

STATE OF MINNESOTA

EIGHTY-FOURTH SESSION — 2006

 NINETIETH DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 18, 2006

The House of Representatives convened at 12:00 noon and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by Major John Morris, Chaplain of the Minnesota National Guard.

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

The Minnesota House of Representatives presented a House Resolution congratulating and honoring the Minnesota National Guard on the 150th anniversary of its founding.

The roll was called and the following members were present:

Abeler	Dempsey	Hausman	Kohls	Newman	Sertich
Abrams	Dill	Haws	Krinkie	Nornes	Severson
Anderson, B.	Dittrich	Heidgerken	Lanning	Olson	Sieben
Anderson, I.	Dorman	Hilstrom	Larson	Otremba	Simon
Atkins	Dorn	Hilty	Latz	Ozment	Simpson
Beard	Eastlund	Holberg	Lenczewski	Paulsen	Slawik
Bernardy	Eken	Hoppe	Lesch	Paymar	Smith
Blaine	Ellison	Hornstein	Liebling	Pelowski	Soderstrom
Bradley	Emmer	Hortman	Lieder	Penas	Solberg
Brod	Entenza	Hosch	Lillie	Peppin	Sykora
Buesgens	Erhardt	Howes	Loeffler	Peterson, A.	Thao
Carlson	Erickson	Huntley	Magnus	Peterson, N.	Thissen
Charron	Finstad	Jaros	Mahoney	Peterson, S.	Urdahl
Clark	Fritz	Johnson, J.	Mariani	Poppe	Vanderveer
Cornish	Garofalo	Johnson, R.	Marquart	Powell	Walker
Cox	Gazelka	Johnson, S.	McNamara	Rukavina	Wardlow
Cybart	Goodwin	Juhnke	Meslow	Ruth	Welti
Davids	Greiling	Kahn	Moe	Ruud	Westerberg
Davnie	Gunther	Kelliher	Mullery	Sailer	Westrom
Dean	Hackbarth	Klinzing	Murphy	Samuelson	Wilkin
DeLaForest	Hamilton	Knoblach	Nelson, M.	Scalze	Zellers
Demmer	Hansen	Koenen	Nelson, P.	Seifert	Spk. Sviggum

A quorum was present.

Tingelstad was excused until 2:30 p.m. Wagenius was excused until 3:40 p.m.

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

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

RECESS

RECONVENED

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

REPORTS OF STANDING COMMITTEES

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

H. F. No. 2843, A bill for an act relating to consumer protections; reducing identity theft and assisting its victims; providing penalties; amending Minnesota Statutes 2004, sections 13.05, subdivision 5; 138.17, subdivision 7; 609.527, by adding a subdivision; Minnesota Statutes 2005 Supplement, section 325E.61, subdivisions 1, 4; proposing coding for new law in Minnesota Statutes, chapters 13; 13C; 325E; 325G; 609.

Reported the same back with the following amendments:

Page 11, delete section 16

Renumber the sections in sequence

Correct the title numbers accordingly

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

The report was adopted.

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

H. F. No. 3012, A bill for an act relating to natural resources; providing for temporary state park permits for towed vehicles; modifying state park permit requirements and fees; amending Minnesota Statutes 2004, sections 85.053, by adding a subdivision; 85.054, by adding a subdivision; Minnesota Statutes 2005 Supplement, sections 85.053, subdivision 2; 85.055, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

ENVIRONMENT AND NATURAL RESOURCES
APPROPRIATIONS AND POLICY CHANGES

Section 1. **SUPPLEMENTAL APPROPRIATIONS.**

The appropriations in this act are added to or, if shown in parentheses, subtracted from the appropriations enacted into law by the legislature in 2005, or other specified law, to the named agencies and for the specified programs or activities. The sums shown are appropriated from the general fund, or another named fund, to be

available for the fiscal years indicated; 2006 is the fiscal year ending June 30, 2006, 2007 is the fiscal year ending June 30, 2007, and the biennium is fiscal years 2006 and 2007. Supplementary appropriations and reductions to appropriations for the fiscal year ending June 30, 2006, are effective the day following final enactment.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2006</u>	<u>2007</u>
Sec. 2. <u>NATURAL RESOURCES</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$88,000</u>	<u>\$1,493,000</u>
	<u>Summary by Fund</u>	
<u>General</u>	<u>88,000</u>	<u>443,000</u>
<u>Natural Resources</u>	<u>-0-</u>	<u>1,050,000</u>

The amounts that may be spent for each activity are specified in the following subdivisions.

Subd. 2. Bovine Tuberculosis

\$88,000 in 2006 and \$132,000 in 2007 are for bovine tuberculosis surveillance and diagnosis to diminish the risk of disease transmission in domestic livestock.

Subd. 3. All-Terrain Vehicle Trails

\$400,000 in 2007 from the all-terrain vehicle account in the natural resources fund is for the all-terrain vehicle grant-in-aid program.

\$200,000 in 2007 from the all-terrain vehicle account in the natural resources fund is for rehabilitation and development of all-terrain vehicle trails.

\$250,000 in 2007 from the all-terrain vehicle account in the natural resources fund to plan and develop the North Shore Trail from Normana Road in St. Louis County to the Moose Walk All-Terrain Vehicle Trail in Lake County for all-terrain vehicle use. This appropriation does not cancel but is available until expended.

Subd. 4. Invasive Species

\$261,000 in 2007 for prevention and control of harmful invasive species.

APPROPRIATIONS
Available for the Year
Ending June 30

20062007

Subd. 5. Minnesota Shooting Sports Education Center

\$50,000 in 2007 for the operation of the Minnesota Shooting Sports Education Center. The commissioner may make direct expenditures for the operation of the center or contract with another entity to operate the center. This appropriation is available only to the extent matched by at least \$1 of nonstate money from gifts or grants for each \$2 of state money.

Subd. 6. Corps Campsites

\$200,000 in 2007 is from the state park account in the natural resources fund for operation of recreational sites under the jurisdiction of the U.S. Army Corps of Engineers at Big Sandy Lake, Leech Lake, Gull Lake, Cross Lake, Winnibigoshish Lake, and Pokegama Lake. These sites shall be managed as state recreation areas in accordance with section 86A.05, subdivision 3.

Sec. 3. LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES

Subdivision 1. Conservation and Preservation Plan

\$300,000 in 2007 from the environmental trust fund to the Legislative Commission on Minnesota Resources, or its successor commission, for development of a conservation and preservation plan that provides a long-term, statewide, comprehensive, and strategic effort based on science to guide decision making.

Subd. 2. Administration

(a) \$550,000 in 2007 is from the environment and natural resources trust fund to the Legislative-Citizen Commission on Minnesota Resources for administration, as provided in Minnesota Statutes, section 116P.09, subdivision 5.

(b) The fiscal year 2006 administrative budget under Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 3, is for the Legislative Commission on Minnesota Resources or its successor commission, as provided in Minnesota Statutes, section 15.039, subdivision 6.

Sec. 4. Minnesota Statutes 2004, section 84.085, subdivision 1, is amended to read:

Subdivision 1. **Authority.** (a) The commissioner of natural resources may accept for and on behalf of the state any gift, bequest, devise, or grants of lands or interest in lands or personal property of any kind or of money tendered to the state for any purpose pertaining to the activities of the department or any of its divisions. Any money so received is hereby appropriated and dedicated for the purpose for which it is granted. Lands and interests in lands so received may be sold or exchanged as provided in chapter 94.

(b) When the commissioner of natural resources accepts lands or interests in land, the commissioner may reimburse the donor for costs incurred to obtain an appraisal needed for tax reporting purposes. If the state pays the donor for a portion of the value of the lands or interests in lands that are donated, the reimbursement for appraisal costs shall not exceed \$1,500. If the donor receives no payment from the state for the lands or interests in lands that are donated, the reimbursement for appraisal costs shall not exceed \$5,000.

~~(b)~~ (c) The commissioner of natural resources, on behalf of the state, may accept and use grants of money or property from the United States or other grantors for conservation purposes not inconsistent with the laws of this state. Any money or property so received is hereby appropriated and dedicated for the purposes for which it is granted, and shall be expended or used solely for such purposes in accordance with the federal laws and regulations pertaining thereto, subject to applicable state laws and rules as to manner of expenditure or use providing that the commissioner may make subgrants of any money received to other agencies, units of local government, private individuals, private organizations, and private nonprofit corporations. Appropriate funds and accounts shall be maintained by the commissioner of finance to secure compliance with this section.

~~(c)~~ (d) The commissioner may accept for and on behalf of the permanent school fund a donation of lands, interest in lands, or improvements on lands. A donation so received shall become state property, be classified as school trust land as defined in section 92.025, and be managed consistent with section 127A.31.

Sec. 5. **[85.0145] ACQUISITION OF LAND FOR FACILITIES.**

The commissioner of natural resources may acquire interests in land by gift, purchase, or lease for facilities outside the boundaries of state parks, state recreation areas, or state waysides that are needed for the management of state parks, state recreation areas, or state waysides established under sections 85.012 and 85.013.

Sec. 6. Minnesota Statutes 2004, section 85.052, subdivision 4, is amended to read:

Subd. 4. **Deposit of fees.** (a) Fees paid for providing contracted products and services within a state park, state recreation area, or wayside, and for special state park uses under this section shall be deposited in the natural resources fund and credited to a state parks account.

(b) Gross receipts derived from sales, rentals, or leases of natural resources within state parks, recreation areas, and waysides, other than those on trust fund lands, must be deposited in the state treasury and credited to the general fund.

(c) Notwithstanding paragraph (b), the gross receipts from the sale of stockpile materials, aggregate, or other earth materials from the Iron Range Off-Highway Vehicle Recreation Area shall be deposited in the dedicated accounts in the natural resource fund from which the purchase of the stockpile material was made.

Sec. 7. Minnesota Statutes 2005 Supplement, section 85.053, subdivision 2, is amended to read:

Subd. 2. **Requirement.** Except as provided in section 85.054, a motor vehicle may not enter a state park, state recreation area, or state wayside over 50 acres in area, without a state park permit issued under this section. Except for vehicles permitted under ~~subdivision~~ subdivisions 7, paragraph (a), clause (2), ~~and 8,~~ the state park permit must be affixed to the lower right corner windshield of the motor vehicle and must be completely affixed by its own adhesive to the windshield, or the commissioner may, by written order, provide an alternative means to display and validate annual permits.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 8. Minnesota Statutes 2004, section 85.053, is amended by adding a subdivision to read:

Subd. 8. **Towed vehicles.** The commissioner shall prescribe and issue a temporary permit for a vehicle that enters a park towed by a vehicle used for camping. The temporary permit shall be issued with the camping permit and allows the towed vehicle to be driven in state parks until the camping permit expires.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 9. Minnesota Statutes 2004, section 85.054, is amended by adding a subdivision to read:

Subd. 12. **Soudan Underground Mine State Park.** A state park permit is not required and a fee may not be charged for motor vehicle entry or parking at the visitor parking area of Soudan Underground Mine State Park.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 10. Minnesota Statutes 2004, section 85.054, is amended by adding a subdivision to read:

Subd. 13. **Sunday church services.** A state park permit is not required and a fee may not be charged for motor vehicle entry to attend a Sunday church service held in a state park if the motor vehicle and occupants depart the park within two hours of entry.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 11. Minnesota Statutes 2005 Supplement, section 85.055, subdivision 1, is amended to read:

Subdivision 1. **Fees.** The fee for state park permits for:

- (1) an annual use of state parks is \$25;
- (2) a second vehicle state park permit is \$18;
- (3) a state park permit valid for one day is ~~\$7~~ \$5;
- (4) a daily vehicle state park permit for groups is ~~\$5~~ \$3;
- (5) an annual permit for motorcycles is \$20;
- (6) an employee's state park permit is without charge; and
- ~~(6)~~ (7) a state park permit for ~~handicapped~~ disabled persons under section 85.053, subdivision 7, clauses (1) and (2), is \$12.

The fees specified in this subdivision include any sales tax required by state law.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 12. Minnesota Statutes 2004, section 88.79, subdivision 1, is amended to read:

Subdivision 1. **Employment of competent foresters; service to private owners.** The commissioner of natural resources may employ competent foresters to furnish owners of forest lands within the state of Minnesota ~~owning~~ respectively not exceeding who own not more than 1,000 acres of such forest land, forest management services consisting of:

- (1) advice in management and protection of timber, including written stewardship and forest management plans;
- (2) selection and marking of timber to be cut;
- (3) measurement of products;
- (4) aid in marketing harvested products;
- (5) provision of tree-planting equipment; and
- (6) such other services as the commissioner of natural resources deems necessary or advisable to promote maximum sustained yield of timber upon such forest lands.

Sec. 13. **[89.22] USES OF STATE FOREST LANDS; FEES.**

Subdivision 1. **Establishing fees.** Notwithstanding section 16A.1283, the commissioner may, by written order published in the State Register, establish fees providing for the use of state forest lands, including motorcycle, snowmobile, and sports car rallies, races, or enduros; orienteering trials; group campouts that do not occur at designated group camps; dog sled races; dog trials; large horse trail rides; and commercial uses. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

Subd. 2. **Receipts to special revenue fund.** Fees collected under subdivision 1 shall be credited to the special revenue fund and are annually appropriated to the commissioner for costs incurred attributable to the uses for which the fees were imposed.

Sec. 14. Minnesota Statutes 2004, section 90.14, is amended to read:

90.14 AUCTION SALE PROCEDURE.

(a) All state timber shall be offered and sold by the same unit of measurement as it was appraised. ~~The sale shall be made to the person who (1) bids the highest price for all the several kinds of timber as advertised, or (2) if unsold at public auction, to the person who purchases at any subsequent sale authorized under section 90.101, subdivision 1. No tract shall be sold to any person other than the purchaser in whose name the bid was made.~~ The commissioner may refuse to approve any and all bids received and cancel a sale of state timber for good and sufficient reasons.

(b) The purchaser at any sale of timber shall, immediately upon the approval of the bid, or, if unsold at public auction, at the time of purchase at a subsequent sale under section 90.101, subdivision 1, pay to the commissioner a down payment of 15 percent of the appraised value. In case any purchaser fails to make such payment, the purchaser shall be liable therefor to the state in a civil action, and the commissioner may reoffer the timber for sale as though no bid or sale under section 90.101, subdivision 1, therefor had been made.

(c) In lieu of the scaling of state timber required by this chapter, a purchaser of state timber may, at the time of payment by the purchaser to the commissioner of 15 percent of the appraised value, elect in writing on a form prescribed by the attorney general to purchase a permit based solely on the appraiser's estimate of the volume of timber described in the permit, provided that the commissioner has expressly designated the availability of such option for that tract on the list of tracts available for sale as required under section 90.101. A purchaser who elects in writing on a form prescribed by the attorney general to purchase a permit based solely on the appraiser's estimate of the volume of timber described on the permit does not have recourse to the provisions of section 90.281.

(d) In the case of a public auction sale conducted by a sealed bid process, tracts shall be awarded to the high bidder, who shall pay to the commissioner a down payment of 15 percent of the appraised value within ten business days of receiving a written award notice. If a purchaser fails to make the down payment, the purchaser is liable for the down payment to the state and the commissioner may offer the timber for sale to the next highest bidder as though no higher bid had been made.

(e) Except as otherwise provided by law, at the time the purchaser signs a permit issued under section 90.151, the purchaser shall make a bid guarantee payment to the commissioner in an amount equal to 15 percent of the total purchase price of the permit less the down payment amount required by paragraph (b). If the bid guarantee payment is not submitted with the signed permit, no harvesting may occur, the permit cancels, and the down payment for timber forfeits to the state. The bid guarantee payment forfeits to the state if the purchaser and successors in interest fail to execute an effective permit.

Sec. 15. **[90.145] PURCHASER QUALIFICATIONS AND REGISTRATION.**

Subdivision 1. **Purchaser qualifications.** (a) In addition to any other requirements imposed by this chapter, the purchaser of a state timber permit issued under section 90.151 must meet the requirements in paragraphs (b) to (d).

(b) The purchaser and the purchaser's agents, employees, subcontractors, and assigns must comply with general industry safety standards for logging adopted by the commissioner of labor and industry under chapter 182. The commissioner of natural resources shall require a purchaser to provide proof of compliance with the general industry safety standards.

(c) The purchaser and the purchaser's agents, subcontractors, and assigns must comply with the mandatory insurance requirements of chapter 176. The commissioner shall require a purchaser to provide a copy of the proof of insurance required by section 176.130 before the start of harvesting operations on any permit.

(d) Before the start of harvesting operations on any permit, the purchaser must certify that a foreperson or other designated employee who has a current certificate of completion from the Minnesota logger education program (MLEP), the Wisconsin Forest Industry Safety and Training Alliance (FISTA), or any similar program acceptable to the commissioner, is supervising active logging operations.

Subd. 2. **Purchaser preregistration.** To facilitate the sale of permits issued under section 90.151, the commissioner may establish a purchaser preregistration system. Any system implemented by the commissioner shall be limited in scope to only that information that is required for the efficient administration of the purchaser qualification provisions of this chapter and shall conform with the requirements of chapter 13.

Sec. 16. Minnesota Statutes 2004, section 90.151, subdivision 1, is amended to read:

Subdivision 1. **Issuance; expiration.** (a) Following receipt of the down payment for state timber required under section 90.14 or 90.191, the commissioner shall issue a numbered permit to the purchaser, in a form approved by the attorney general, by the terms of which the purchaser shall be authorized to enter upon the land, and to cut and remove the timber therein described as designated for cutting in the report of the state appraiser, according to the provisions of this chapter. The permit shall be correctly dated and executed by the commissioner and signed by the purchaser. If a permit is not signed by the purchaser within 60 days from the date of purchase, the permit cancels and the down payment for timber required under section 90.14 forfeits to the state.

(b) The permit shall expire no later than five years after the date of sale as the commissioner shall specify or as specified under section 90.191, and the timber shall be cut within the time specified therein. All cut timber, equipment, and buildings not removed from the land within 90 days after expiration of the permit shall become the property of the state.

(c) The commissioner may grant an additional period of time not to exceed 120 days for the removal of cut timber, equipment, and buildings upon receipt of such request by the permit holder for good and sufficient reasons. The commissioner may grant a second period of time not to exceed 120 days for the removal of cut timber, equipment, and buildings upon receipt of a request by the permit holder for hardship reasons only.

~~(d) No permit shall be issued to any person other than the purchaser in whose name the bid was made.~~

Sec. 17. Minnesota Statutes 2004, section 90.151, subdivision 6, is amended to read:

Subd. 6. **Notice and approval required.** The permit shall provide that the permit holder shall not start cutting any state timber nor clear building sites nor logging roads until the commissioner has been notified and has given prior approval to such cutting operations. Approval shall not be granted until the permit holder has completed a presale conference with the state appraiser designated to supervise the cutting. The permit holder shall also give prior notice whenever permit operations are to be temporarily halted, whenever permit operations are to be resumed, and when permit operations are to be completed.

Sec. 18. Minnesota Statutes 2004, section 90.151, is amended by adding a subdivision to read:

Subd. 16. **Liquidated damages.** The permit may include a schedule of liquidated damage charges for breach of permit terms by the permit holder. The damage charges shall be limited to amounts that are reasonable in light of the anticipated or actual harm caused by the breach, the difficulties of proof of loss, and the inconvenience or nonfeasibility of otherwise obtaining an adequate remedy.

Sec. 19. Minnesota Statutes 2004, section 1031.005, subdivision 9, is amended to read:

Subd. 9. **Exploratory boring.** "Exploratory boring" means a surface drilling done to explore or prospect for oil, natural gas, apatite, diamonds, graphite, gemstones, kaolin clay, and metallic minerals, including iron, copper, zinc, lead, gold, silver, titanium, vanadium, nickel, cadmium, molybdenum, chromium, manganese, cobalt, zirconium, beryllium, thorium, uranium, aluminum, platinum, palladium, radium, tantalum, tin, and niobium, and a drilling or boring for petroleum.

Sec. 20. Minnesota Statutes 2004, section 116.07, subdivision 2a, is amended to read:

Subd. 2a. **Exemptions from standards.** No standards adopted by any state agency for limiting levels of noise in terms of sound pressure which may occur in the outdoor atmosphere shall apply to (1) segments of trunk highways constructed with federal interstate substitution money, provided that all reasonably available noise mitigation measures are employed to abate noise, (2) an existing or newly constructed segment of a highway, provided that all reasonably available noise mitigation measures, as approved by the commissioners of the Department of Transportation and Pollution Control Agency, are employed to abate noise, (3) except for the cities of Minneapolis and St. Paul, an existing or newly constructed segment of a road, street, or highway under the jurisdiction of a road authority of a town, statutory or home rule charter city, or county, except for roadways for which full control of access has been acquired, (4) skeet, trap or shooting sports clubs, or (5) motor vehicle race events conducted at a facility specifically designed for that purpose that was in operation on or before July 1, ~~1983-~~ 1996. Motor vehicle race events exempted from state standards under this subdivision are exempt from claims based on noise brought under section 561.01 and chapters 116B and 116D. Nothing herein shall prohibit a local unit of government or a public corporation with the power to make rules for the government of its real property from regulating the location and operation of skeet, trap or shooting sports clubs, or motor vehicle race events conducted at a facility specifically designed for that purpose that was in operation on or before July 1, ~~1983~~ 1996.

