6, 7, 8; 256J.625; 256J.655; 256J.74, subdivision 3; 256J.751, subdivisions 3, 4; 256J.76; 256K.30; 256L.02, subdivision 3; 256L.04, subdivision 9; 257.075; 257.81; 260.152; 626.562; Laws 1998, chapter 407, article 4, section 63; Laws 2000, chapter 488, article 10, section 29; Laws 2001, First Special Session chapter 3, article 1, section 16; Laws 2001, First Special Session chapter 9, article 13, section 24; Laws 2002, chapter 374, article 9, section 8; Minnesota Rules, parts 4705.0100; 4705.0200; 4705.0300; 4705.0400; 4705.0500; 4705.0600; 4705.0700; 4705.0800; 4705.0900; 4705.1000; 4705.1100; 4705.1200; 4705.1300; 4705.1400; 4705.1500; 4705.1600; 4736.0010; 4736.0020; 4736.0030; 4736.0040; 4736.0050; 4736.0060; 4736.0070; 4736.0080; 4736.0090; 4736.0120; 4736.0130; 4736.0100; 4736.0110; 4736.0125; 4736.0135; 4736.0140; 4736.0150; 4736.0160; 4736.0170; 4736.0180; 4736.0190; 4736.0205; 4736.0215; 4736.0220; 4736.0230; 4736.0240; 4736.0250; 4736.0260; 4736.0270; 4736.0285; 4736.0295; 4736.0300; 9505.0324; 9505.0326; 9505.0327; 9505.3045; 9505.3050; 9505.3055; 9505.3060; 9505.3068; 9505.3070; 9505.3075; 9505.3080; 9505.3090; 9505.3095; 9505.3100; 9505.3105; 9505.3107; 9505.3110; 9505.3115; 9505.3120; 9505.3125; 9505.3130; 9505.3138; 9505.3139; 9505.3140; 9505.3680; 9505.3690; 9505.3700; 9545.2000; 9545.2010; 9545.2020; 9545.2030; 9545.2040; 9550.0010; 9550.0020; 9550.0030; 9550.0040; 9550.0050; 9550.0060; 9550.0070; 9550.0080; 9550.0090; 9550.0091; 9550.0092; 9550.0093.

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 74 yeas and 59 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Abrams	Dorn	Hornstein	Lenczewski	Opatz	Sertich
Anderson, I.	Eken	Huntley	Lesch	Osterman	Sieben
Atkins	Ellison	Jaros	Lieder	Otremba	Slawik
Bernardy	Entenza	Johnson, S.	Mahoney	Otto	Solberg
Biernat	Erhardt	Juhnke	Mariani	Paymar	Thao
Carlson	Goodwin	Kahn	Marquart	Pelowski	Thissen
Clark	Greiling	Kelliher	Mullery	Peterson	Wagenius
Davnie	Hausman	Koenen	Murphy	Pugh	Walker
Dill	Hilstrom	Larson	Nelson, M.	Rhodes	Wasiluk
Dorman	Hilty	Latz	Olson, M.	Rukavina	

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

### CALENDAR FOR THE DAY

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

### MOTIONS AND RESOLUTIONS

Seifert moved that the name of Otto be added as an author on H. F. No. 807. The motion prevailed.

Osterman moved that the name of Lanning be added as an author on H. F. No. 1124. The motion prevailed.

Jacobson moved that the names of Erickson and Westerberg be added as authors on H. F. No. 1590. The motion prevailed.

Boudreau moved that the names of Demmer, Kohls, Jacobson and Zellers be added as authors on House Resolution No. 9. The motion prevailed.

## ADJOURNMENT

Paulsen moved that when the House adjourns today it adjourn until 12:00 noon, Monday, May 5, 2003. The motion prevailed.

Paulsen moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Monday, May 5, 2003.

EDWARD A. BURDICK, Chief Clerk, House of Representatives