Sec. 21. Laws 2003, chapter 128, article 1, section 165, is amended to read:

Sec. 165. ISTS PILOT PROGRAM.

The Pollution Control Agency shall, in conjunction with the association of Minnesota counties, designate three cooperating counties with waterbodies listed as impaired by fecal coliform bacteria, and within designated counties shall:

(1) by July 1, ~~2007~~ 2008, complete an inventory of properties with individual sewage treatment systems that are an imminent threat to public health or safety due to surface water discharges of untreated sewage, and the inventory of properties may be phased over the period of the pilot project; and

(2) require compliance under the applicable requirements of this section by May 1, ~~2008~~ 2009. The pollution control agency may utilize cooperative agreements with the three pilot counties to meet the requirements of clauses (1) and (2).

Sec. 22. Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 5, is amended to read:

Subd. 5. Fish and Wildlife Habitat	5,038,000	5,038,000 <u>6,038,000</u>
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Summary by Fund

Trust Fund	5,038,000	5,038,000 <u>6,038,000</u>
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(a) Restoring Minnesota's Fish and Wildlife Habitat Corridors-Phase III

\$2,031,000 the first year and ~~\$2,031,000~~ \$3,031,000 the second year are from the trust fund to the commissioner of natural resources for the third biennium for acceleration of agency programs and cooperative agreements with Pheasants Forever, Minnesota Deer Hunters Association, Ducks Unlimited, Inc., National Wild Turkey Federation, the Nature Conservancy, Minnesota Land Trust, the Trust for Public Land, Minnesota Valley National Wildlife Refuge Trust, Inc., U.S. Fish and Wildlife Service, Red Lake Band of Chippewa, Leech Lake Band of Chippewa, Fond du Lac Band of Chippewa, USDA-Natural Resources Conservation Service, and the Board of Water and Soil Resources to plan, restore, and acquire fragmented landscape corridors that connect areas of quality habitat to sustain fish, wildlife, and plants. To the extent possible, projects funded shall meet the purposes of Minnesota Statutes, section 114D.05. Expenditures are limited to the 11 project areas as defined in the work program. Land acquired with this appropriation must be sufficiently improved to meet at least minimum habitat and facility management standards as determined by the commissioner of natural resources. This appropriation may not be used for the purchase of residential structures, unless expressly approved in the

work program. Any land acquired in fee title by the commissioner of natural resources with money from this appropriation must be designated: (1) as an outdoor recreation unit under Minnesota Statutes, section 86A.07; or (2) as provided in Minnesota Statutes, sections 89.018, subdivision 2, paragraph (a); 97A.101; 97A.125; 97C.001; and 97C.011. The commissioner may similarly designate any lands acquired in less than fee title. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) Metropolitan Area Wildlife Corridors-Phase II

\$1,765,000 the first year and \$1,765,000 the second year are from the trust fund to the commissioner of natural resources for the second biennium for acceleration of agency programs and cooperative agreements with the Trust for Public Land, Ducks Unlimited, Inc., Friends of the Mississippi River, Great River Greening, Minnesota Land Trust, Minnesota Valley National Wildlife Refuge Trust, Inc., Pheasants Forever, Inc., and Friends of the Minnesota Valley for the purposes of planning, improving, and protecting important natural areas in the metropolitan region, as defined by Minnesota Statutes, section 473.121, subdivision 2, and portions of the surrounding counties, through grants, contracted services, conservation easements, and fee acquisition. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards as determined by the commissioner of natural resources. Expenditures are limited to the identified project areas as defined in the work program. This appropriation may not be used for the purchase of residential structures, unless expressly approved in the work program. Any land acquired in fee title by the commissioner of natural resources with money from this appropriation must be designated: (1) as an outdoor recreation unit under Minnesota Statutes, section 86A.07; or (2) as provided in Minnesota Statutes, sections 89.018, subdivision 2, paragraph (a); 97A.101; 97A.125; 97C.001; and 97C.011. The commissioner may similarly designate any lands acquired in less than fee title. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) Development of Scientific and Natural Areas

\$67,000 the first year and \$67,000 the second year are from the trust fund to the commissioner of natural resources to develop and enhance lands designated as scientific and natural areas. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(d) Prairie Stewardship of Private Lands

\$50,000 the first year and \$50,000 the second year are from the trust fund to the commissioner of natural resources to develop stewardship plans and implement prairie management on private prairie lands on a cost-share basis with private or federal funds. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(e) Local Initiative Grants-Conservation Partners and Environmental Partnerships

\$250,000 the first year and \$250,000 the second year are from the trust fund to the commissioner of natural resources to provide matching grants of up to \$20,000 to local government and private organizations for enhancement, restoration, research, and education associated with natural habitat and environmental service projects. Subdivision 16 applies to grants awarded in the approved work program. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(f) Minnesota ReLeaf Community Forest Development and Protection

\$250,000 the first year and \$250,000 the second year are from the trust fund to the commissioner of natural resources for acceleration of the agency program and a cooperative agreement with Tree Trust to protect forest resources, develop inventory-based management plans, and provide matching grants to communities to plant native trees. At least \$390,000 of this appropriation must be used for grants to communities. For the purposes of this paragraph, the match must be a nonstate contribution, but may be either cash or qualifying in-kind. This appropriation is available until June 30, 2008, at which time the project must be completed and final projects delivered, unless an earlier date is specified in the work program.

(g) Integrated and Pheromonal Control of Common Carp

\$275,000 the first year and \$275,000 the second year are from the trust fund to the University of Minnesota for the second biennium to research new options for controlling common carp. This appropriation is available until June 30, 2009, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(h) Biological Control of European Buckthorn and Garlic Mustard

\$100,000 the first year and \$100,000 the second year are from the trust fund to the commissioner of natural resources to research potential insects for biological control of invasive European buckthorn species for the second biennium and to introduce and evaluate insects for biological control of garlic mustard. This appropriation is available until June 30, 2008, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(i) [Paragraph (i) was vetoed by the governor.]

Sec. 23. Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 10, is amended to read:

Subd. 10. **Energy.** 1,896,000 1,896,000

Summary by Fund

Trust Fund	1,896,000	1,896,000
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(a) Clean Energy Resource Teams and Community Wind Energy Rebate and Financial Assistance Program

\$350,000 the first year and \$350,000 the second year are from the trust fund to the commissioner of commerce. \$300,000 of this appropriation is to provide technical assistance to implement cost-effective conservation, energy efficiency, and renewable energy projects. \$400,000 of this appropriation is to assist ~~two~~ Minnesota communities in developing locally owned wind energy projects by offering financial assistance and rebates. This appropriation is available until June 30, 2009, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) [Paragraph (b) was vetoed by the governor.]

(c) Manure Methane Digester Compatible Wastes and Electrical Generation

\$50,000 the first year and \$50,000 the second year are from the trust fund to the commissioner of agriculture to research the potential for a centrally located, multifarm manure digester and the potential use of compatible waste streams with manure digesters.

(d) Dairy Farm Digesters

\$168,000 the first year and \$168,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Project for a pilot project to evaluate anaerobic digester technology on average size dairy farms of 50 to 300 cows.

(e) Wind to Hydrogen Demonstration

\$400,000 the first year and \$400,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the University of Minnesota, West Central Research and Outreach Center, to develop a model community-scale wind-to-hydrogen facility.

(f) Natural Gas Production from Agricultural Biomass

\$50,000 the first year and \$50,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Sebesta Blomberg and Associates to demonstrate potential natural gas yield using anaerobic digestion of blends of chopped grasses or crop residue with hog manure and determine optimum operating conditions for conversion to natural gas.

(g) Biomass-Derived Oils for Generating Electricity and Reducing Emissions

\$75,000 the first year and \$75,000 the second year are from the trust fund to the University of Minnesota to evaluate the environmental and performance benefits of using renewable biomass-derived oils, such as soybean oil, for generating electricity.

(h) [Paragraph (h) was vetoed by the governor.]

(i) [Paragraph (i) was vetoed by the governor.]

Sec. 24. **APPLICATION OF STORM WATER RULES TO COUNTIES.**

Until the Pollution Control Agency storm water rules are amended, the provisions of Minnesota Rules, part 7090.1010, subpart 1, item B, subitems (2) and (3), only, shall not apply to counties.

Sec. 25. **STATE PURCHASING OF PLUG-IN HYBRID ELECTRIC VEHICLES.**

Subdivision 1. **Definition.** (a) As used in this section, "plug-in hybrid electric vehicle (PHEV)" means a vehicle containing an internal combustion engine that also allows power to be delivered to the drive wheels by a battery-powered electric motor and that meets applicable federal motor vehicle safety standards. When connected to the electrical grid via an electrical outlet, the vehicle must be able to recharge its battery. The vehicle must have the ability to travel at least 20 miles, powered substantially by electricity.

(b) As used in this section, "neighborhood electric vehicle" means an electrically powered motor vehicle that has four wheels and has a speed attainable in one mile of at least 20 miles per hour but not more than 25 miles per hour on a paved level surface.

Subd. 2. **Notice of state procurement policy in bid documents.** All solicitation documents for the purchase of a passenger automobile, as defined in section 168.011, subdivision 7; pickup truck, as defined in section 168.011, subdivision 29; or van, as defined in section 168.011, subdivision 28, issued under the jurisdiction of the Department of Administration after June 30, 2006, must contain the following language: "It is the intention of the state of

Minnesota to begin purchasing plug-in hybrid electric vehicles and neighborhood electric vehicles as soon as they become commercially available, meet the state's performance specifications, and are priced no more than ten percent above the price for comparable gasoline powered vehicles. It is the intention of the state to purchase plug-in hybrid electric vehicles and neighborhood electric vehicles whenever practicable after these conditions have been met and as fleet needs dictate for at least five years after these conditions have been met."

Sec. 26. **PLUG-IN HYBRID ELECTRIC VEHICLE RETROFIT PROJECT.**

The automotive engineering program at Minnesota State University - Mankato is strongly encouraged to retrofit two flexible fuel vehicles to also operate as plug-in hybrid vehicles (PHEVs). If the legislature does not appropriate funds for this purpose, the Department of Administration and the Minnesota State University - Mankato may accept donations and work cooperatively with nonprofit agencies, higher education institutions, and public agencies to procure vehicles and obtain other necessary funds to conduct the retrofit.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 27. **DISPOSITION OF LAND SALE RECEIPTS.**

Notwithstanding Laws 2005, chapter 156, article 2, section 45, or any other law to the contrary, during fiscal year 2006 and fiscal year 2007, all receipts from the sale of land under the control of the commissioner of natural resources shall be credited according to Minnesota Statutes, section 94.16.

Sec. 28. **LOWER MINNESOTA RIVER WATERSHED DISTRICT; AUTHORITY TO ACQUIRE, MAINTAIN, OPERATE, IMPROVE, AND ENLARGE DREDGE MATERIAL SITE.**

Subdivision 1. **Definitions.** The definitions in this subdivision apply to this section:

(1) "district" means the Lower Minnesota River Watershed District, a district established under Minnesota Statutes, chapter 103D;

(2) "governing body" means the managers of the district as defined in Minnesota Statutes, section 103D.011, subdivision 15; and

(3) "dredge material site" means a site at which public agencies or private customers may deposit material from dredging activities conducted on the Minnesota River.

Subd. 2. **Authorization; authority to own and operate.** The district may own and operate a dredge material site for its own needs, the needs of other public agencies, the needs of private customers, or any combination of these. The district may acquire, construct, and install all facilities needed for that purpose and may lease, purchase, or acquire by exercise of the power of eminent domain any existing properties so needed. The district may sell the dredge material to any person or entity. If the governing body determines that the dredge material has no value, the district may convey the dredge material for no consideration to any person or entity. The district may hire all personnel the governing body deems necessary and may make all necessary rules and regulations for the operation and maintenance of the dredge material site.

Subd. 3. **Charges; net revenues.** (a) To pay for the acquisition, maintenance, operation, improvement, and enlargement of the dredge material site and to obtain and comply with permits required by law for the dredge material site, the governing body may impose charges for permitting private customers to deposit dredge material at the dredge material site and make contracts for the charges as provided in this section.

(b) The amount of the charges imposed shall be established at the discretion of the governing body. In determining the amount of the charges to be imposed, the governing body may give consideration to all costs of the operation and maintenance of the dredge material site, the costs of depreciation and replacement of structures and equipment, the costs of improvements and enlargements, the cost of reimbursing the district for special assessment revenues expended for the benefit of persons or entities not subject to special assessment levies by the district, the amount of the principal and interest to become due on obligations issued or to be issued, the costs of obtaining and complying with permits required by law, the price charged for similar services by other providers of dredge material sites in similar markets, and all other factors the governing body deems relevant.

(c) At its discretion, the governing body may impose a surcharge on private customers using the dredge material site in addition to the charges allowed under paragraph (a). The surcharge shall be for the purpose of paying for the removal of dredge material from the dredging site if the governing body determines it necessary. If the governing body later determines that there is no need to pay for the removal of the dredge material from the dredge material site, the governing body shall rebate all surcharges paid by private customers.

Sec. 29. **TERRESTRIAL SEQUESTRATION; REPORT.**

The commissioners of agriculture, commerce, natural resources, and the Pollution Control Agency shall review the phase 1 report from the Minnesota Terrestrial Carbon Sequestration Project and report to the Minnesota Environmental Quality Board and the members of the house and senate committees with jurisdiction over agriculture, energy, environment, and natural resource issues by June 30, 2007, on existing scientific information on carbon stocks in Minnesota's major ecosystems, the economics of various carbon enhancing practices, and alternative carbon trading systems and their potential application in Minnesota.

Sec. 30. **GREENHOUSE GAS EMISSIONS; REPORT.**

The Pollution Control Agency, in collaboration with the Minnesota Clean Energy Environment Partnership, shall report to the Minnesota Environmental Quality Board and the members of the house and senate committees with jurisdiction over agriculture, energy, environment, and natural resource issues by June 30, 2007, on strategies for mitigating, reducing, and sequestering state greenhouse gas emissions.

Sec. 31. **CARRYFORWARD.**

The appropriation under Laws 2003, chapter 128, article 1, section 9, subdivision 6, paragraph (c), for local initiative grants - parks and natural areas, is available until June 30, 2007.

Sec. 32. **REPEALER.**

Minnesota Statutes 2004, section 89.011, subdivisions 1, 2, 3, and 6, are repealed.

Sec. 33. **EFFECTIVE DATE.**

Except where otherwise specified, this article is effective the day following final enactment.

ARTICLE 2

CLEAN WATER LEGACY ACT

Section 1. Minnesota Statutes 2004, section 103C.501, subdivision 5, is amended to read:

Subd. 5. **Contracts by districts.** (a) A district board may contract on a cost-share basis to furnish financial aid to a land occupier or to a state agency for permanent systems for erosion or sedimentation control or water quality improvement that are consistent with the district's comprehensive and annual work plans.

(b) The duration of the contract ~~may~~ must, at a minimum, be the time required to complete the planned systems. A contract must specify that the land occupier is liable for monetary damages, ~~not to exceed the~~ and penalties in an amount of up to 150 percent of the financial assistance received from the district, for failure to complete the systems or practices in a timely manner or maintain the systems or practices as specified in the contract.

(c) A contract may provide for cooperation or funding with federal agencies. A land occupier or state agency may provide the cost-sharing portion of the contract through services in kind.

(d) The state board or the district board may not furnish any financial aid for practices designed only to increase land productivity.

(e) When a district board determines that long-term maintenance of a system or practice is desirable, the board may require that such maintenance be made a covenant upon the land for the effective life of the practice. A covenant under this subdivision shall be construed in the same manner as a conservation restriction under section 84.65.

Sec. 2. **[114D.05] CITATION.**

This chapter may be cited as the "Clean Water Legacy Act."

Sec. 3. **[114D.10] LEGISLATIVE PURPOSE AND FINDINGS.**

Subdivision 1. **Purpose.** The purpose of the Clean Water Legacy Act is to protect, restore, and preserve the quality of Minnesota's surface waters by providing authority, direction, and resources to achieve and maintain water quality standards for surface waters as required by section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313(d), and applicable federal regulations.

Subd. 2. **Findings.** The legislature finds that:

(1) there is a close link between protecting, restoring, and preserving the quality of Minnesota's surface waters and the ability to develop the state's economy, enhance its quality of life, and protect its human and natural resources;

(2) achieving the state's water quality goals will require long-term commitment and cooperation by all state and local agencies, and other public and private organizations and individuals, with responsibility and authority for water management, planning, and protection; and

(3) all persons and organizations whose activities affect the quality of waters, including point and nonpoint sources of pollution, have a responsibility to participate in and support efforts to achieve the state's water quality goals.

Sec. 4. **[114D.15] DEFINITIONS.**

Subdivision 1. **Application.** The definitions provided in this section apply to the terms used in this chapter.

Subd. 2. **Citizen monitoring.** "Citizen monitoring" means monitoring of surface water quality by individuals and nongovernmental organizations that is consistent with section 115.06, subdivision 4, and Pollution Control Agency guidance on monitoring procedures, quality assurance protocols, and data management.

Subd. 3. **Clean Water Council.** "Clean Water Council" or "council" means the Clean Water Council created pursuant to section 114D.30, subdivision 1.

Subd. 4. **Federal TMDL requirements.** "Federal TMDL requirements" means the requirements of section 303(d) of the Clean Water Act, United States Code, title 33, section 1313(d), and associated regulations and guidance.

Subd. 5. **Impaired water.** "Impaired water" means surface water that does not meet applicable water quality standards.

Subd. 6. **Public agencies.** "Public agencies" means all state agencies, political subdivisions, joint powers organizations, and special purpose units of government with authority, responsibility, or expertise in protecting, restoring, or preserving the quality of surface waters, managing or planning for surface waters and related lands, or financing waters-related projects. Public agencies includes the University of Minnesota and other public education institutions.

Subd. 7. **Restoration.** "Restoration" means actions, including effectiveness monitoring, that are taken to achieve and maintain water quality standards for impaired waters in accordance with a TMDL that has been approved by the United States Environmental Protection Agency under federal TMDL requirements.

Subd. 8. **Surface waters.** "Surface waters" means waters of the state as defined in section 115.01, subdivision 22, excluding groundwater as defined in section 115.01, subdivision 6.

Subd. 9. **Third-party TMDL.** "Third-party TMDL" means a TMDL by the Pollution Control Agency that is developed in whole or in part by a qualified public entity other than the Pollution Control Agency consistent with the goals, policies, and priorities in section 114D.20.

Subd. 10. **Total maximum daily load or TMDL.** "Total maximum daily load" or "TMDL" means a scientific study that contains a calculation of the maximum amount of a pollutant that may be introduced into a surface water and still ensure that applicable water quality standards for that water are restored and maintained. A TMDL also is the sum of the pollutant load allocations for all sources of the pollutant, including a wasteload allocation for point sources, a load allocation for nonpoint sources and natural background, an allocation for future growth of point and nonpoint sources, and a margin of safety to account for uncertainty about the relationship between pollutant loads and the quality of the receiving surface water. "Natural background" means characteristics of the water body resulting from the multiplicity of factors in nature, including climate and ecosystem dynamics, that affect the physical, chemical, or biological conditions in a water body, but does not include measurable and distinguishable pollution that is attributable to human activity or influence. A TMDL must take into account seasonal variations.

Subd. 11. **TMDL implementation plan.** "TMDL implementation plan" means a document detailing restoration activities needed to meet the approved TMDL's pollutant load allocations for point and nonpoint sources.

Subd. 12. **Water quality standards.** "Water quality standards" for Minnesota surface waters are found in Minnesota Rules, chapters 7050 and 7052.

Sec. 5. **[114D.20] IMPLEMENTATION; COORDINATION; GOALS; POLICIES; AND PRIORITIES.**

Subdivision 1. Coordination and cooperation. In implementing this chapter, public agencies and private entities shall take into consideration the relevant provisions of local and other applicable water management, conservation, land use, land management, and development plans and programs. Public agencies with authority for local water management, conservation, land use, land management, and development plans shall take into consideration the manner in which their plans affect the implementation of this chapter. Public agencies shall identify opportunities to participate and assist in the successful implementation of this chapter, including the funding or technical assistance needs, if any, that may be necessary. In implementing this chapter, public agencies shall endeavor to engage the cooperation of organizations and individuals whose activities affect the quality of surface waters, including point and nonpoint sources of pollution, and who have authority and responsibility for water management, planning, and protection. To the extent practicable, public agencies shall endeavor to enter into formal and informal agreements and arrangements with federal agencies and departments to jointly utilize staff and educational, technical, and financial resources to deliver programs or conduct activities to achieve the intent of this chapter, including efforts under the federal Clean Water Act and other federal farm and soil and water conservation programs. Nothing in this chapter affects the application of silvicultural exemptions under any federal, state, or local law or requires silvicultural practices more stringent than those recommended in the timber harvesting and forest management guidelines adopted by the Minnesota Forest Resources Council under section 89A.05.

Subd. 2. Goals for implementation. The following goals must guide the implementation of this chapter:

(1) to identify impaired waters in accordance with federal TMDL requirements within ten years after the effective date of this section and thereafter to ensure continuing evaluation of surface waters for impairments;

(2) to submit TMDL's to the United States Environmental Protection Agency for all impaired waters in a timely manner in accordance with federal TMDL requirements;

(3) to set a reasonable time for implementing restoration of each identified impaired water;

(4) to provide assistance and incentives to prevent waters from becoming impaired and to improve the quality of waters which are listed as impaired but have no approved TMDL addressing the impairment;

(5) to promptly seek the delisting of waters from the impaired waters list when those waters are shown to achieve the designated uses applicable to the waters; and

(6) to achieve compliance with federal Clean Water Act requirements in Minnesota.

Subd. 3. Implementation policies. The following policies must guide the implementation of this chapter:

(1) develop regional and watershed TMDL's and TMDL implementation plans, and TMDL's and TMDL implementation plans for multiple pollutants, where reasonable and feasible;

(2) maximize use of available organizational, technical, and financial resources to perform sampling, monitoring, and other activities to identify impaired waters, including use of citizen monitoring and citizen monitoring data used by the Pollution Control Agency in assessing water quality must meet the requirements in appendix D of the Volunteer Surface Water Monitoring Guide, Minnesota Pollution Control Agency (2003);

(3) maximize opportunities for restoration of impaired waters, by prioritizing and targeting of available programmatic, financial, and technical resources and by providing additional state resources to complement and leverage available resources;

(4) use existing regulatory authorities to achieve restoration for point and nonpoint sources of pollution where applicable, and promote the development and use of effective nonregulatory measures to address pollution sources for which regulations are not applicable;

(5) use restoration methods that have a demonstrated effectiveness in reducing impairments and provide the greatest long-term positive impact on water quality protection and improvement and related conservation benefits while incorporating innovative approaches on a case-by-case basis;

(6) identify for the legislature any innovative approaches that may strengthen or complement existing programs;

(7) identify and encourage implementation of measures to prevent waters from becoming impaired and to improve the quality of waters that are listed as impaired but have no approved TMDL addressing the impairment using the best available data and technology, and establish and report outcome-based performance measures that monitor the progress and effectiveness of protection and restoration measures; and

(8) monitor and enforce cost-sharing contracts and impose monetary damages in an amount up to 150 percent of the financial assistance received for failure to comply.

Subd. 4. **Priorities for identifying impaired waters.** The Pollution Control Agency, in accordance with federal TMDL requirements, shall set priorities for identifying impaired waters, giving consideration to:

(1) waters where impairments would pose the greatest potential risk to human or aquatic health; and

(2) waters where data developed through public agency or citizen monitoring or other means, provides scientific evidence that an impaired condition exists.

Subd. 5. **Priorities for preparation of TMDL's.** The Clean Water Council shall recommend priorities for scheduling and preparing TMDL's and TMDL implementation plans, taking into account the severity of the impairment, the designated uses of those waters, and other applicable federal TMDL requirements. In recommending priorities, the council shall also give consideration to waters and watersheds:

(1) with impairments that pose the greatest potential risk to human health;

(2) with impairments that pose the greatest potential risk to threatened or endangered species;

(3) with impairments that pose the greatest potential risk to aquatic health;

(4) where other public agencies and participating organizations and individuals, especially local, basinwide, watershed, or regional agencies or organizations, have demonstrated readiness to assist in carrying out the responsibilities, including availability and organization of human, technical, and financial resources necessary to undertake the work; and

(5) where there is demonstrated coordination and cooperation among cities, counties, watershed districts, and soil and water conservation districts in planning and implementation of activities that will assist in carrying out the responsibilities.

Subd. 6. **Priorities for restoration of impaired waters.** In implementing restoration of impaired waters, in addition to the priority considerations in subdivision 5, the Clean Water Council shall give priority in its recommendations for restoration funding from the clean water legacy account to restoration projects that:

(1) coordinate with and utilize existing local authorities and infrastructure for implementation;

(2) can be implemented in whole or in part by providing support for existing or ongoing restoration efforts;

(3) most effectively leverage other sources of restoration funding, including federal, state, local, and private sources of funds;

(4) show a high potential for early restoration and delisting based upon scientific data developed through public agency or citizen monitoring or other means; and

(5) show a high potential for long-term water quality and related conservation benefits.

Subd. 7. **Priorities for funding prevention actions.** The Clean Water Council shall apply the priorities applicable under subdivision 6, as far as practicable, when recommending priorities for funding actions to prevent waters from becoming impaired and to improve the quality of waters that are listed as impaired but have no approved TMDL.

Sec. 6. **[114D.25] ADMINISTRATION; POLLUTION CONTROL AGENCY.**

Subdivision 1. **General duties and authorities.** (a) The Pollution Control Agency, in accordance with federal TMDL requirements, shall:

(1) identify impaired waters and propose a list of the waters for review and approval by the United States Environmental Protection Agency;

(2) develop and approve TMDL's for listed impaired waters and submit the approved TMDL's to the United State Environmental Protection Agency for final approval; and

(3) propose to delist waters from the Environmental Protection Agency impaired waters list.

(b) A TMDL must include a statement of the facts and scientific data supporting the TMDL and a list of potential implementation options, including a range of estimates of the cost of implementation and individual wasteload data for any point sources addressed by the TMDL.

(c) The implementation information need not be sent to the United States Environmental Protection Agency for review and approval.

Subd. 2. **Administrative procedures for TMDL approval.** The approval of a TMDL by the Pollution Control Agency is a final decision of the agency for purposes of section 115.05, and is subject to the contested case procedures of sections 14.57 to 14.62 in accordance with agency procedural rules. The agency shall not submit an approved TMDL to the United States Environmental Protection Agency until the time for commencing judicial review has run or the judicial review process has been completed. A TMDL is not subject to the rulemaking requirements of chapter 14, including section 14.386.

Subd. 3. **TMDL submittal requirement.** Before submitting a TMDL to the United States Environmental Protection Agency, the Pollution Control Agency shall comply with the notice and procedure requirements of this section. If a contested case proceeding is not required for a proposed TMDL, the agency may submit the TMDL to the United States Environmental Protection Agency no earlier than 30 days after the notice required in subdivision 4. If a contested case proceeding is required for a TMDL, the TMDL may be submitted to the United States Environmental Protection Agency after the contested case proceeding and appeal process is completed.

Subd. 4. **TMDL notice; contents.** The Pollution Control Agency shall give notice of its intention to submit a TMDL to the United States Environmental Protection Agency. The notice must be given by publication in the State Register and by United States mail to persons who have registered their names with the agency. The notice must include either a copy of the proposed TMDL or an easily readable and understandable description of its nature and effect and an announcement of how free access to the proposed TMDL can be obtained. In addition, the agency shall make reasonable efforts to notify persons or classes of persons who may be significantly affected by the TMDL by giving notice of its intention in newsletters, newspapers, or other publications, or through other means of communication. The notice must include a statement informing the public:

(1) that the public has 30 days in which to submit comment in support of or in opposition to the proposed TMDL and that comment is encouraged;

(2) that each comment should identify the portion of the proposed TMDL addressed, the reason for the comment, and any change proposed;

(3) of the manner in which persons must request a contested case proceeding on the proposed TMDL;

(4) that the proposed TMDL may be modified if the modifications are supported by the data and views submitted; and

(5) the date on which the 30-day comment period ends.

Subd. 5. **Third-party TMDL development.** The Pollution Control Agency may enter into agreements with any qualified public agency setting forth the terms and conditions under which that entity is authorized to develop a third-party TMDL. In determining whether the public agency is qualified to develop a third-party TMDL, the Pollution Control Agency shall consider the technical and administrative qualifications of the public agency, cost, and shall avoid any potential organizational conflict of interest, as defined in section 16C.02, subdivision 10a, of the public agency with respect to the development of the third-party TMDL. A third-party TMDL is subject to modification and approval by the Pollution Control Agency, and must be approved by the Pollution Control Agency before it is submitted to the United States Environmental Protection Agency. The Pollution Control Agency shall only consider authorizing the development of third-party TMDL's consistent with the goals, policies, and priorities determined under section 116.384.

Sec. 7. **[114D.30] CLEAN WATER COUNCIL.**

Subdivision 1. **Creation; duties.** A Clean Water Council is created to advise the Pollution Control Agency and other implementing public agencies on the administration and implementation of this chapter, and foster coordination and cooperation as described in section 114D.20, subdivision 1. The council may also advise on the development of appropriate processes for expert scientific review as described in section 114D.35, subdivision 2. The Pollution Control Agency shall provide administrative support for the council with the support of other member agencies. The members of the council shall elect a chair from the nonagency members of the council.

Subd. 2. **Membership; appointment.** The governor must appoint the members of the council. The governor must appoint one person from each of the following agencies: the Department of Natural Resources, the Department of Agriculture, the Pollution Control Agency, and the Board of Water and Soil Resources. The governor must appoint 18 additional nonagency members of the council as follows:

(1) two members representing statewide farm organizations;

(2) two members representing business organizations;

- (3) two members representing environmental organizations;
- (4) one member representing soil and water conservation districts;
- (5) one member representing watershed districts;
- (6) one member representing nonprofit organizations focused on improvement of Minnesota lakes or streams;
- (7) two members representing organizations of county governments;
- (8) two members representing organizations of city governments;
- (9) one member representing the Metropolitan Council established under section 473.123;
- (10) one member representing an organization of township governments;
- (11) one member representing the interests of tribal governments; and
- (12) two members representing statewide hunting organizations.

In making appointments, the governor must attempt to provide for geographic balance.

Subd. 3. **Terms; compensation; removal.** The initial terms of members representing state agencies and the Metropolitan Council expire on the first Monday in January, 2007. Thereafter, the terms of members representing the state agencies and the Metropolitan Council are four years and are coterminous with the governor. The terms of other members of the council shall be as provided in section 15.059, subdivision 2. Members may serve until their successors are appointed and qualify. Compensation and removal of council members is as provided in section 15.059, subdivisions 3 and 4. A vacancy on the council may be filled by the appointing authority provided in subdivision 1 for the remainder of the unexpired term.

Subd. 4. **Implementation plan.** The Clean Water Council shall prepare a plan for implementation of this chapter. The plan shall address general procedures and timeframes for implementing this chapter, and shall include a more specific implementation work plan for the next fiscal biennium and a framework for setting priorities to address impaired waters consistent with section 114D.45, subdivisions 2 to 7. The council shall issue the first implementation plan under this subdivision by December 1, 2006, and shall issue a revised work plan by December 1 of each even-numbered year thereafter.

Subd. 5. **Recommendations on appropriation of funds.** The Clean Water Council shall recommend to the governor the manner in which money from the clean water legacy account should be appropriated for the purposes identified in section 114D.45, subdivision 3. The council's recommendations must be consistent with the purposes, policies, goals, and priorities in sections 114D.05 to 114D.35, and shall allocate adequate support and resources to identify impaired waters, develop TMDL's, develop TMDL implementation plans, implement restoration of impaired waters, and provide assistance and incentives to prevent waters from becoming impaired and improve the quality of waters which are listed as impaired but have no approved TMDL. The council must recommend methods of ensuring that awards of grants, loans, or other funds from the clean water legacy account specify the outcomes to be achieved as a result of the funding, and specify standards to hold the recipient accountable for achieving the desired outcomes.

Subd. 6. **Biennial report to legislature.** By December 1 of each even-numbered year, the council shall submit a report to the legislature on the activities for which money has been or will be spent for the current biennium, the activities for which money is recommended to be spent in the next biennium, and the impact on economic development of the implementation of the impaired waters program. The report due on December 1, 2014, must include an evaluation of the progress made through June 30, 2014, in implementing this chapter, the need for funding of future implementation of those sections, and recommendations for the sources of funding.

Sec. 8. **[114D.35] PUBLIC AND STAKEHOLDER PARTICIPATION; SCIENTIFIC REVIEW; EDUCATION.**

Subdivision 1. **Public and stakeholder participation.** Public agencies and private entities involved in the implementation of this chapter shall encourage participation by the public and stakeholders, including local citizens, landowners and managers, and public and private organizations, in the identification of impaired waters, in developing TMDL's, and in planning, priority setting, and implementing restoration of impaired waters. In particular, the Pollution Control Agency shall make reasonable efforts to provide timely information to the public and to stakeholders about impaired waters that have been identified by the agency. The agency shall seek broad and early public and stakeholder participation in scoping the activities necessary to develop a TMDL, including the scientific models, methods, and approaches to be used in TMDL development, and to implement restoration pursuant to section 114D.15, subdivision 7.

Subd. 2. **Expert scientific advice.** The Clean Water Council and public agencies and private entities shall make use of available public and private expertise from educational, research, and technical organizations, including the University of Minnesota and other higher education institutions, to provide appropriate independent expert advice on models, methods, and approaches used in identifying impaired waters, developing TMDL's, and implementing prevention and restoration.

Subd. 3. **Education.** The Clean Water Council shall develop strategies for informing, educating, and encouraging the participation of citizens, stakeholders, and others regarding the identification of impaired waters, development of TMDL's, development of TMDL implementation plans, and implementation of restoration for impaired waters. Public agencies shall be responsible for implementing the strategies.

Sec. 9. Minnesota Statutes 2005 Supplement, section 116.182, subdivision 2, is amended to read:

Subd. 2. **Applicability.** This section governs the commissioner's certification of projects seeking financial assistance under section 103F.725, subdivision 1a; 446A.07; 446A.072; ~~or~~ 446A.073; 446A.074; or 446A.075.

Sec. 10. **[446A.074] CLEAN WATER LEGACY PHOSPHORUS REDUCTION GRANTS.**

Subdivision 1. **Creation of fund.** The authority shall establish a clean water legacy capital improvement fund and shall make grants from the fund as provided in this section.

Subd. 2. **Grants.** The authority shall award grants from the clean water legacy capital improvement fund to governmental units for the capital costs of wastewater treatment facility projects or a portion thereof that will reduce the discharge of total phosphorus from the facility to one milligram per liter or less. A project is eligible for a grant if it meets the following requirements:

(1) the applicable phosphorus discharge limit is incorporated in a permit issued by the agency for the wastewater treatment facility on or after March 28, 2000, the grantee agrees to comply with the applicable limit as a condition of receiving the grant, or the grantee made improvements to a wastewater treatment facility on or after March 28, 2000, that include infrastructure to reduce the discharge of total phosphorus to one milligram per liter or less;

(2) the governmental unit has submitted a facilities plan for the project to the agency and a grant application to the authority on a form prescribed by the authority; and

(3) the agency has approved the facilities plan, and certified the eligible costs for the project to the authority.

Subd. 3. **Eligible capital costs.** Eligible capital costs for phosphorus reduction grants under subdivision 4, paragraph (a), include the as-bid construction costs and engineering planning and design costs for phosphorus treatment. Eligible capital costs for phosphorus reduction grants under subdivision 4, paragraph (b), include the final, incurred construction, engineering, planning, and design costs for phosphorus treatment.

Subd. 4. **Grant amounts and priorities.** (a) Priority must be given to projects that start construction on or after July 1, 2006. If a facility's plan for a project is approved by the agency before July 1, 2010, the amount of the grant is 75 percent of the eligible capital cost of the project. If a facility's plan for a project is approved by the agency on or after July 1, 2010, the amount of the grant is 50 percent of the eligible capital cost of the project. Priority in awarding grants under this paragraph must be based on the date of approval of the facility's plan for the project.

(b) Projects that meet the eligibility requirements in subdivision 2 and have started construction before July 1, 2006, are eligible for grants to reimburse up to 75 percent of the eligible capital cost of the project, less any amounts previously received in grants from other sources. Application for a grant under this paragraph must be submitted to the authority no later than June 30, 2008. Priority for award of grants under this paragraph must be based on the date of agency approval of the facility plan.

(c) In each fiscal year that money is available for grants, the authority shall first award grants under paragraph (a) to projects that met the eligibility requirements of subdivision 2 by May 1 of that year. The authority shall use any remaining money available that year to award grants under paragraph (b). Grants that have been approved but not awarded in a previous fiscal year carry over and must be awarded in subsequent fiscal years in accordance with the priorities in this paragraph.

(d) Disbursements of grants under this section by the authority to recipients must be made for eligible project costs as incurred by the recipients, and must be made by the authority in accordance with the project financing agreement and applicable state law.

Subd. 5. **Fees.** The authority may charge the grant recipient a fee for its administrative costs not to exceed one-half of one percent of the grant amount, to be paid upon execution of the grant agreement.

Sec. 11. **[446A.075] SMALL COMMUNITY WASTEWATER TREATMENT PROGRAM.**

Subdivision 1. **Creation of fund.** The authority shall establish a small community wastewater treatment fund and shall make loans and grants from the fund as provided in this section. Money in the fund is annually appropriated to the authority and does not lapse. The fund shall be credited with all loan repayments and investment income from the fund, and servicing fees assessed under section 446A.04, subdivision 5. The authority shall manage and administer the small community wastewater treatment fund, and for these purposes, may exercise all powers provided in this chapter.

Subd. 2. **Loans and grants.** (a) The authority shall award loans as provided in paragraph (b) and grants as provided in paragraphs (c) and (d) to governmental units from the small community wastewater treatment fund for projects to replace noncomplying individual sewage treatment systems with a community wastewater treatment system or systems meeting the requirements of section 115.55. A governmental unit receiving a loan or loan and grant from the fund shall own the community wastewater treatment systems built under the program and shall be responsible, either directly or through a contract with a private vendor, for all inspections, maintenance, and repairs necessary to ensure proper operation of the systems.

(b) Loans may be awarded for up to 100 percent of eligible project costs as described in this section.

(c) When the area to be served by a project has a median household income below the state average median household income, the governmental unit may receive 50 percent of the funding provided under this section in the form of a grant. An applicant may submit income survey data collected by an independent party if it believes the most recent United States census does not accurately reflect the median household income of the area to be served.

(d) If requested, a governmental unit receiving funding under this section may receive a grant equal to ten percent of its first year's award, up to a maximum of \$30,000, to contract for technical assistance services from the University of Minnesota Extension Service to develop the technical, managerial, and financial capacity necessary to build, operate, and maintain the systems.

Subd. 3. **Project priority list.** Governmental units seeking loans or loans and grants from the small community wastewater treatment program shall first submit a project proposal to the agency on a form prescribed by the agency. A project proposal shall include the compliance status for all individual sewage treatment systems in the project area. The agency shall rank project proposals on its project priority list used for the water pollution control revolving fund under section 446A.07.

Subd. 4. **Applications.** Governmental units with projects on the project priority list shall submit applications to the authority on forms prescribed by the authority. The application shall include:

(1) a list of the individual sewage treatment systems proposed to be replaced over a period of up to three years;

(2) a project schedule and cost estimate for each year of the project;

(3) a financing plan for repayment of the loan; and

(4) a management plan providing for the inspection, maintenance, and repairs necessary to ensure proper operation of the systems.

Subd. 5. **Awards.** The authority shall award loans or loans and grants as provided in subdivision 2 to governmental units with approved applications based on their ranking on the agency's project priority list. The total amount awarded shall be based on the estimated project costs for the portion of the project expected to be completed within one year, up to an annual maximum of \$500,000. For projects expected to take more than one year to complete, the authority may make a multiyear commitment for a period not to exceed three years, contingent on the future availability of funds. Each year of a multiyear commitment must be funded by a separate loan or loan and grant agreement meeting the terms and conditions in subdivision 6. A governmental unit receiving a loan or loan and grant under a multiyear commitment shall have priority for additional loan and grant funds in subsequent years.

Subd. 6. **Loan terms and conditions.** Loans from the small community wastewater treatment fund shall comply with the following terms and conditions:

(1) principal and interest payments must begin no later than two years after the loan is awarded;

(2) loans shall carry an interest rate of one percent;

(3) loans shall be fully amortized within ten years of the first scheduled payment or, if the loan amount exceeds \$10,000 per household, shall be fully amortized within 20 years but not to exceed the expected design life of the system;

(4) a governmental unit receiving a loan must establish a dedicated source or sources of revenues for repayment of the loan and must issue a general obligation note to the authority for the full amount of the loan; and

(5) each property owner to be served by a community wastewater treatment system under this program must provide an easement to the governmental unit to allow access to the system for management and repairs.

Subd. 7. **Special assessment deferral.** (a) A governmental unit receiving a loan under this section that levies special assessments to repay the loan may defer payment of the assessments under the provisions of sections 435.193 to 435.195.

(b) A governmental unit that defers payment of special assessments for one or more properties under paragraph (a) may request deferral of that portion of the debt service on its loan, and the authority shall accept appropriate amendments to the general obligation note of the governmental unit. If special assessment payments are later received from properties that received a deferral, the funds received shall be paid to the authority with the next scheduled loan payment.

Subd. 8. **Eligible costs.** Eligible costs for small community wastewater treatment loans and grants shall include the costs of technical assistance as provided in subdivision 2, paragraph (d), planning, design, construction, legal fees, administration, and land acquisition.

Subd. 9. **Disbursements.** Loan and grant disbursements by the authority under this section must be made for eligible project costs as incurred by the recipients, and must be made in accordance with the project loan or grant and loan agreement and applicable state law.

Subd. 10. **Audits.** A governmental unit receiving a loan under this section must annually provide to the authority for the term of the loan a copy of its annual independent audit or, if the governmental unit is not required to prepare an independent audit, a copy of the annual financial reporting form it provides to the state auditor.

Sec. 12. **APPROPRIATIONS.**

Subdivision 1. **General provisions.** The appropriations in this section are from the general fund and are available for the fiscal year ending June 30, 2007. Unless otherwise specified in this section, these appropriations do not cancel and remain available until June 30, 2007. Appropriations in this section that are encumbered under contract, including grant contract, on or before June 30, 2007, are available until June 30, 2009.

Subd. 2. **Pollution Control Agency.** The following amounts are appropriated to the Pollution Control Agency for the purposes stated:

(1) \$1,450,000 for statewide assessment of surface water quality and trends; of these amounts, up to \$1,010,000 is available for grants or contracts to support citizen monitoring of surface waters; and

(2) \$3,170,000 is available to develop TMDL's and TMDL implementation plans for waters listed on the United States Environmental Protection Agency approved 2004 impaired waters list; of this appropriation, up to \$1,740,000 is available for grants or contracts to develop TMDL's.

Subd. 3. **Agriculture Department.** The following amounts are appropriated to the Department of Agriculture for the purposes stated:

(1) \$1,000,000 is for agricultural best management practices loan program; this appropriation remains available until spent; of this amount, \$800,000 is for pass-through to local governments and lenders for low-interest loans to producers and rural landowners;

(2) \$300,000 is available to expand technical assistance to producers and conservation professionals on nutrient and pasture management; target practices to sources of water impairments; coordinate federal and state farm conservation programs to fully utilize federal conservation funds; and expand conservation planning assistance for producers; of this amount, \$100,000 is available for grants or contracts to develop nutrient and conservation planning assistance information materials; and

(3) \$200,000 is available for research, evaluation, and effectiveness monitoring of agricultural practices in restoring impaired waters.

Subd. 4. Board of Water and Soil Resources. The following amounts are appropriated to the Board of Water and Soil Resources for restoration and prevention actions. All of the money appropriated in this subdivision as grants to local governments will be administered through the Board of Water and Soil Resources' Local Water Resources Protection and Management Program under Minnesota Statutes, section 103B.3369:

(1) \$875,000 is for targeted nonpoint restoration cost-share and incentive payments; of these amounts, up to \$775,000 in fiscal year 2007 is available for grants;

(2) \$1,575,000 is for targeted nonpoint restoration technical, compliance, and engineering assistance activities; up to \$1,375,000 in fiscal year 2007 is available for grants;

(3) \$200,000 in fiscal year 2007 is for reporting and evaluation of applied soil and water conservation practices;

(4) \$250,000 is for grants for implementation of county individual sewage treatment system programs; and

(5) \$500,000 is for grants to support local nonpoint source protection activities related to lake and river protection and management.

Subd. 5. Department of Natural Resources. The following amounts are appropriated to the Department of Natural Resources for the purposes stated:

(1) \$280,000 in fiscal year 2007 is for statewide assessment of surface water quality and trends;

(2) \$200,000 is available for restoration of impaired waters and actions to prevent waters from becoming impaired; of these amounts, up to \$1,400,000 in fiscal year 2007 is available for grants and contracts for forest stewardship planning and implementation, and for research, compliance, and monitoring; and

(3) \$1,824,000 in fiscal year 2006 and \$424,000 in fiscal year 2007 from the environment trust fund is for fee title acquisition and easements on high priority, sensitive riparian lands that provide high value for watershed protection.

Sec. 13. **EFFECTIVE DATE.**

Sections 1 to 12 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to appropriations; appropriating money and supplementing appropriations for environment and natural resources; providing for temporary state park permits for towed vehicles; modifying state park permit requirements and fees; providing for state forest user fees; providing for land donor appraisal reimbursement; providing for acquisition of land for certain facilities; modifying certain definitions; modifying forest services provided to private owners; modifying the State Timber Act; eliminating the requirement for a

comprehensive forest resource management plan; providing for disposition of certain land sale receipts; modifying noise standard exemptions; extending certain deadlines; modifying application of storm water rules; establishing state policy for purchase of hybrid vehicles; granting certain authority to the Lower Minnesota River Watershed District; creating the Clean Water Legacy Act; creating grant and loan programs; modifying provisions for cost-sharing contracts for erosion control and water management; requiring reports; amending Minnesota Statutes 2004, sections 84.085, subdivision 1; 85.052, subdivision 4; 85.053, by adding a subdivision; 85.054, by adding subdivisions; 88.79, subdivision 1; 90.14; 90.151, subdivisions 1, 6, by adding a subdivision; 103C.501, subdivision 5; 103L.005, subdivision 9; 116.07, subdivision 2a; Minnesota Statutes 2005 Supplement, sections 85.053, subdivision 2; 85.055, subdivision 1; 116.182, subdivision 2; Laws 2003, chapter 128, article 1, section 165; Laws 2005, First Special Session chapter 1, article 2, section 11, subdivisions 5, 10; proposing coding for new law in Minnesota Statutes, chapters 85; 89; 90; 446A; proposing coding for new law as Minnesota Statutes, chapter 114D; repealing Minnesota Statutes 2004, section 89.011, subdivisions 1, 2, 3, 6."

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

The report was adopted.

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

H. F. No. 3697, A bill for an act relating to appropriations; appropriating and transferring money and supplementing or reducing appropriations for various health and human services programs or activities; establishing, regulating, or modifying certain health and human services programs or activities; requiring studies and reports; amending Minnesota Statutes 2005 Supplement, section 16A.724, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

LONG-TERM CARE AND MENTAL HEALTH

Section 1. Minnesota Statutes 2004, section 144.0724, subdivision 4, is amended to read:

Subd. 4. **Resident assessment schedule.** (a) A facility must conduct and electronically submit to the commissioner of health case mix assessments that conform with the assessment schedule defined by Code of Federal Regulations, title 42, section 483.20, and published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, in the Long Term Care Assessment Instrument User's Manual, version 2.0, October 1995, and subsequent clarifications made in the Long-Term Care Assessment Instrument Questions and Answers, version 2.0, August 1996. The commissioner of health may substitute successor manuals or question and answer documents published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, to replace or supplement the current version of the manual or document.

(b) The assessments used to determine a case mix classification for reimbursement include the following:

(1) a new admission assessment must be completed by day 14 following admission;

- (2) an annual assessment must be completed within 366 days of the last comprehensive assessment;
- (3) a significant change assessment must be completed within 14 days of the identification of a significant change; and
- (4) the first, second, and third quarterly assessment following either a new admission assessment, an annual assessment, or a significant change assessment. Each quarterly assessment must be completed within 92 days of the previous assessment.

EFFECTIVE DATE. This section is effective October 1, 2006.

Sec. 2. Minnesota Statutes 2004, section 144A.071, subdivision 4a, is amended to read:

Subd. 4a. **Exceptions for replacement beds.** It is in the best interest of the state to ensure that nursing homes and boarding care homes continue to meet the physical plant licensing and certification requirements by permitting certain construction projects. Facilities should be maintained in condition to satisfy the physical and emotional needs of residents while allowing the state to maintain control over nursing home expenditure growth.

The commissioner of health in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(a) to license or certify beds in a new facility constructed to replace a facility or to make repairs in an existing facility that was destroyed or damaged after June 30, 1987, by fire, lightning, or other hazard provided:

- (i) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;
- (ii) at the time the facility was destroyed or damaged the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;
- (iii) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility or repairs;
- (iv) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5;
- (v) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility; and
- (vi) the commissioner determines that the replacement beds are needed to prevent an inadequate supply of beds.

Project construction costs incurred for repairs authorized under this clause shall not be considered in the dollar threshold amount defined in subdivision 2;

(b) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed \$1,000,000;

(c) to license or certify beds in a project recommended for approval under section 144A.073;

(d) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds;

(e) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed \$1,000,000. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase beyond the number remaining at the time of the upgrade in licensure. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(f) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of St. Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the transfers allowed under this paragraph;

(g) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements;

(h) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of \$200,000 or more;

(i) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(j) to license and certify new nursing home beds to replace beds in a facility acquired by the Minneapolis Community Development Agency as part of redevelopment activities in a city of the first class, provided the new facility is located within three miles of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under section 256B.431 or 256B.434;

(k) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds;

(l) to license or certify beds in renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1, so long as the cumulative total costs of the facility's remodeling projects do not exceed \$1,000,000;

(m) to license and certify beds that are moved from one location to another for the purposes of converting up to five four-bed wards to single or double occupancy rooms in a nursing home that, as of January 1, 1993, was county-owned and had a licensed capacity of 115 beds;

(n) to allow a facility that on April 16, 1993, was a 106-bed licensed and certified nursing facility located in Minneapolis to layaway all of its licensed and certified nursing home beds. These beds may be relicensed and recertified in a newly constructed teaching nursing home facility affiliated with a teaching hospital upon approval by the legislature. The proposal must be developed in consultation with the interagency committee on long-term care planning. The beds on layaway status shall have the same status as voluntarily delicensed and decertified beds, except that beds on layaway status remain subject to the surcharge in section 256.9657. This layaway provision expires July 1, 1998;

(o) to allow a project which will be completed in conjunction with an approved moratorium exception project for a nursing home in southern Cass County and which is directly related to that portion of the facility that must be repaired, renovated, or replaced, to correct an emergency plumbing problem for which a state correction order has been issued and which must be corrected by August 31, 1993;

(p) to allow a facility that on April 16, 1993, was a 368-bed licensed and certified nursing facility located in Minneapolis to layaway, upon 30 days prior written notice to the commissioner, up to 30 of the facility's licensed and certified beds by converting three-bed wards to single or double occupancy. Beds on layaway status shall have the same status as voluntarily delicensed and decertified beds except that beds on layaway status remain subject to the surcharge in section 256.9657, remain subject to the license application and renewal fees under section 144A.07 and shall be subject to a \$100 per bed reactivation fee. In addition, at any time within three years of the effective date of the layaway, the beds on layaway status may be:

(1) relicensed and recertified upon relocation and reactivation of some or all of the beds to an existing licensed and certified facility or facilities located in Pine River, Brainerd, or International Falls; provided that the total project construction costs related to the relocation of beds from layaway status for any facility receiving relocated beds may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073;

(2) relicensed and recertified, upon reactivation of some or all of the beds within the facility which placed the beds in layaway status, if the commissioner has determined a need for the reactivation of the beds on layaway status.

The property-related payment rate of a facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (c). The property-related payment rate for a facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than three years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(q) to license and certify beds in a renovation and remodeling project to convert 12 four-bed wards into 24 two-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey County; had a licensed capacity of 154 beds; and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(r) to license and certify up to 117 beds that are relocated from a licensed and certified 138-bed nursing facility located in St. Paul to a hospital with 130 licensed hospital beds located in South St. Paul, provided that the nursing facility and hospital are owned by the same or a related organization and that prior to the date the relocation is completed the hospital ceases operation of its inpatient hospital services at that hospital. After relocation, the nursing facility's status under section 256B.431, subdivision 2j, shall be the same as it was prior to relocation. The nursing facility's property-related payment rate resulting from the project authorized in this paragraph shall become effective no earlier than April 1, 1996. For purposes of calculating the incremental change in the facility's rental per diem resulting from this project, the allowable appraised value of the nursing facility portion of the existing health care facility physical plant prior to the renovation and relocation may not exceed \$2,490,000;

(s) to license and certify two beds in a facility to replace beds that were voluntarily delicensed and decertified on June 28, 1991;

(t) to allow 16 licensed and certified beds located on July 1, 1994, in a 142-bed nursing home and 21-bed boarding care home facility in Minneapolis, notwithstanding the licensure and certification after July 1, 1995, of the Minneapolis facility as a 147-bed nursing home facility after completion of a construction project approved in 1993 under section 144A.073, to be laid away upon 30 days' prior written notice to the commissioner. Beds on layaway status shall have the same status as voluntarily delicensed or decertified beds except that they shall remain subject to the surcharge in section 256.9657. The 16 beds on layaway status may be relicensed as nursing home beds and recertified at any time within five years of the effective date of the layaway upon relocation of some or all of the beds to a licensed and certified facility located in Watertown, provided that the total project construction costs related to the relocation of beds from layaway status for the Watertown facility may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073.

The property-related payment rate of the facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (c). The property-related payment rate for the facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than five years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(u) to license and certify beds that are moved within an existing area of a facility or to a newly constructed addition which is built for the purpose of eliminating three- and four-bed rooms and adding space for dining, lounge areas, bathing rooms, and ancillary service areas in a nursing home that, as of January 1, 1995, was located in Fridley and had a licensed capacity of 129 beds;

(v) to relocate 36 beds in Crow Wing County and four beds from Hennepin County to a 160-bed facility in Crow Wing County, provided all the affected beds are under common ownership;

(w) to license and certify a total replacement project of up to 49 beds located in Norman County that are relocated from a nursing home destroyed by flood and whose residents were relocated to other nursing homes. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(x) to license and certify a total replacement project of up to 129 beds located in Polk County that are relocated from a nursing home destroyed by flood and whose residents were relocated to other nursing homes. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(y) to license and certify beds in a renovation and remodeling project to convert 13 three-bed wards into 13 two-bed rooms and 13 single-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey County, was not owned by a hospital corporation, had a licensed capacity of 64 beds, and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(z) to license and certify up to 150 nursing home beds to replace an existing 285 bed nursing facility located in St. Paul. The replacement project shall include both the renovation of existing buildings and the construction of new facilities at the existing site. The reduction in the licensed capacity of the existing facility shall occur during the construction project as beds are taken out of service due to the construction process. Prior to the start of the construction process, the facility shall provide written information to the commissioner of health describing the process for bed reduction, plans for the relocation of residents, and the estimated construction schedule. The relocation of residents shall be in accordance with the provisions of law and rule;

(aa) to allow the commissioner of human services to license an additional 36 beds to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3400, in a 198-bed nursing home located in Red Wing, provided that the total number of licensed and certified beds at the facility does not increase;

(bb) to license and certify a new facility in St. Louis county with 44 beds constructed to replace an existing facility in St. Louis County with 31 beds, which has resident rooms on two separate floors and an antiquated elevator that creates safety concerns for residents and prevents nonambulatory residents from residing on the second floor. The project shall include the elimination of three- and four-bed rooms;

(cc) to license and certify four beds in a 16-bed certified boarding care home in Minneapolis to replace beds that were voluntarily delicensed and decertified on or before March 31, 1992. The licensure and certification is conditional upon the facility periodically assessing and adjusting its resident mix and other factors which may contribute to a potential institution for mental disease declaration. The commissioner of human services shall retain the authority to audit the facility at any time and shall require the facility to comply with any requirements necessary to prevent an institution for mental disease declaration, including delicensure and decertification of beds, if necessary;

(dd) to license and certify 72 beds in an existing facility in Mille Lacs County with 80 beds as part of a renovation project. The renovation must include construction of an addition to accommodate ten residents with beginning and midstage dementia in a self-contained living unit; creation of three resident households where dining, activities, and support spaces are located near resident living quarters; designation of four beds for rehabilitation in a self-contained area; designation of 30 private rooms; and other improvements;

(ee) to license and certify beds in a facility that has undergone replacement or remodeling as part of a planned closure under section 256B.437;

(ff) to license and certify a total replacement project of up to 124 beds located in Wilkin County that are in need of relocation from a nursing home significantly damaged by flood. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that section 256B.431, subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(gg) to allow the commissioner of human services to license an additional nine beds to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3400, in a 240-bed nursing home located in Duluth, provided that the total number of licensed and certified beds at the facility does not increase;

(hh) to license and certify up to 120 new nursing facility beds to replace beds in a facility in Anoka County, which was licensed for 98 beds as of July 1, 2000, provided the new facility is located within four miles of the existing facility and is in Anoka County. Operating and property rates shall be determined and allowed under section 256B.431 and Minnesota Rules, parts 9549.0010 to 9549.0080, or section 256B.434 or 256B.435. The provisions of section 256B.431, subdivision 26, paragraphs (a) and (b), do not apply until the second rate year following settle-up; or

(ii) to transfer up to 98 beds of a 129-licensed bed facility located in Anoka County that, as of March 25, 2001, is in the active process of closing, to a 122-licensed bed nonprofit nursing facility located in the city of Columbia Heights or its affiliate. The transfer is effective when the receiving facility notifies the commissioner in writing of the number of beds accepted. The commissioner shall place all transferred beds on layaway status held in the name of the receiving facility. The layaway adjustment provisions of section 256B.431, subdivision 30, do not apply to this layaway. The receiving facility may only remove the beds from layaway for recertification and relicensure at the receiving facility's current site, or at a newly constructed facility located in Anoka County. The receiving facility must receive statutory authorization before removing these beds from layaway status, or may remove these beds from layaway status if removal from layaway status is part of a moratorium exception project approved by the commissioner under section 144A.073.

Sec. 3. Minnesota Statutes 2004, section 144A.071, subdivision 4c, is amended to read:

Subd. 4c. **Exceptions for replacement beds after June 30, 2003.** (a) The commissioner of health, in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(1) to license and certify an 80-bed city-owned facility in Nicollet County to be constructed on the site of a new city-owned hospital to replace an existing 85-bed facility attached to a hospital that is also being replaced. The threshold allowed for this project under section 144A.073 shall be the maximum amount available to pay the additional medical assistance costs of the new facility;

(2) to license and certify 29 beds to be added to an existing 69-bed facility in St. Louis County, provided that the 29 beds must be transferred from active or layaway status at an existing facility in St. Louis County that had 235 beds on April 1, 2003.

The licensed capacity at the 235-bed facility must be reduced to 206 beds, but the payment rate at that facility shall not be adjusted as a result of this transfer. The operating payment rate of the facility adding beds after completion of this project shall be the same as it was on the day prior to the day the beds are licensed and certified. This project shall not proceed unless it is approved and financed under the provisions of section 144A.073; ~~and~~

(3) to license and certify a new 60-bed facility in Austin, provided that: (i) 45 of the new beds are transferred from a 45-bed facility in Austin under common ownership that is closed and 15 of the new beds are transferred from a 182-bed facility in Albert Lea under common ownership; (ii) the commissioner of human services is authorized by the 2004 legislature to negotiate budget-neutral planned nursing facility closures; and (iii) money is available from planned closures of facilities under common ownership to make implementation of this clause budget-neutral to the state. The bed capacity of the Albert Lea facility shall be reduced to 167 beds following the transfer. Of the 60 beds at the new facility, 20 beds shall be used for a special care unit for persons with Alzheimer's disease or related dementias; and

(4) to license and certify up to 80 beds transferred from an existing state-owned nursing facility in Cass County to a new facility located on the grounds of the Ah-Gwah-Ching campus. The operating cost payment rates for the new facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431. The property payment rate for the first three years of operation shall be \$35 per day. For subsequent years, the property payment rate of \$35 per day shall be adjusted for inflation as provided in section 256B.434, subdivision 4, paragraph (c), as long as the facility has a contract under section 256B.434.

(b) Projects approved under this subdivision shall be treated in a manner equivalent to projects approved under subdivision 4a.

Sec. 4. **[245.4682] MENTAL HEALTH SERVICE DELIVERY AND FINANCE REFORM.**

Subdivision 1. **Policy.** The commissioner of human services shall study and report on reforms to improve the underlying structural, financing, and organizational problems in Minnesota's mental health system with the goal of improving the availability, quality, and accountability of mental health care within the state.

Subd. 2. **General provisions.** In the design and implementation of reforms to the mental health system, the commissioner shall:

(1) consult with consumers, families, counties, tribes, advocates, providers, and other stakeholders;

(2) report to the legislature and the state Mental Health Advisory Council by December 15, 2006, and shall include recommendations on the following:

(a) updating the role of counties and health plans;

(b) ensuring continuity of care for persons affected by these reforms including:

(c) ensuring client choice of provider by requiring broad provider networks;

(d) allowing clients options to maintain previously established therapeutic relationships;

(e) developing mechanisms to facilitate a smooth transition of service responsibilities;

(f) providing accountability for the efficient and effective use of public and private resources in achieving positive outcomes for consumers; and

(g) ensuring client access to applicable protections and appeals.

Sec. 5. Minnesota Statutes 2004, section 256B.431, is amended by adding a subdivision to read:

Subd. 43. **Rate increase for facilities in Stearns, Sherburne, and Benton Counties.** Effective July 1, 2006, operating payment rates of nursing facilities in Stearns, Sherburne, and Benton Counties that are reimbursed under this section, section 256B.434, or section 256B.441 shall be increased to be equal, for a RUG's rate with a weight of 1.00, to the geographic group III median rate for the same RUG's weight. The percentage of the operating payment rate for each facility to be case-mix adjusted shall be equal to the percentage that is case-mix adjusted in that facility's June 30, 2006, operating payment rate. This subdivision shall apply only if it results in a rate increase. Increases provided by this subdivision shall be added to the rate determined under any new reimbursement system established under section 256B.440.

Sec. 6. Minnesota Statutes 2005 Supplement, section 256B.434, subdivision 4, is amended to read:

Subd. 4. Alternate rates for nursing facilities. (a) For nursing facilities which have their payment rates determined under this section rather than section 256B.431, the commissioner shall establish a rate under this subdivision. The nursing facility must enter into a written contract with the commissioner.

(b) A nursing facility's case mix payment rate for the first rate year of a facility's contract under this section is the payment rate the facility would have received under section 256B.431.

(c) A nursing facility's case mix payment rates for the second and subsequent years of a facility's contract under this section are the previous rate year's contract payment rates plus an inflation adjustment and, for facilities reimbursed under this section or section 256B.431, an adjustment to include the cost of any increase in Health Department licensing fees for the facility taking effect on or after July 1, 2001. The index for the inflation adjustment must be based on the change in the Consumer Price Index-All Items (United States City average) (CPI-U) forecasted by the commissioner of finance's national economic consultant, as forecasted in the fourth quarter of the calendar year preceding the rate year. The inflation adjustment must be based on the 12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined. For the rate years beginning on July 1, 1999, July 1, 2000, July 1, 2001, July 1, 2002, July 1, 2003, July 1, 2004, July 1, 2005, July 1, 2006, July 1, 2007, and July 1, 2008, this paragraph shall apply only to the property-related payment rate, except that adjustments to include the cost of any increase in Health Department licensing fees taking effect on or after July 1, 2001, shall be provided. Beginning in 2005, adjustment to the property payment rate under this section and section 256B.431 shall be effective on October 1. In determining the amount of the property-related payment rate adjustment under this paragraph, the commissioner shall determine the proportion of the facility's rates that are property-related based on the facility's most recent cost report. Beginning October 1, 2006, facilities reimbursed under this section shall be allowed to receive a property rate adjustment for building projects under section 144A.071, subdivision 2.

(d) The commissioner shall develop additional incentive-based payments of up to five percent above a facility's operating payment rate for achieving outcomes specified in a contract. The commissioner may solicit contract amendments and implement those which, on a competitive basis, best meet the state's policy objectives. The commissioner shall limit the amount of any incentive payment and the number of contract amendments under this paragraph to operate the incentive payments within funds appropriated for this purpose. The contract amendments may specify various levels of payment for various levels of performance. Incentive payments to facilities under this paragraph may be in the form of time-limited rate adjustments or supplemental payments. In establishing the specified outcomes and related criteria, the commissioner shall consider the following state policy objectives:

(1) successful diversion or discharge of residents to the residents' prior home or other community-based alternatives;

(2) adoption of new technology to improve quality or efficiency;

(3) improved quality as measured in the Nursing Home Report Card;

(4) reduced acute care costs; and

(5) any additional outcomes proposed by a nursing facility that the commissioner finds desirable.

Sec. 7. Minnesota Statutes 2004, section 256B.434, is amended by adding a subdivision to read:

Subd. 4f. Facility rate increase effective July 1, 2006. For the rate year beginning July 1, 2006, a nursing facility in Otter Tail County that was licensed for 55 beds as of January 1, 2006, shall receive a rate increase to increase its operating rate to the 60th percentile of the operating rates of all other Otter Tail County skilled nursing facilities. The commissioner shall determine the 60th percentile of the case mix portion of the operating rates of all other Otter Tail County skilled nursing facilities and then apply the case mix weights. The 60th percentile of the other facilities operating per diem for all other Otter Tail County facilities will be added to the above-determined weighted case mix amount to compute the 60th percentile operating rate. The nonoperating components of the facility's rates will not be adjusted under this subdivision.

Sec. 8. Minnesota Statutes 2004, section 256B.438, subdivision 4, is amended to read:

Subd. 4. Resident assessment schedule. (a) Nursing facilities shall conduct and submit case mix assessments according to the schedule established by the commissioner of health under section 144.0724, subdivisions 4 and 5.

(b) The resident reimbursement classifications established under section 144.0724, subdivision 3, shall be effective the day of admission for new admission assessments. The effective date for significant change assessments shall be the assessment reference date. The effective date for annual and ~~second~~ all quarterly assessments shall be the first day of the month following assessment reference date.

EFFECTIVE DATE. This section is effective October 1, 2006.

Sec. 9. Minnesota Statutes 2004, section 256B.69, subdivision 9, is amended to read:

Subd. 9. Reporting. (a) Each demonstration provider shall submit information as required by the commissioner, including data required for assessing client satisfaction, quality of care, cost, and utilization of services for purposes of project evaluation. The commissioner shall also develop methods of data reporting and collection from county advocacy activities in order to provide aggregate enrollee information on encounters and outcomes to determine access and quality assurance. Required information shall be specified before the commissioner contracts with a demonstration provider.

(b) Aggregate nonpersonally identifiable health plan encounter data, aggregate spending data for major categories of service as reported to the commissioners of health and commerce under section 62D.08, subdivision 3, paragraph (a), and criteria for service authorization and service use are public data that the commissioner shall make available and use in public reports. The commissioner shall require each health plan and county-based purchasing plan to provide:

(1) encounter data for each service provided, using standard codes and unit of service definitions set by the commissioner, in a form that the commissioner can report by age, eligibility groups, and health plan; and

(2) criteria, written policies, and procedures required to be disclosed under section 62M.10, subdivision 7, and Code of Federal Regulations, title 42, part 438.210(b)(1), used for each type of service for which authorization is required.

Sec. 10. Minnesota Statutes 2005 Supplement, section 256B.69, subdivision 23, is amended to read:

Subd. 23. **Alternative services; elderly and disabled persons.** (a) The commissioner may implement demonstration projects to create alternative integrated delivery systems for acute and long-term care services to elderly persons and persons with disabilities as defined in section 256B.77, subdivision 7a, that provide increased coordination, improve access to quality services, and mitigate future cost increases. The commissioner may seek federal authority to combine Medicare and Medicaid capitation payments for the purpose of such demonstrations and may contract with Medicare-approved special needs plans to provide Medicaid services. Medicare funds and services shall be administered according to the terms and conditions of the federal ~~waiver~~ contract and demonstration provisions. For the purpose of administering medical assistance funds, demonstrations under this subdivision are subject to subdivisions 1 to 22. The provisions of Minnesota Rules, parts 9500.1450 to 9500.1464, apply to these demonstrations, with the exceptions of parts 9500.1452, subpart 2, item B; and 9500.1457, subpart 1, items B and C, which do not apply to persons enrolling in demonstrations under this section. An initial open enrollment period may be provided. Persons who disenroll from demonstrations under this subdivision remain subject to Minnesota Rules, parts 9500.1450 to 9500.1464. When a person is enrolled in a health plan under these demonstrations and the health plan's participation is subsequently terminated for any reason, the person shall be provided an opportunity to select a new health plan and shall have the right to change health plans within the first 60 days of enrollment in the second health plan. Persons required to participate in health plans under this section who fail to make a choice of health plan shall not be randomly assigned to health plans under these demonstrations. Notwithstanding section 256L.12, subdivision 5, and Minnesota Rules, part 9505.5220, subpart 1, item A, if adopted, for the purpose of demonstrations under this subdivision, the commissioner may contract with managed care organizations, including counties, to serve only elderly persons eligible for medical assistance, elderly and disabled persons, or disabled persons only. For persons with primary diagnoses of mental retardation or a related condition, serious and persistent mental illness, or serious emotional disturbance, the commissioner must ensure that the county authority has approved the demonstration and contracting design. Enrollment in these projects for persons with disabilities shall be voluntary. The commissioner shall not implement any demonstration project under this subdivision for persons with primary diagnoses of mental retardation or a related condition, serious and persistent mental illness, or serious emotional disturbance, without approval of the county board of the county in which the demonstration is being implemented.

(b) Notwithstanding chapter 245B, sections 252.40 to 252.46, 256B.092, 256B.501 to 256B.5015, and Minnesota Rules, parts 9525.0004 to 9525.0036, 9525.1200 to 9525.1330, 9525.1580, and 9525.1800 to 9525.1930, the commissioner may implement under this section projects for persons with developmental disabilities. The commissioner may capitate payments for ICF/MR services, waived services for mental retardation or related conditions, including case management services, day training and habilitation and alternative active treatment services, and other services as approved by the state and by the federal government. Case management and active treatment must be individualized and developed in accordance with a person-centered plan. Costs under these projects may not exceed costs that would have been incurred under fee-for-service. Beginning July 1, 2003, and until two years after the pilot project implementation date, subcontractor participation in the long-term care developmental disability pilot is limited to a nonprofit long-term care system providing ICF/MR services, home and community-based waiver services, and in-home services to no more than 120 consumers with developmental disabilities in Carver, Hennepin, and Scott Counties. The commissioner shall report to the legislature prior to expansion of the developmental disability pilot project. This paragraph expires two years after the implementation date of the pilot project.

(c) Before implementation of a demonstration project for disabled persons, the commissioner must provide information to appropriate committees of the house of representatives and senate and must involve representatives of affected disability groups in the design of the demonstration projects.

(d) A nursing facility reimbursed under the alternative reimbursement methodology in section 256B.434 may, in collaboration with a hospital, clinic, or other health care entity provide services under paragraph (a). The commissioner shall amend the state plan and seek any federal waivers necessary to implement this paragraph.

(e) The commissioner, in consultation with the commissioners of commerce and health, may approve and implement programs for all-inclusive care for the elderly (PACE) according to federal laws and regulations governing that program and state laws or rules applicable to participating providers. The process for approval of these programs shall begin only after the commissioner receives grant money in an amount sufficient to cover the state share of the administrative and actuarial costs to implement the programs during state fiscal years 2006 and 2007. Grant amounts for this purpose shall be deposited in an account in the special revenue fund and are appropriated to the commissioner to be used solely for the purpose of PACE administrative and actuarial costs. A PACE provider is not required to be licensed or certified as a health plan company as defined in section 62Q.01, subdivision 4. Persons age 55 and older who have been screened by the county and found to be eligible for services under the elderly waiver or community alternatives for disabled individuals or who are already eligible for Medicaid but meet level of care criteria for receipt of waiver services may choose to enroll in the PACE program. Medicare and Medicaid services will be provided according to this subdivision and federal Medicare and Medicaid requirements governing PACE providers and programs. PACE enrollees will receive Medicaid home and community-based services through the PACE provider as an alternative to services for which they would otherwise be eligible through home and community-based waiver programs and Medicaid State Plan Services. The commissioner shall establish Medicaid rates for PACE providers that do not exceed costs that would have been incurred under fee-for-service or other relevant managed care programs operated by the state.

(f) The commissioner shall seek federal approval to expand the Minnesota disability health options (MnDHO) program established under this subdivision in stages, first to regional population centers outside the seven-county metro area and then to all areas of the state. Until January 1, 2008, expansion for MnDHO projects that include home and community-based services is limited to the two projects and service areas in effect on March 1, 2006. Enrollment in integrated MnDHO programs that include home and community-based services shall remain voluntary. Costs for home and community-based services included under MnDHO must not exceed costs that would have been incurred under the fee-for-service program. In developing program specifications for expansion of integrated programs, the commissioner shall involve and consult the state-level stakeholder group established in subdivision 28, paragraph (d), including consultation on whether and how to include home and community-based waiver programs. Plans for further expansion of MnDHO projects shall be presented to the chairs of the house and senate committees with jurisdiction over health and human services policy and finance by February 1, 2007.

(g) Notwithstanding section 256B.0261, health plans providing services under this section are responsible for home care targeted case management and relocation targeted case management. Services must be provided according to the terms of the waivers and contracts approved by the federal government.

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

Sec. 11. Minnesota Statutes 2004, section 256B.69, is amended by adding a subdivision to read:

Subd. 28. Medicare special needs plans and medical assistance basic health care for persons with disabilities. (a) The commissioner may contract with qualified Medicare-approved special needs plans to provide medical assistance basic health care services to persons with disabilities, including those with developmental disabilities. Basic health care services include:

(1) those services covered by the medical assistance state plan except for ICF/MR services, home and community-based waiver services, case management for persons with developmental disabilities under section 256B.0625, subdivision 20a, and personal care and certain home care services defined by the commissioner in consultation with the stakeholder group established under paragraph (d);

(2) basic health care services may also include risk for up to 100 days of nursing facility services for persons who reside in a noninstitutional setting and home health services related to rehabilitation as defined by the commissioner after consultation with the stakeholder group; and

(3) the commissioner may exclude other medical assistance services from the basic health care benefit set. Enrollees in these plans can access any excluded services on the same basis as other medical assistance recipients who have not enrolled.

Unless a person is otherwise required to enroll in managed care, enrollment in these plans for Medicaid services must be voluntary. For purposes of this subdivision, automatic enrollment with an option to opt out is not voluntary enrollment.

(b) Beginning January 1, 2007, the commissioner may contract with qualified Medicare special needs plans to provide basic health care services under medical assistance to persons who are dually eligible for both Medicare and Medicaid and those Social Security beneficiaries eligible for Medicaid but in the waiting period for Medicare. The commissioner shall consult with the stakeholder group under paragraph (d) in developing program specifications for these services. The commissioner shall report to the chairs of the house and senate committees with jurisdiction over health and human services policy and finance by February 1, 2007, on implementation of these programs and the need for increased funding for the ombudsman for managed care and other consumer assistance and protections needed due to enrollment in managed care of persons with disabilities. Payment for Medicaid services provided under this subdivision for the months of May and June will be made no earlier than July 1 of the same calendar year.

(c) Beginning January 1, 2008, the commissioner may expand contracting under this subdivision to all persons with disabilities not otherwise required to enroll in managed care.

(d) The commissioner shall establish a state-level stakeholder group to provide advice on managed care programs for persons with disabilities, including both MnDHO and contracts with special needs plans that provide basic health care services as described in paragraphs (a) and (b). The stakeholder group shall provide advice on program expansions under this subdivision and subdivision 23, including:

(1) implementation efforts;

(2) consumer protections; and

(3) program specifications such as quality assurance measures, data collection and reporting, and evaluation of costs, quality, and results.

(e) Each plan under contract to provide medical assistance basic health care services shall establish a local or regional stakeholder group, including representatives of the counties covered by the plan, members, consumer advocates, and providers, for advice on issues that arise in the local or regional area.

Sec. 12. STAKEHOLDER PARTICIPATION.

The commissioner of human services shall confer with one or more stakeholder groups of interested persons, including representatives of recipients, advocacy groups, counties, providers, and health plans to provide information and advice on the development of any substantial proposals for changes in the medical assistance program authorized by the federal Deficit Reduction Act of 2005, Public Law 109-171. In addition, for any substantial Deficit Reduction Act-related medical assistance change that affects recipients and that is proposed outside of the legislative or rulemaking process, the commissioner shall convene a stakeholder meeting and provide a 30-day comment period before the change becomes effective. If the time frame required to comply with a federal mandate precludes the 30-day advance notice, notice shall be given to the stakeholder group as soon as possible.

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

Sec. 13. **ICF/MR PLAN.**

The commissioner of human services shall consult with ICF/MR providers, advocates, counties, and consumer families to develop a stakeholder plan and legislation concerning the future services provided to people served in ICFs/MR. The plan shall be reported to the house and senate committees with jurisdiction over health and human services policy and finance issues by December 15, 2007. In preparing the plan, the commissioner shall consider:

- (1) consumer choice of services;
- (2) consumers' service needs, including, but not limited to, active treatment;
- (3) the total cost of providing services in ICFs/MR and alternative delivery systems for individuals currently residing in ICFs/MR;
- (4) the impact of the payment shift to counties for ICFs/MR with more than six beds;
- (5) whether it is the policy of the state to maintain an ICF/MR system and, if so, the plan shall:
 - (i) define the purpose, types of services, and intended recipients of ICF/MR services;
 - (ii) define the capacity needed to maintain ICF/MR services for designated populations;
 - (iii) evaluate incentives for counties to maintain ICF/MR services;
 - (iv) assure that mechanisms are provided to adequately fund the transition to the defined services, maintain the designated capacity, and are adjustable to meet increased service demands; and
 - (v) address the extent to which there is consensus among stakeholders; and
- (6) if alternative services are recommended to support the people now receiving services in an ICF/MR, the plan shall provide for transition planning and ensure adequate state and federal financial resources are available to meet the needs of ICF/MR recipients.

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

ARTICLE 2

STATE HEALTH CARE PROGRAMS

Section 1. Minnesota Statutes 2004, section 256.01, subdivision 18, is amended to read:

Subd. 18. **Immigration status verifications.** (a) Notwithstanding any waiver of this requirement by the secretary of the United States Department of Health and Human Services, effective July 1, 2001, the commissioner shall utilize the Systematic Alien Verification for Entitlements (SAVE) program to conduct immigration status verifications:

- (1) as required under United States Code, title 8, section 1642;
- (2) for all applicants for food assistance benefits, whether under the federal food stamp program, the MFIP or work first program, or the Minnesota food assistance program;

(3) for all applicants for general assistance medical care, except assistance for an emergency medical condition, for immunization with respect to an immunizable disease, or for testing and treatment of symptoms of a communicable disease, and nonfederally funded MinnesotaCare; and

(4) for all applicants for general assistance, Minnesota supplemental aid, medical assistance, federally funded MinnesotaCare, or group residential housing, when the benefits provided by these programs would fall under the definition of "federal public benefit" under United States Code, title 8, section 1642, if federal funds were used to pay for all or part of the benefits.

(b) The commissioner shall comply with the reporting requirements under United States Code, title 42, section 611a, and any federal regulation or guidance adopted under that law.

Sec. 2. Minnesota Statutes 2004, section 256.01, is amended by adding a subdivision to read:

Subd. 18a. **Reporting undocumented immigrants.** The commissioner shall require all employees of the state and counties to make a written report to the United States Citizenship and Immigration Service (USCIS) for any violation of federal immigration law by any applicant for medical assistance under chapter 256B, general assistance medical care under chapter 256D, or MinnesotaCare under chapter 256L, that is discovered by the employee. Employees do not need an applicant's written authorization to contact USCIS.

Sec. 3. Minnesota Statutes 2004, section 256B.692, subdivision 6, is amended to read:

Subd. 6. **Commissioner's authority.** The commissioner may:

(1) reject any preliminary or final proposal that substantially fails to meet the requirements of this section, or that the commissioner determines would substantially impair the state's ability to purchase health care services in other areas of the state, or would substantially impair an enrollee's choice of ~~care systems~~ managed care organizations when reasonable choice is possible, or would substantially impair the implementation and operation of the Minnesota senior health options demonstration project authorized under section 256B.69, subdivision 23; and

(2) assume operation of a county's purchasing of health care for enrollees in medical assistance and general assistance medical care in the event that the contract with the county is terminated.

Sec. 4. Minnesota Statutes 2004, section 256B.76, is amended to read:

256B.76 PHYSICIAN AND DENTAL REIMBURSEMENT.

(a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Centers for Medicare and Medicaid Services' common procedural coding system codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," cesarean delivery and pharmacologic management provided to psychiatric patients, and level three codes for enhanced services for prenatal high risk, shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992. If the rate on any procedure code within these categories is different than the rate that would have been paid under the methodology in section 256B.74, subdivision 2, then the larger rate shall be paid;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992;

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases except that payment rates for home health agency services shall be the rates in effect on September 30, 1992;

(4) effective for services rendered on or after January 1, 2000, payment rates for physician and professional services shall be increased by three percent over the rates in effect on December 31, 1999, except for home health agency and family planning agency services; and

(5) the increases in clause (4) shall be implemented January 1, 2000, for managed care.

(b) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992;

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases;

(3) effective for services rendered on or after January 1, 2000, payment rates for dental services shall be increased by three percent over the rates in effect on December 31, 1999;

(4) the commissioner shall award grants to community clinics or other nonprofit community organizations, political subdivisions, professional associations, or other organizations that demonstrate the ability to provide dental services effectively to public program recipients. Grants may be used to fund the costs related to coordinating access for recipients, developing and implementing patient care criteria, upgrading or establishing new facilities, acquiring furnishings or equipment, recruiting new providers, or other development costs that will improve access to dental care in a region. In awarding grants, the commissioner shall give priority to applicants that plan to serve areas of the state in which the number of dental providers is not currently sufficient to meet the needs of recipients of public programs or uninsured individuals. The commissioner shall consider the following in awarding the grants:

- (i) potential to successfully increase access to an underserved population;
- (ii) the ability to raise matching funds;
- (iii) the long-term viability of the project to improve access beyond the period of initial funding;
- (iv) the efficiency in the use of the funding; and
- (v) the experience of the proposers in providing services to the target population.

The commissioner shall monitor the grants and may terminate a grant if the grantee does not increase dental access for public program recipients. The commissioner shall consider grants for the following:

(i) implementation of new programs or continued expansion of current access programs that have demonstrated success in providing dental services in underserved areas;

(ii) a pilot program for utilizing hygienists outside of a traditional dental office to provide dental hygiene services; and

(iii) a program that organizes a network of volunteer dentists, establishes a system to refer eligible individuals to volunteer dentists, and through that network provides donated dental care services to public program recipients or uninsured individuals;

(5) beginning October 1, 1999, the payment for tooth sealants and fluoride treatments shall be the lower of (i) submitted charge, or (ii) 80 percent of median 1997 charges;

(6) the increases listed in clauses (3) and (5) shall be implemented January 1, 2000, for managed care; and

(7) effective for services provided on or after January 1, 2002, payment for diagnostic examinations and dental x-rays provided to children under age 21 shall be the lower of (i) the submitted charge, or (ii) 85 percent of median 1999 charges.

(c) Effective for dental services rendered on or after January 1, 2002, the commissioner may, within the limits of available appropriation, increase reimbursements to dentists and dental clinics deemed by the commissioner to be critical access dental providers. Reimbursement to a critical access dental provider may be increased by not more than 50 percent above the reimbursement rate that would otherwise be paid to the provider. Payments to health plan companies shall be adjusted to reflect increased reimbursements to critical access dental providers as approved by the commissioner. In determining which dentists and dental clinics shall be deemed critical access dental providers, the commissioner shall review:

(1) the utilization rate in the service area in which the dentist or dental clinic operates for dental services to patients covered by medical assistance, general assistance medical care, or MinnesotaCare as their primary source of coverage;

(2) the level of services provided by the dentist or dental clinic to patients covered by medical assistance, general assistance medical care, or MinnesotaCare as their primary source of coverage; and

(3) whether the level of services provided by the dentist or dental clinic is critical to maintaining adequate levels of patient access within the service area.

In the absence of a critical access dental provider in a service area, the commissioner may designate a dentist or dental clinic as a critical access dental provider if the dentist or dental clinic is willing to provide care to patients covered by medical assistance, general assistance medical care, or MinnesotaCare at a level which significantly increases access to dental care in the service area.

The commissioner shall annually establish a reimbursement schedule for critical access dental providers and provider-specific limits on total reimbursement received under the reimbursement schedule, and shall notify each critical access dental provider of the schedule and limit.

(d) An entity that operates both a Medicare certified comprehensive outpatient rehabilitation facility and a facility which was certified prior to January 1, 1993, that is licensed under Minnesota Rules, parts 9570.2000 to 9570.3600, and for whom at least 33 percent of the clients receiving rehabilitation services in the most recent calendar year are medical assistance recipients, shall be reimbursed by the commissioner for rehabilitation services at rates that are 38 percent greater than the maximum reimbursement rate allowed under paragraph (a), clause (2), when those services are (1) provided within the comprehensive outpatient rehabilitation facility and (2) provided to residents of nursing facilities owned by the entity.

(e) Effective for services rendered on or after January 1, 2007, the commissioner shall make payments for physician and professional services based on the Medicare relative value units (RVUs). This change shall be budget neutral and the cost of implementing RVUs will be incorporated in the established conversion factor.

Sec. 5. Minnesota Statutes 2004, section 256D.03, is amended by adding a subdivision to read:

Subd. 3c. **General assistance medical care; eligibility verification.** The commissioner shall verify assets and income for all applicants, and for all recipients upon renewal.

EFFECTIVE DATE. This section is effective July 1, 2007, or upon the implementation of HealthMatch, whichever is later.

Sec. 6. Minnesota Statutes 2005 Supplement, section 256L.05, subdivision 2, is amended to read:

Subd. 2. **Commissioner's duties.** (a) The commissioner or county agency shall use electronic verification as the primary method of income verification. If there is a discrepancy between reported income and electronically verified income, an individual may be required to submit additional verification. In addition, the commissioner shall perform random audits to verify reported income and eligibility. The commissioner may execute data sharing arrangements with the Department of Revenue and any other governmental agency in order to perform income verification related to eligibility and premium payment under the MinnesotaCare program.

(b) In determining eligibility for MinnesotaCare, the commissioner shall require applicants and enrollees seeking renewal of eligibility to verify both earned and unearned income. The commissioner shall require applicants and enrollees seeking renewal of eligibility to verify assets, if they are subject to the asset requirement under section 256L.17. The commissioner shall also require applicants and enrollees to submit the names of their employers and a contact name with a telephone number for each employer for purposes of verifying whether the applicant or enrollee, and any dependents, are eligible for employer-subsidized coverage. Data collected is nonpublic data as defined in section 13.02, subdivision 9.

EFFECTIVE DATE. This section is effective July 1, 2007, or upon the implementation of HealthMatch, whichever is later.

Sec. 7. Minnesota Statutes 2004, section 256L.17, subdivision 3, is amended to read:

Subd. 3. **Documentation.** (a) The commissioner of human services shall require individuals and families, at the time of application or renewal, to indicate on a checkoff form developed by the commissioner whether they satisfy the MinnesotaCare asset requirement. This form must include the following or similar language: "To be eligible for MinnesotaCare, individuals and families must not own net assets in excess of \$30,000 for a household of two or more persons or \$15,000 for a household of one person, not including a homestead, household goods and personal effects, assets owned by children, vehicles used for employment, court-ordered settlements up to \$10,000, individual retirement accounts, and capital and operating assets of a trade or business up to \$200,000. Do you and your household own net assets in excess of these limits?"

(b) The commissioner shall require applicants and enrollees seeking renewal of eligibility to verify assets. The commissioner may require individuals and families to provide any information the commissioner determines necessary to verify compliance with the asset requirement, if the commissioner determines that there is reason to believe that an individual or family has assets that exceed the program limit.

EFFECTIVE DATE. This section is effective July 1, 2007, or upon the implementation of HealthMatch, whichever is later.

Sec. 8. Minnesota Statutes 2004, section 295.52, is amended by adding a subdivision to read:

Subd. 8. **Contingent reduction in tax rate.** On September 1 of each odd-numbered year, beginning September 1, 2007, the commissioner of finance shall determine the projected balance of the health care access fund as of the end of the current biennium, based on the most recent February forecast adjusted for any legislative session changes. If the commissioner projects a surplus in the health care access fund as of the end of the current biennium, the commissioner of finance, in consultation with the commissioner of revenue, shall reduce the tax rates specified in subdivisions 1, 1a, 2, 3, and 4 in one-tenth of one percent increments, making the largest reduction in tax rates consistent with ensuring that the health care access fund retains a surplus as of the end of the current biennium. The reduced tax rates shall take effect on the January 1 that immediately follows the September 1 on which the commissioner determines the projected balance and shall remain in effect for two tax years. The tax rates specified in subdivisions 1, 1a, 2, 3, and 4 shall apply for subsequent tax years, unless the commissioner, based on a determination of the projected balance of the health care access fund made on September 1 of an odd-numbered year, reduces the tax rates. If the commissioner does not project a surplus in the health care access fund as of the end of the current biennium, the tax rates specified in subdivisions 1, 1a, 2, 3, and 4 shall continue to apply. The commissioner of finance shall publish in the State Register by October 1 of each odd-numbered year the amount of tax to be imposed for the next two calendar years.

Sec. 9. Laws 2003, First Special Session chapter 14, article 12, section 93, as amended by Laws 2005, First Special Session chapter 4, article 8, section 80, is amended to read:

Sec. 93. **REVIEW OF SPECIAL TRANSPORTATION ELIGIBILITY CRITERIA AND POTENTIAL COST SAVINGS.**

The commissioner of human services, in consultation with the commissioner of transportation and special transportation service providers, shall review eligibility criteria for medical assistance special transportation services and shall evaluate whether the level of special transportation services provided should be based on the degree of impairment of the client, as well as the medical diagnosis. The commissioner shall also evaluate methods for reducing the cost of special transportation services, including, but not limited to:

- (1) requiring providers to maintain a daily log book confirming delivery of clients to medical facilities;
- (2) requiring providers to implement commercially available computer mapping programs to calculate mileage for purposes of reimbursement;
- (3) restricting special transportation service from being provided solely for trips to pharmacies;
- (4) modifying eligibility for special transportation;
- (5) expanding alternatives to the use of special transportation services;
- (6) improving the process of certifying persons as eligible for special transportation services; and
- (7) examining the feasibility and benefits of licensing special transportation providers.

The commissioner shall present recommendations for changes in the eligibility criteria and potential cost-savings for special transportation services to the chairs and ranking minority members of the house and senate committees having jurisdiction over health and human services spending by January 15, 2004. The commissioner is prohibited from using a broker or coordinator to manage special transportation services until July 1, 2006, except for the purposes of checking for recipient eligibility, authorizing recipients for appropriate level of transportation, and monitoring provider compliance with Minnesota Statutes, section 256B.0625, subdivision 17, and except that the

commissioner shall extend this prohibition on using a broker or coordinator to manage special transportation services until July 1, 2007, if this extension can be done on a budget-neutral basis. The commissioner shall not amend the initial contract to broker or manage nonemergency medical transportation to extend beyond two consecutive years. The commissioner shall not enter into a broker or management contract for transportation services which denies a medical assistance recipient the free choice of health service provider, including a special transportation provider, as specified in Code of Federal Regulations, title 42, section 431.51. This prohibition does not apply to the purchase or management of common carrier transportation.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 10. Laws 2005, First Special Session chapter 4, article 8, section 84, is amended to read:

Sec. 84. ~~SOLE SOURCE OR SINGLE-PLAN MANAGED CARE CONTRACT.~~

Notwithstanding Minnesota Statutes, section 256B.692, subdivision 6, the commissioner of human services shall ~~not reject~~ consider a county-based purchasing health plan proposal that requires county-based purchasing on a ~~sole-source or single-plan~~ basis if the implementation of the ~~sole-source or single-plan~~ purchasing proposal does not limit an enrollee's provider choice or access to services. ~~The commissioner shall request federal approval, if necessary, to permit or maintain a sole-source or single-plan purchasing option even if choice is available in the area.~~

Sec. 11. **PHARMACY PAYMENT REFORM ADVISORY COMMITTEE.**

Subdivision 1. Definitions. For purposes of this section, the following words, terms, and phrases have the following meanings:

(a) "Department" means the Department of Human Services.

(b) "Commissioner" means the commissioner of the Department of Human Services.

(c) "Cost of dispensing" includes, but is not limited to, operational and overhead costs; professional counseling as required under the Omnibus Budget Reconciliation Act of 1990, excluding medication management services under Minnesota Statutes, section 256B.0625, subdivision 13h; salaries; and other associated administrative costs, as well as a reasonable return on investment. In addition, cost of dispensing includes expenses transferred by wholesale drug distributors to pharmacies as a result of the wholesale drug distributor tax under Minnesota Statutes, sections 295.52 to 295.582.

(d) "Additional costs" include, but are not limited to, costs relating to coordination of benefits, bad debt, uncollected co-pays, payment lag times, and high rate of rejected claims.

(e) "Advisory committee" means the Pharmacy Payment Reform Advisory Committee established by this section.

Subd. 2. **Advisory committee.** The Pharmacy Payment Reform Advisory Committee is established under the direction of the commissioner of human services. The commissioner, after receiving recommendations from the Minnesota Pharmacists Association, the Minnesota Retailers Association, the Minnesota Hospital Association, and the Minnesota Wholesale Druggists Association, shall convene a pharmacy payment reform advisory committee to advise the commissioner and make recommendations to the legislature on implementation of pharmacy reforms contained in title VI, chapter IV, of the Deficit Reduction Act of 2005. The committee shall be comprised of three licensed pharmacists representing both independent and chain pharmacy entities, one of whom must have expertise in pharmacoconomics, two individuals representing hospitals with outpatient pharmacies, and two individuals with expertise in wholesale drug distribution. The committee shall be staffed by an employee of the department who

shall serve as an ex officio nonvoting member of the committee. The department's pharmacy program manager shall also serve as an ex officio, nonvoting member of the committee. The committee is governed by Minnesota Statutes, section 15.059, except that committee members do not receive compensation or reimbursement for expenses. The advisory committee members shall serve a two-year term and the advisory committee will expire on January 31, 2008.

Subd. 3. **Cost of dispensing study.** The department shall conduct a prescription drug cost of dispensing study to determine the average cost of dispensing Medicaid prescriptions in Minnesota. The department shall contract with an independent third party in the state that has experience conducting business cost allocation studies, such as an academic institution, to conduct a prescription drug cost of dispensing study. If no independent third-party entity exists in the state, the department may contract with an out-of-state entity. The cost of dispensing study shall be completed by an independent third party no later than October 1, 2006, and reported to the department and the advisory committee upon completion.

Subd. 4. **Content of study.** The study shall determine the cost of dispensing the average prescription and any additional costs that might be incurred for dispensing Medicaid prescriptions. The study shall include the current level of dispensing fees paid to providers and an estimate of revenues required to adequately adjust reimbursement to cover the cost to pharmacies.

Subd. 5. **Methodology of study and publishing requirement.** The independent third-party entity performing the cost of dispensing research shall submit to the advisory committee the entity's proposed research methodology and shall publish the collected data to allow other independent researchers to validate the study results. The data shall be published in a manner that does not identify the source of the data.

Subd. 6. **Recommendations.** The advisory committee shall use the information from the cost of dispensing study and make recommendations to the commissioner on implementation of pharmacy reforms contained in title VI, chapter IV, of the Deficit Reduction Act of 2005. The commissioner shall report the findings of the study and the recommendations of the advisory committee to the legislature by January 15, 2007. The department shall conduct a cost of dispensing study every three years following the initial report. The commissioner, in consultation with the advisory committee, shall make recommendations to the legislature on how to adequately adjust reimbursement rates to pharmacies to cover the costs of dispensing and additional costs to pharmacies. Reports shall include the current level of dispensing fees paid to providers and an estimate of revenues required to adequately adjust reimbursement to ensure that:

(1) reimbursement is sufficient to enlist an adequate number of participating pharmacy providers so that pharmacy services are as available for Medicaid recipients under the program as for the state's general population;

(2) Medicaid dispensing fees are adequate to reimburse pharmacy providers for the costs of dispensing prescriptions under the Medicaid program;

(3) Medicaid pharmacy reimbursement for multiple-source drugs included on the federal upper reimbursement limit is set at the level established by the federal government under United States Code, title 42, section 1396r-8(e)(5);

(4) the combined Medicaid program reimbursement for prescription drug product and the dispensing fee provides a return adequate to provide a reasonable profit for the participating pharmacy; and

(5) the new payment system does not create disincentives for pharmacists to dispense generic drugs.

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

Sec. 12. **REPEALER.**

Minnesota Statutes 2004, section 256B.692, subdivision 10, is repealed.

ARTICLE 3

HEALTH CARE FEDERAL COMPLIANCE

Section 1. Minnesota Statutes 2004, section 62A.045, is amended to read:

62A.045 PAYMENTS ON BEHALF OF ENROLLEES IN GOVERNMENT HEALTH PROGRAMS.

(a) As a condition of doing business in Minnesota, each health insurer shall comply with the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171, including any federal regulations adopted under that act, to the extent that it imposes a requirement that applies in this state and that is not also required by the laws of this state. This section does not require compliance with any provision of the federal act prior to the effective date provided for that provision in the federal act. The commissioner shall enforce this section.

"Health insurer" for the purpose of this section includes self-insured plans, group health plans (as defined in section 607(1) of the Employee Retirement Income Security Act of 1974), service benefit plans, managed care organizations, pharmacy benefit managers, or other parties that are by contract legally responsible to pay a claim for a healthcare item or service for an individual receiving benefits under paragraph (b).

(b) No health plan issued or renewed to provide coverage to a Minnesota resident shall contain any provision denying or reducing benefits because services are rendered to a person who is eligible for or receiving medical benefits pursuant to title XIX of the Social Security Act (Medicaid) in this or any other state; chapter 256; 256B; or 256D or services pursuant to section 252.27; 256L.01 to 256L.10; 260B.331, subdivision 2; 260C.331, subdivision 2; or 393.07, subdivision 1 or 2. No health carrier providing benefits under plans covered by this section shall use eligibility for medical programs named in this section as an underwriting guideline or reason for nonacceptance of the risk.

~~(b)~~ (c) If payment for covered expenses has been made under state medical programs for health care items or services provided to an individual, and a third party has a legal liability to make payments, the rights of payment and appeal of an adverse coverage decision for the individual, or in the case of a child their responsible relative or caretaker, will be subrogated to the state agency. The state agency may assert its rights under this section within three years of the date the service was rendered. For purposes of this section, "state agency" includes prepaid health plans under contract with the commissioner according to sections 256B.69, 256D.03, subdivision 4, paragraph (c), and 256L.12; children's mental health collaboratives under section 245.493; demonstration projects for persons with disabilities under section 256B.77; nursing homes under the alternative payment demonstration project under section 256B.434; and county-based purchasing entities under section 256B.692.

~~(c)~~ (d) Notwithstanding any law to the contrary, when a person covered by a health plan receives medical benefits according to any statute listed in this section, payment for covered services or notice of denial for services billed by the provider must be issued directly to the provider. If a person was receiving medical benefits through the Department of Human Services at the time a service was provided, the provider must indicate this benefit coverage on any claim forms submitted by the provider to the health carrier for those services. If the commissioner of human services notifies the health carrier that the commissioner has made payments to the provider, payment for benefits or notices of denials issued by the health carrier must be issued directly to the commissioner. Submission by the department to the health carrier of the claim on a Department of Human Services claim form is proper notice and shall be considered proof of payment of the claim to the provider and supersedes any contract requirements of the health carrier relating to the form of submission. Liability to the insured for coverage is satisfied to the extent that payments for those benefits are made by the health carrier to the provider or the commissioner as required by this section.

~~(d)~~ (e) When a state agency has acquired the rights of an individual eligible for medical programs named in this section and has health benefits coverage through a health carrier, the health carrier shall not impose requirements that are different from requirements applicable to an agent or assignee of any other individual covered.

~~(e)~~ (f) For the purpose of this section, health plan includes coverage offered by community integrated service networks, any plan governed under the federal Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, sections 1001 to 1461, and coverage offered under the exclusions listed in section 62A.011, subdivision 3, clauses (2), (6), (9), (10), and (12).

Sec. 2. Minnesota Statutes 2004, section 62S.05, is amended by adding a subdivision to read:

Subd. 4. **Extension of limitation periods.** The commissioner may extend the limitation periods set forth in subdivisions 1 and 2 as to specific age group categories in specific policy forms upon finding that the extension is in the best interest of the public.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 3. Minnesota Statutes 2004, section 62S.08, subdivision 3, is amended to read:

Subd. 3. **Mandatory format.** The following standard format outline of coverage must be used, unless otherwise specifically indicated:

COMPANY NAME
ADDRESS - CITY AND STATE
TELEPHONE NUMBER
LONG-TERM CARE INSURANCE
OUTLINE OF COVERAGE

Policy Number or Group Master Policy and Certificate Number

(Except for policies or certificates which are guaranteed issue, the following caution statement, or language substantially similar, must appear as follows in the outline of coverage.)

CAUTION: The issuance of this long-term care insurance (policy) (certificate) is based upon your responses to the questions on your application. A copy of your (application) (enrollment form) (is enclosed) (was retained by you when you applied). If your answers are incorrect or untrue, the company has the right to deny benefits or rescind your policy. The best time to clear up any questions is now, before a claim arises. If, for any reason, any of your answers are incorrect, contact the company at this address: (insert address).

(1) This policy is (an individual policy of insurance) (a group policy) which was issued in the (indicate jurisdiction in which group policy was issued).

(2) PURPOSE OF OUTLINE OF COVERAGE. This outline of coverage provides a very brief description of the important features of the policy. You should compare this outline of coverage to outlines of coverage for other policies available to you. This is not an insurance contract, but only a summary of coverage. Only the individual or group policy contains governing contractual provisions. This means that the policy or group policy sets forth in detail the rights and obligations of both you and the insurance company. Therefore, if you purchase this coverage, or any other coverage, it is important that you READ YOUR POLICY (OR CERTIFICATE) CAREFULLY.

(3) THIS PLAN IS INTENDED TO BE A QUALIFIED LONG-TERM CARE INSURANCE CONTRACT AS DEFINED UNDER SECTION 7702(B)(b) OF THE INTERNAL REVENUE CODE OF 1986.

(4) TERMS UNDER WHICH THE POLICY OR CERTIFICATE MAY BE CONTINUED IN FORCE OR DISCONTINUED.

(a) (For long-term care health insurance policies or certificates describe one of the following permissible policy renewability provisions:

(1) Policies and certificates that are guaranteed renewable shall contain the following statement:) RENEWABILITY: THIS POLICY (CERTIFICATE) IS GUARANTEED RENEWABLE. This means you have the right, subject to the terms of your policy, (certificate) to continue this policy as long as you pay your premiums on time. (company name) cannot change any of the terms of your policy on its own, except that, in the future, IT MAY INCREASE THE PREMIUM YOU PAY.

(2) (Policies and certificates that are noncancelable shall contain the following statement:) RENEWABILITY: THIS POLICY (CERTIFICATE) IS NONCANCELABLE. This means that you have the right, subject to the terms of your policy, to continue this policy as long as you pay your premiums on time. (company name) cannot change any of the terms of your policy on its own and cannot change the premium you currently pay. However, if your policy contains an inflation protection feature where you choose to increase your benefits, (company name) may increase your premium at that time for those additional benefits.

(b) (For group coverage, specifically describe continuation/conversion provisions applicable to the certificate and group policy.)

(c) (Describe waiver of premium provisions or state that there are not such provisions.)

(5) TERMS UNDER WHICH THE COMPANY MAY CHANGE PREMIUMS.

(In bold type larger than the maximum type required to be used for the other provisions of the outline of coverage, state whether or not the company has a right to change the premium and, if a right exists, describe clearly and concisely each circumstance under which the premium may change.)

(6) TERMS UNDER WHICH THE POLICY OR CERTIFICATE MAY BE RETURNED AND PREMIUM REFUNDED.

(a) (Provide a brief description of the right to return -- "free look" provision of the policy.)

(b) (Include a statement that the policy either does or does not contain provisions providing for a refund or partial refund of premium upon the death of an insured or surrender of the policy or certificate. If the policy contains such provisions, include a description of them.)

~~(5)~~ (7) THIS IS NOT MEDICARE SUPPLEMENT COVERAGE. If you are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from the insurance company.

(a) (For agents) neither (insert company name) nor its agents represent Medicare, the federal government, or any state government.

(b) (For direct response) (insert company name) is not representing Medicare, the federal government, or any state government.

~~(6)~~ (8) LONG-TERM CARE COVERAGE. Policies of this category are designed to provide coverage for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital, such as in a nursing home, in the community, or in the home.

This policy provides coverage in the form of a fixed dollar indemnity benefit for covered long-term care expenses, subject to policy (limitations), (waiting periods), and (coinsurance) requirements. (Modify this paragraph if the policy is not an indemnity policy.)

~~(7)~~ (9) BENEFITS PROVIDED BY THIS POLICY.

(a) (Covered services, related deductible(s), waiting periods, elimination periods, and benefit maximums.)

(b) (Institutional benefits, by skill level.)

(c) (Noninstitutional benefits, by skill level.)

(d) (Eligibility for payment of benefits.)

(Activities of daily living and cognitive impairment shall be used to measure an insured's need for long-term care and must be defined and described as part of the outline of coverage.)

(Any benefit screens must be explained in this section. If these screens differ for different benefits, explanation of the screen should accompany each benefit description. If an attending physician or other specified person must certify a certain level of functional dependency in order to be eligible for benefits, this too must be specified. If activities of daily living (ADLs) are used to measure an insured's need for long-term care, then these qualifying criteria or screens must be explained.)

~~(8)~~ (10) LIMITATIONS AND EXCLUSIONS:

Describe:

(a) preexisting conditions;

(b) noneligible facilities/provider;

(c) noneligible levels of care (e.g., unlicensed providers, care or treatment provided by a family member, etc.);

(d) exclusions/exceptions; and

(e) limitations.

(This section should provide a brief specific description of any policy provisions which limit, exclude, restrict, reduce, delay, or in any other manner operate to qualify payment of the benefits described in paragraph ~~(6)~~ (8).)

THIS POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG-TERM CARE NEEDS.

~~(9)~~ (11) RELATIONSHIP OF COST OF CARE AND BENEFITS. Because the costs of long-term care services will likely increase over time, you should consider whether and how the benefits of this plan may be adjusted. As applicable, indicate the following:

(a) that the benefit level will not increase over time;

(b) any automatic benefit adjustment provisions;

(c) whether the insured will be guaranteed the option to buy additional benefits and the basis upon which benefits will be increased over time if not by a specified amount or percentage;

(d) if there is such a guarantee, include whether additional underwriting or health screening will be required, the frequency and amounts of the upgrade options, and any significant restrictions or limitations; and

(e) whether there will be any additional premium charge imposed and how that is to be calculated.

~~(10)~~ (12) ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS. (State that the policy provides coverage for insureds clinically diagnosed as having Alzheimer's disease or related degenerative and dementing illnesses. Specifically, describe each benefit screen or other policy provision which provides preconditions to the availability of policy benefits for such an insured.)

~~(11)~~ (13) PREMIUM.

(a) State the total annual premium for the policy.

(b) If the premium varies with an applicant's choice among benefit options, indicate the portion of annual premium which corresponds to each benefit option.

~~(12)~~ (14) ADDITIONAL FEATURES.

(a) Indicate if medical underwriting is used.

(b) Describe other important features.

(15) CONTACT THE STATE DEPARTMENT OF COMMERCE OR SENIOR LINKAGE LINE IF YOU HAVE GENERAL QUESTIONS REGARDING LONG-TERM CARE INSURANCE. CONTACT THE INSURANCE COMPANY IF YOU HAVE SPECIFIC QUESTIONS REGARDING YOUR LONG-TERM CARE INSURANCE POLICY OR CERTIFICATE.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 4. Minnesota Statutes 2004, section 62S.081, subdivision 4, is amended to read:

Subd. 4. **Forms.** An insurer shall use the forms in Appendices B (Personal Worksheet) and F (Potential Rate Increase Disclosure Form) of the Long-term Care Insurance Model Regulation adopted by the National Association of Insurance Commissioners to comply with the requirements of subdivisions 1 and 2.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 5. Minnesota Statutes 2004, section 62S.10, subdivision 2, is amended to read:

Subd. 2. **Contents.** The summary must include the following information:

(1) an explanation of how the long-term care benefit interacts with other components of the policy, including deductions from death benefits;

(2) an illustration of the amount of benefits, the length of benefits, and the guaranteed lifetime benefits, if any, for each covered person; ~~and~~

(3) any exclusions, reductions, and limitations on benefits of long-term care; and

(4) a statement that any long-term care inflation protection option required by section 62S.23 is not available under this policy.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 6. Minnesota Statutes 2004, section 62S.13, is amended by adding a subdivision to read:

Subd. 6. **Death of insured.** In the event of the death of the insured, this section shall not apply to the remaining death benefit of a life insurance policy that accelerates benefits for long-term care. In this situation, the remaining death benefits under these policies shall be governed by section 61A.03, subdivision 1, paragraph (c). In all other situations, this section shall apply to life insurance policies that accelerate benefits for long-term care.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 7. Minnesota Statutes 2004, section 62S.14, subdivision 2, is amended to read:

Subd. 2. **Terms.** The terms "guaranteed renewable" and "noncancelable" may not be used in an individual long-term care insurance policy without further explanatory language that complies with the disclosure requirements of section 62S.20. The term "level premium" may only be used when the insurer does not have the right to change the premium.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 8. Minnesota Statutes 2004, section 62S.15, is amended to read:

62S.15 AUTHORIZED LIMITATIONS AND EXCLUSIONS.

No policy may be delivered or issued for delivery in this state as long-term care insurance if the policy limits or excludes coverage by type of illness, treatment, medical condition, or accident, except as follows:

(1) preexisting conditions or diseases;

(2) mental or nervous disorders; except that the exclusion or limitation of benefits on the basis of Alzheimer's disease is prohibited;

(3) alcoholism and drug addiction;

(4) illness, treatment, or medical condition arising out of war or act of war; participation in a felony, riot, or insurrection; service in the armed forces or auxiliary units; suicide, attempted suicide, or intentionally self-inflicted injury; or non-fare-paying aviation; ~~and~~

(5) treatment provided in a government facility unless otherwise required by law, services for which benefits are available under Medicare or other government program except Medicaid, state or federal workers' compensation, employer's liability or occupational disease law, motor vehicle no-fault law; services provided by a member of the covered person's immediate family; and services for which no charge is normally made in the absence of insurance; and

(6) expenses for services or items available or paid under another long-term care insurance or health insurance policy.

This subdivision does not prohibit exclusions and limitations by type of provider or territorial limitations.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 9. Minnesota Statutes 2004, section 62S.20, subdivision 1, is amended to read:

Subdivision 1. **Renewability.** (a) Individual long-term care insurance policies must contain a renewability provision that is appropriately captioned, appears on the first page of the policy, and clearly states the duration, where limited, of renewability and the duration of the term of coverage for which the policy is issued and for which it may be renewed that the coverage is guaranteed renewable or noncancelable. This subdivision does not apply to policies which are part of or combined with life insurance policies which do not contain a renewability provision and under which the right to nonrenew is reserved solely to the policyholder.

(b) A long-term care insurance policy or certificate, other than one where the insurer does not have the right to change the premium, shall include a statement that premium rates may change.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 10. Minnesota Statutes 2004, section 62S.24, subdivision 1, is amended to read:

Subdivision 1. **Required questions.** An application form must include the following questions designed to elicit information as to whether, as of the date of the application, the applicant has another long-term care insurance policy or certificate in force or whether a long-term care policy or certificate is intended to replace any other accident and sickness or long-term care policy or certificate presently in force. A supplementary application or other form to be signed by the applicant and agent, except where the coverage is sold without an agent, containing the following questions may be used. If a replacement policy is issued to a group as defined under section 62S.01, subdivision 15, clause (1), the following questions may be modified only to the extent necessary to elicit information about long-term care insurance policies other than the group policy being replaced; provided, however, that the certificate holder has been notified of the replacement:

(1) do you have another long-term care insurance policy or certificate in force (including health care service contract or health maintenance organization contract)?;

(2) did you have another long-term care insurance policy or certificate in force during the last 12 months?;

(i) if so, with which company?; and

(ii) if that policy lapsed, when did it lapse?; ~~and~~

(3) are you covered by Medicaid?; and

(4) do you intend to replace any of your medical or health insurance coverage with this policy (certificate)?

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 11. Minnesota Statutes 2004, section 62S.24, is amended by adding a subdivision to read:

Subd. 1a. **Other health insurance policies sold by agent.** Agents shall list all other health insurance policies they have sold to the applicant that are still in force or were sold in the past five years and are no longer in force.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 12. Minnesota Statutes 2004, section 62S.24, subdivision 3, is amended to read:

Subd. 3. **Solicitations other than direct response.** After determining that a sale will involve replacement, an insurer, other than an insurer using direct response solicitation methods or its agent, shall furnish the applicant, before issuance or delivery of the individual long-term care insurance policy, a notice regarding replacement of accident and sickness or long-term care coverage. One copy of the notice must be retained by the applicant and an additional copy signed by the applicant must be retained by the insurer. The required notice must be provided in the following manner:

NOTICE TO APPLICANT REGARDING REPLACEMENT OF
INDIVIDUAL ACCIDENT AND SICKNESS OR LONG-TERM CARE INSURANCE
(Insurance company's name and address)

SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE.

According to (your application) (information you have furnished), you intend to lapse or otherwise terminate existing accident and sickness or long-term care insurance and replace it with an individual long-term care insurance policy to be issued by (company name) insurance company. Your new policy provides 30 days within which you may decide, without cost, whether you desire to keep the policy. For your own information and protection, you should be aware of and seriously consider certain factors which may affect the insurance protection available to you under the new policy.

You should review this new coverage carefully, comparing it with all accident and sickness or long-term care insurance coverage you now have, and terminate your present policy only if, after due consideration, you find that purchase of this long-term care coverage is a wise decision.

STATEMENT TO APPLICANT BY AGENT
(BROKER OR OTHER REPRESENTATIVE):
(Use additional sheets, as necessary.)

I have reviewed your current medical health insurance coverage. I believe the replacement of insurance involved in this transaction materially improves your position. My conclusion has taken into account the following considerations, which I call to your attention:

(a) Health conditions which you presently have (preexisting conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay in payment of benefits under the new policy, whereas a similar claim might have been payable under your present policy.

(b) State law provides that your replacement policy or certificate may not contain new preexisting conditions or probationary periods. The insurer will waive any time periods applicable to preexisting conditions or probationary periods in the new policy (or coverage) for similar benefits to the extent such time was spent (depleted) under the original policy.

(c) If you are replacing existing long-term care insurance coverage, you may wish to secure the advice of your present insurer or its agent regarding the proposed replacement of your present policy. This is not only your right, but it is also in your best interest to make sure you understand all the relevant factors involved in replacing your present coverage.

(d) If, after due consideration, you still wish to terminate your present policy and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical health history. Failure to include all material medical information on an application may provide a basis for the company to deny any future claims and to refund your premium as though your policy had never been in force. After the application has been completed and before you sign it, reread it carefully to be certain that all information has been properly recorded.

.....
(Signature of Agent, Broker, or Other Representative)

(Typed Name and Address of Agency or Broker)

The above "Notice to Applicant" was delivered to me on:

.....
(Date)

.....
(Applicant's Signature)

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 13. Minnesota Statutes 2004, section 62S.24, subdivision 4, is amended to read:

Subd. 4. **Direct response solicitations.** Insurers using direct response solicitation methods shall deliver a notice regarding replacement of long-term care coverage to the applicant upon issuance of the policy. The required notice must be provided in the following manner:

NOTICE TO APPLICANT REGARDING REPLACEMENT OF

ACCIDENT AND SICKNESS OR
LONG-TERM CARE INSURANCE

(Insurance company's name and address)

SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE.

According to (your application) (information you have furnished), you intend to lapse or otherwise terminate existing accident and sickness or long-term care insurance and replace it with the long-term care insurance policy delivered herewith issued by (company name) insurance company.

Your new policy provides 30 days within which you may decide, without cost, whether you desire to keep the policy. For your own information and protection, you should be aware of and seriously consider certain factors which may affect the insurance protection available to you under the new policy.

You should review this new coverage carefully, comparing it with all long-term care insurance coverage you now have, and terminate your present policy only if, after due consideration, you find that purchase of this long-term care coverage is a wise decision.

(a) Health conditions which you presently have (preexisting conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay in payment of benefits under the new policy, whereas a similar claim might have been payable under your present policy.

(b) State law provides that your replacement policy or certificate may not contain new preexisting conditions or probationary periods. Your insurer will waive any time periods applicable to preexisting conditions or probationary periods in the new policy (or coverage) for similar benefits to the extent such time was spent (depleted) under the original policy.

(c) If you are replacing existing long-term care insurance coverage, you may wish to secure the advice of your present insurer or its agent regarding the proposed replacement of your present policy. This is not only your right, but it is also in your best interest to make sure you understand all the relevant factors involved in replacing your present coverage.

(d) (To be included only if the application is attached to the policy.)

If, after due consideration, you still wish to terminate your present policy and replace it with new coverage, read the copy of the application attached to your new policy and be sure that all questions are answered fully and correctly. Omissions or misstatements in the application could cause an otherwise valid claim to be denied. Carefully check the application and write to (company name and address) within 30 days if any information is not correct and complete, or if any past medical history has been left out of the application.

.....
(Company Name)

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 14. Minnesota Statutes 2004, section 62S.24, is amended by adding a subdivision to read:

Subd. 7. **Life insurance policies.** Life insurance policies that accelerate benefits for long-term care shall comply with this section if the policy being replaced is a long-term care insurance policy. If the policy being replaced is a life insurance policy, the insurer shall comply with the replacement requirements of sections 61A.53 to 61A.60. If a life insurance policy that accelerates benefits for long-term care is replaced by another such policy, the replacing insurer shall comply with both the long-term care and the life insurance replacement requirements.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 15. Minnesota Statutes 2004, section 62S.24, is amended by adding a subdivision to read:

Subd. 8. **Exchange for long-term care partnership policy; addition of policy rider.** (a) If federal law is amended or a federal waiver is granted with respect to the long-term care partnership program referenced in section 256B.0571, issuers of long-term care policies may voluntarily exchange a current long-term care insurance policy for a long-term care partnership policy that meets the requirements of Public Law 109-171, section 6021, after the effective date of the state plan amendment implementing the partnership program in this state.

(b) If federal law is amended or a federal waiver is granted with respect to the long-term care partnership program referenced in section 256B.0571 allowing an existing long-term care insurance policy to qualify as a partnership policy by addition of a policy rider, the issuer of the policy is authorized to add the rider to the policy after the effective date of the state plan amendment implementing the partnership program in this state.

(c) The commissioner, in cooperation with the commissioner of human services, shall pursue any federal law changes or waivers necessary to allow the implementation of paragraphs (a) and (b).

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 16. Minnesota Statutes 2004, section 62S.25, subdivision 6, is amended to read:

Subd. 6. **Claims denied.** Each insurer shall report annually by June 30 the number of claims denied for any reason during the reporting period for each class of business, expressed as a percentage of claims denied, other than claims denied for failure to meet the waiting period or because of any applicable preexisting condition. For purposes of this subdivision, "claim" means a request for payment of benefits under an in-force policy regardless of whether the benefit claimed is covered under the policy or any terms or conditions of the policy have been met.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 17. Minnesota Statutes 2004, section 62S.25, is amended by adding a subdivision to read:

Subd. 7. **Reports.** Reports under this section shall be done on a statewide basis and filed with the commissioner. They shall include, at a minimum, the information in the format contained in Appendix E (Claim Denial Reporting Form) and in Appendix G (Replacement and Lapse Reporting Form) of the Long-Term Care Model Regulation adopted by the National Association of Insurance Commissioners.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 18. Minnesota Statutes 2004, section 62S.26, is amended to read:

62S.26 LOSS RATIO.

Subdivision 1. **Minimum loss ratio.** ~~(a)~~The minimum loss ratio must be at least 60 percent, calculated in a manner which provides for adequate reserving of the long-term care insurance risk. In evaluating the expected loss ratio, the commissioner shall give consideration to all relevant factors, including:

- (1) statistical credibility of incurred claims experience and earned premiums;
- (2) the period for which rates are computed to provide coverage;
- (3) experienced and projected trends;
- (4) concentration of experience within early policy duration;
- (5) expected claim fluctuation;
- (6) experience refunds, adjustments, or dividends;
- (7) renewability features;

- (8) all appropriate expense factors;
- (9) interest;
- (10) experimental nature of the coverage;
- (11) policy reserves;
- (12) mix of business by risk classification; and
- (13) product features such as long elimination periods, high deductibles, and high maximum limits.

Subd. 2. **Life insurance policies.** Subdivision 1 shall not apply to life insurance policies that accelerate benefits for long-term care. A life insurance policy that funds long-term care benefits entirely by accelerating the death benefit is considered to provide reasonable benefits in relation to premiums paid, if the policy complies with all of the following provisions:

(1) the interest credited internally to determine cash value accumulations, including long-term care, if any, are guaranteed not to be less than the minimum guaranteed interest rate for cash value accumulations without long-term care set forth in the policy;

(2) the portion of the policy that provides life insurance benefits meets the nonforfeiture requirements of section 61A.24;

(3) the policy meets the disclosure requirements of sections 62S.09, 62S.10, and 62S.11; and

(4) an actuarial memorandum is filed with the insurance department that includes:

(i) a description of the basis on which the long-term care rates were determined;

(ii) a description of the basis for the reserves;

(iii) a summary of the type of policy, benefits, renewability, general marketing method, and limits on ages of issuance;

(iv) a description and a table of each actuarial assumption used. For expenses, an insurer must include percentage of premium dollars per policy and dollars per unit of benefits, if any;

(v) a description and a table of the anticipated policy reserves and additional reserves to be held in each future year for active lives;

(vi) the estimated average annual premium per policy and the average issue age;

(vii) a statement as to whether underwriting is performed at the time of application. The statement shall indicate whether underwriting is used and, if used, the statement shall include a description of the type or types of underwriting used, such as medical underwriting or functional assessment underwriting. Concerning a group policy, the statement shall indicate whether the enrollee or any dependent will be underwritten and when underwriting occurs; and

(viii) a description of the effect of the long-term care policy provision on the required premiums, nonforfeiture values, and reserves on the underlying life insurance policy, both for active lives and those in long-term care claim status.

Subd. 3. **Nonapplication.** ~~(b)~~ This section does not apply to policies or certificates that are subject to sections 62S.021, 62S.081, and 62S.265, and that comply with those sections.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 19. Minnesota Statutes 2004, section 62S.266, subdivision 2, is amended to read:

Subd. 2. **Requirement.** (a) An insurer must offer each prospective policyholder a nonforfeiture benefit in compliance with the following requirements:

(1) a policy or certificate offered with nonforfeiture benefits must have coverage elements, eligibility, benefit triggers, and benefit length that are the same as coverage to be issued without nonforfeiture benefits. The nonforfeiture benefit included in the offer must be the benefit described in subdivision 5; and

(2) the offer must be in writing if the nonforfeiture benefit is not otherwise described in the outline of coverage or other materials given to the prospective policyholder.

(b) When a group long-term care insurance policy is issued, the offer required in paragraph (a) shall be made to the group policy holder. However, if the policy is issued as group long-term care insurance as defined in section 62S.01, subdivision 15, clause (4), other than to a continuing care retirement community or other similar entity, the offering shall be made to each proposed certificate holder.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 20. Minnesota Statutes 2004, section 62S.29, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** An insurer or other entity marketing long-term care insurance coverage in this state, directly or through its producers, shall:

(1) establish marketing procedures and agent training requirements to assure that ~~any marketing activities, including any comparison of policies by its agents or other producers,~~ are fair and accurate;

(2) establish marketing procedures to assure excessive insurance is not sold or issued;

(3) display prominently by type, stamp, or other appropriate means, on the first page of the outline of coverage and policy, the following:

"Notice to buyer: This policy may not cover all of the costs associated with long-term care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all policy limitations.";

(4) provide copies of the disclosure forms required in section 62S.081, subdivision 4, to the applicant;

(5) inquire and otherwise make every reasonable effort to identify whether a prospective applicant or enrollee for long-term care insurance already has long-term care insurance and the types and amounts of the insurance;

~~(5)~~ (6) establish auditable procedures for verifying compliance with this subdivision; ~~and~~

~~(6)~~ (7) if applicable, provide written notice to the prospective policyholder and certificate holder, at solicitation, that a senior insurance counseling program approved by the commissioner is available and the name, address, and telephone number of the program;

(8) use the terms "noncancelable" or "level premium" only when the policy or certificate conforms to section 62S.14; and

(9) provide an explanation of contingent benefit upon lapse provided for in section 62S.266.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 21. Minnesota Statutes 2004, section 62S.30, is amended to read:

62S.30 ~~APPROPRIATENESS OF RECOMMENDED PURCHASE~~ SUITABILITY.

~~In recommending the purchase or replacement of a long-term care insurance policy or certificate, an agent shall comply with section 60K.46, subdivision 4.~~

Subdivision 1. **Standards.** Every insurer or other entity marketing long-term care insurance shall:

(1) develop and use suitability standards to determine whether the purchase or replacement of long-term care insurance is appropriate for the needs of the applicant;

(2) train its agents in the use of its suitability standards; and

(3) maintain a copy of its suitability standards and make them available for inspection upon request by the commissioner.

Subd. 2. **Procedures.** (a) To determine whether the applicant meets the standards developed by the insurer or other entity marketing long-term care insurance, the agent and insurer or other entity marketing long-term care insurance shall develop procedures that take the following into consideration:

(1) the ability to pay for the proposed coverage and other pertinent financial information related to the purchase of the coverage;

(2) the applicant's goals or needs with respect to long-term care and the advantages and disadvantages of insurance to meet those goals or needs; and

(3) the values, benefits, and costs of the applicant's existing insurance, if any, when compared to the values, benefits, and costs of the recommended purchase or replacement.

(b) The insurer or other entity marketing long-term care insurance, and where an agent is involved, the agent, shall make reasonable efforts to obtain the information set forth in paragraph (a). The efforts shall include presentation to the applicant, at or prior to application, of the "Long-Term Care Insurance Personal Worksheet." The personal worksheet used by the insurer or other entity marketing long-term care insurance shall contain, at a minimum, the information in the format contained in Appendix B of the Long-Term Care Model Regulation adopted by the National Association of Insurance Commissioners, in not less than 12-point type. The insurer or other entity marketing long-term care insurance may request the applicant to provide additional information to comply with its suitability standards. The insurer or other entity marketing long-term care insurance shall file a copy of its personal worksheet with the commissioner.

(c) A completed personal worksheet shall be returned to the insurer or other entity marketing long-term care insurance prior to consideration of the applicant for coverage, except the personal worksheet need not be returned for sales of employer group long-term care insurance to employees and their spouses. The sale or dissemination by the insurer or other entity marketing long-term care insurance, or the agent, of information obtained through the personal worksheet, is prohibited.

(d) The insurer or other entity marketing long-term care insurance shall use the suitability standards it has developed under this section in determining whether issuing long-term care insurance coverage to an applicant is appropriate. Agents shall use the suitability standards developed by the insurer or other entity marketing long-term care insurance in marketing long-term care insurance.

(e) At the same time as the personal worksheet is provided to the applicant, the disclosure form entitled "Things You Should Know Before You Buy Long-Term Care Insurance" shall be provided. The form shall be in the format contained in Appendix C of the Long-Term Care Insurance Model Regulation adopted by the National Association of Insurance Commissioners in not less than 12-point type.

(f) If the insurer or other entity marketing long-term care insurance determines that the applicant does not meet its financial suitability standards, or if the applicant has declined to provide the information, the insurer or other entity marketing long-term care insurance may reject the application. In the alternative, the insurer or other entity marketing long-term care insurance shall send the applicant a letter similar to Appendix D of the Long-Term Care Insurance Model Regulation adopted by the National Association of Insurance Commissioners. However, if the applicant has declined to provide financial information, the insurer or other entity marketing long-term care insurance may use some other method to verify the applicant's intent. The applicant's returned letter or a record of the alternative method of verification shall be made part of the applicant's file.

Subd. 3. **Reports.** The insurer or other entity marketing long-term care insurance shall report annually to the commissioner the total number of applications received from residents of this state, the number of those who declined to provide information on the personal worksheet, the number of applicants who did not meet the suitability standards, and the number of those who chose to confirm after receiving a suitability letter.

Subd. 4. **Application.** This section shall not apply to life insurance policies that accelerate benefits for long-term care.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 22. **[62S.315] PRODUCER TRAINING.**

The commissioner shall approve producer training requirements in accordance with the NAIC Long-Term Care Insurance Model Act provisions. The commissioner of the Department of Human Services shall provide technical assistance and information to the commissioner in accordance with Public Law 109-171, section 6021.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 23. Minnesota Statutes 2004, section 144.6501, subdivision 6, is amended to read:

Subd. 6. **Medical assistance payment.** (a) An admission contract for a facility that is certified for participation in the medical assistance program must state that neither the prospective resident, nor anyone on the resident's behalf, is required to pay privately any amount for which the resident's care at the facility has been approved for payment by medical assistance or to make any kind of donation, voluntary or otherwise. Except as permitted under section 6015 of the Deficit Reduction Act of 2005, Public Law 109-171, an admission contract must state that the facility does not require as a condition of admission, either in its admission contract or by oral promise before signing the admission contract, that residents remain in private pay status for any period of time.

(b) The admission contract must state that upon presentation of proof of eligibility, the facility will submit a medical assistance claim for reimbursement and will return any and all payments made by the resident, or by any person on the resident's behalf, for services covered by medical assistance, upon receipt of medical assistance payment.

(c) A facility that participates in the medical assistance program shall not charge for the day of the resident's discharge from the facility or subsequent days.

(d) If a facility's charges incurred by the resident are delinquent for 30 days, and no person has agreed to apply for medical assistance for the resident, the facility may petition the court under chapter 525 to appoint a representative for the resident in order to apply for medical assistance for the resident.

(e) The remedy provided in this subdivision does not preclude a facility from seeking any other remedy available under other laws of this state.

Sec. 24. Minnesota Statutes 2004, section 256B.02, subdivision 9, is amended to read:

Subd. 9. **Private health care coverage.** "Private health care coverage" means any plan regulated by chapter 62A, 62C or 64B. Private health care coverage also includes any ~~self insurance~~ self-insured plan providing health care benefits, pharmacy benefit manager, service benefit plan, managed care organization, and other parties that are by contract legally responsible for payment of a claim for a health care item or service for an individual receiving medical benefits under chapter 256B, 256D, or 256L.

Sec. 25. Minnesota Statutes 2004, section 256B.056, subdivision 2, is amended to read:

Subd. 2. **Homestead; exclusion and homestead equity limit for institutionalized persons.** (a) The homestead shall be excluded for the first six calendar months of a person's stay in a long-term care facility and shall continue to be excluded for as long as the recipient can be reasonably expected to return to the homestead. For purposes of this subdivision, "reasonably expected to return to the homestead" means the recipient's attending physician has certified that the expectation is reasonable, and the recipient can show that the cost of care upon returning home will be met through medical assistance or other sources. The homestead shall continue to be excluded for persons residing in a long-term care facility if it is used as a primary residence by one of the following individuals:

~~(a)~~ (1) the spouse;

~~(b)~~ (2) a child under age 21;

~~(c)~~ (3) a child of any age who is blind or permanently and totally disabled as defined in the supplemental security income program;

~~(d)~~ (4) a sibling who has equity interest in the home and who resided in the home for at least one year immediately before the date of the person's admission to the facility; or

~~(e)~~ (5) a child of any age, or, subject to federal approval, a grandchild of any age, who resided in the home for at least two years immediately before the date of the person's admission to the facility, and who provided care to the person that permitted the person to reside at home rather than in an institution.

(b) Effective for applications filed on or after July 1, 2006, and for renewals after July 1, 2006, for persons who first applied for payment of long-term care services on or after January 2, 2006, the equity interest in the homestead of an individual whose eligibility for long-term care services is determined on or after January 1, 2006, shall not

exceed \$500,000, unless it is the lawful residence of the individual's spouse or child who is under age 21, blind, or disabled. The amount specified in this paragraph shall be increased beginning in year 2011, from year-to-year based on the percentage increase in the Consumer Price Index for all urban consumers (all items; United States city average), rounded to the nearest \$1,000. This provision may be waived in the case of demonstrated hardship by a process to be determined by the secretary of health and human services pursuant to section 6014 of the Deficit Reduction Act of 2005, Public Law 109-171.

Sec. 26. Minnesota Statutes 2004, section 256B.056, is amended by adding a subdivision to read:

Subd. 3e. **Treatment of continuing care retirement and life care community entrance fees.** An entrance fee paid by an individual to a continuing care retirement or life care community shall be treated as an available asset to the extent that:

(1) the individual has the ability to use the entrance fee, or the contract provides that the entrance fee may be used, to pay for care should other resources or income of the individual be insufficient to pay for care;

(2) the individual is eligible for a refund of any remaining entrance fees when the individual dies or terminates the continuing care retirement or life care community contract and leaves the community; and

(3) the entrance fee does not confer an ownership interest in the continuing care retirement or life care community.

Sec. 27. Minnesota Statutes 2004, section 256B.056, is amended by adding a subdivision to read:

Subd. 11. **Treatment of annuities.** (a) Any individual applying for or seeking recertification of eligibility for medical assistance payment of long-term care services shall provide a complete description of any interest either the individual or the individual's spouse has in annuities. The individual and the individual's spouse shall furnish the agency responsible for determining eligibility with complete current copies of their annuities and related documents for review as part of the application process on disclosure forms provided by the department as part of their application.

(b) The disclosure form shall include a statement that the department becomes the remainder beneficiary under the annuity or similar financial instrument by virtue of the receipt of medical assistance. The disclosure form shall include a notice to the issuer of the department's right under this section as a preferred remainder beneficiary under the annuity or similar financial instrument for medical assistance furnished to the individual or the individual's spouse, and require the issuer to provide confirmation that a remainder beneficiary designation has been made and to notify the county agency when there is a change in the amount of the income or principal being withdrawn from the annuity or other similar financial instrument at the time of the most recent disclosure required under this section. The individual and the individual's spouse shall execute separate disclosure forms for each annuity or similar financial instrument that they are required to disclose under this section and in which they have an interest.

(c) An issuer of an annuity or similar financial instrument who receives notice on a disclosure form as described in paragraph (b) shall provide confirmation to the requesting agency that a remainder beneficiary designating the state has been made and shall notify the county agency when there is a change in the amount of income or principal being withdrawn from the annuity or other similar financial instrument. The county agency shall provide the issuer with the name, address, and telephone number of a unit within the department that the insurer can contact to comply with this paragraph.

Sec. 28. Minnesota Statutes 2005 Supplement, section 256B.0571, is amended to read:

256B.0571 LONG-TERM CARE PARTNERSHIP PROGRAM.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given them.

~~Subd. 2. **Home care service.** "Home care service" means care described in section 144A.43.~~

Subd. 3. **Long-term care insurance.** "Long-term care insurance" means a policy described in section 62S.01.

Subd. 4. **Medical assistance.** "Medical assistance" means the program of medical assistance established under section 256B.01.

~~Subd. 5. **Nursing home.** "Nursing home" means a nursing home as described in section 144A.01.~~

Subd. 6. **Partnership policy.** "Partnership policy" means a long-term care insurance policy that meets the requirements under subdivision 10 ~~or 11, regardless of when the policy and~~ was first issued on or after the effective date of the state plan amendment.

Subd. 7. **Partnership program.** "Partnership program" means the Minnesota partnership for long-term care program established under this section.

Subd. 7a. **Protected assets.** "Protected assets" means assets or proceeds of assets that are protected from recovery under subdivisions 13 and 15.

Subd. 8. **Program established.** (a) The commissioner, in cooperation with the commissioner of commerce, shall establish the Minnesota partnership for long-term care program to provide for the financing of long-term care through a combination of private insurance and medical assistance.

(b) An individual who meets the requirements in this paragraph is eligible to participate in the partnership program. The individual must:

(1) be a Minnesota resident at the time coverage first became effective under the partnership policy;

(2) ~~purchase a partnership policy that is delivered, issued for delivery, or renewed on or after the effective date of Laws 2005, First Special Session chapter 4, article 7, section 5, and maintain the partnership policy in effect throughout the period of participation in the partnership program~~ be a beneficiary of a partnership policy that (i) is issued on or after the effective date of the state plan amendment implementing the partnership program in Minnesota, or (ii) qualifies as a partnership policy under the provisions of section 62S.24, subdivision 8; and

(3) ~~exhaust the minimum~~ have exhausted all of the benefits under the partnership policy as described in this section. Benefits received under a long-term care insurance policy before ~~the effective date of Laws 2005, First Special Session chapter 4, article 7, section 5~~ July 1, 2006, do not count toward the exhaustion of benefits required in this subdivision.

Subd. 9. **Medical assistance eligibility.** (a) Upon application ~~of~~ for medical assistance program payment of long-term care services by an individual who meets the requirements described in subdivision 8, the commissioner shall determine the individual's eligibility for medical assistance according to paragraphs (b) ~~and (e)~~ to (i).

(b) After disregarding financial determining assets exempted under medical assistance eligibility requirements subject to the asset limit under section 256B.056, subdivision 3 or 3c, or section 256B.057, subdivision 9 or 10, the commissioner shall disregard an additional amount of financial assets equal allow the individual to designate assets to be protected from recovery under subdivisions 13 and 15 of this section up to the dollar amount of coverage the benefits utilized under the partnership policy. Designated assets shall be disregarded for purposes of determining eligibility for payment of long-term care services.

(c) The commissioner shall consider the individual's income according to medical assistance eligibility requirements. The individual shall identify the designated assets and the full fair market value of those assets and designate them as assets to be protected at the time of initial application for medical assistance. The full fair market value of real property or interests in real property shall be based on the most recent full assessed value for property tax purposes for the real property, unless the individual provides a complete professional appraisal by a licensed appraiser to establish the full fair market value. The extent of a life estate in real property shall be determined using the life estate table in the health care program's manual. Ownership of any asset in joint tenancy shall be treated as ownership as tenants in common for purposes of its designation as a disregarded asset. The unprotected value of any protected asset is subject to estate recovery according to subdivisions 13 and 15.

(d) The right to designate assets to be protected is personal to the individual and ends when the individual dies, except as otherwise provided in subdivisions 13 and 15. It does not include the increase in the value of the protected asset and the income, dividends, or profits from the asset. It may be exercised by the individual or by anyone with the legal authority to do so on the individual's behalf. It shall not be sold, assigned, transferred, or given away.

(e) If the dollar amount of the benefits utilized under a partnership policy is greater than the full fair market value of all assets protected at the time of the application for medical assistance long-term care services, the individual may designate additional assets that become available during the individual's lifetime for protection under this section. The individual must make the designation in writing to the county agency no later than the last date on which the individual must report a change in circumstances to the county agency, as provided for under the medical assistance program. Any excess used for this purpose shall not be available to the individual's estate to protect assets in the estate from recovery under section 256B.15, 524.3-1202, or otherwise.

(f) This section applies only to estate recovery under United States Code, title 42, section 1396p, subsections (a) and (b), and does not apply to recovery authorized by other provisions of federal law, including, but not limited to, recovery from trusts under United States Code, title 42, section 1396p, subsection (d)(4)(A) and (C), or to recovery from annuities, or similar legal instruments, subject to section 6012, subsections (a) and (b), of the Deficit Reduction Act of 2005, Public Law 109-171.

(g) An individual's protected assets owned by the individual's spouse who applies for payment of medical assistance long-term care services shall not be protected assets or disregarded for purposes of eligibility of the individual's spouse solely because they were protected assets of the individual.

(h) Assets designated under this subdivision shall not be subject to penalty under section 256B.0595.

(i) The commissioner shall otherwise determine the individual's eligibility for payment of long-term care services according to medical assistance eligibility requirements.

Subd. 10. ~~Dollar-for-dollar asset protection policies~~ **Inflation protection.** ~~(a) A dollar for dollar asset protection policy must meet all of the requirements in paragraphs (b) to (e):~~

~~(b) The policy must satisfy the requirements of chapter 62S.~~

~~(c) The policy must offer an elimination period of not more than 180 days for an adjusted premium.~~

~~(d) The policy must satisfy the requirements established by the commissioner of human services under subdivision 14.~~

~~(e) Minimum daily benefits shall be \$130 for nursing home care or \$65 for home care, with inflation protection provided in the policy as described in section 62S.23, subdivision 1, clause (1). These minimum daily benefit amounts shall be adjusted by the commissioner on October 1 of each year by a percentage equal to the inflation protection feature described in section 62S.23, subdivision 1, clause (1), for purposes of setting minimum requirements that a policy must meet in future years in order to initially qualify as an approved policy under this subdivision. Adjusted minimum daily benefit amounts shall be rounded to the nearest whole dollar.~~

A long-term care partnership policy must provide the inflation protection described in this paragraph. If the policy is sold to an individual who:

(1) has not attained age 61 as of the date of purchase, the policy provides compound annual inflation protection;

(2) has attained age 61, but has not attained age 76 as of such date, the policy provides some level of inflation protection; and

(3) has attained age 76 as of such date, the policy may, but is not required to, provide some level of inflation protection.

Subd. 11. Total asset protection policies. ~~(a) A total asset protection policy must meet all of the requirements in subdivision 10, paragraphs (b) to (d), and this subdivision.~~

~~(b) Minimum coverage shall be for a period of not less than three years and for a dollar amount equal to 36 months of nursing home care at the minimum daily benefit rate determined and adjusted under paragraph (c).~~

~~(c) Minimum daily benefits shall be \$150 for nursing home care or \$75 for home care, with inflation protection provided in the policy as described in section 62S.23, subdivision 1, clause (1). These minimum daily benefit amounts shall also be adjusted by the commissioner on October 1 of each year by a percentage equal to the inflation protection feature described in section 62S.23, subdivision 1, clause (1), for purposes of setting minimum requirements that a policy must meet in future years in order to initially qualify as an approved policy under this subdivision. Adjusted minimum daily benefit amounts shall be rounded to the nearest whole dollar.~~

~~(d) The policy must cover all of the following services:~~

~~(1) nursing home stay;~~

~~(2) home care service; and~~

~~(3) care management.~~

Subd. 12. Compliance with federal law. An issuer of a partnership policy must comply with ~~any federal law authorizing partnership policies in Minnesota~~ Public Law 109-171, section 6021, including any federal regulations, as amended, adopted under that law. ~~This subdivision does not require compliance with any provision of this federal law until the date upon which the law requires compliance with the provision. The commissioner has authority to enforce this subdivision.~~

Subd. 13. **Limitations on estate recovery.** ~~(a) For an individual who exhausts the minimum benefits of a dollar for dollar asset protection policy under subdivision 10, and is determined eligible for medical assistance under subdivision 9, the state shall limit recovery under the provisions of section 256B.15 against the estate of the individual or individual's spouse for medical assistance benefits received by that individual to an amount that exceeds the dollar amount of coverage utilized under the partnership policy. Protected assets of the individual shall not be subject to recovery under section 256B.15 or section 524.3-1201 for medical assistance or alternative care paid on behalf of the individual. Protected assets of the individual in the estate of the individual's surviving spouse shall not be liable to pay a claim for recovery of medical assistance paid for the predeceased individual that is filed in the estate of the surviving spouse under section 256B.15. Protected assets of the individual shall not be protected assets in the surviving spouse's estate by reason of the preceding sentence and shall be subject to recovery under section 256B.15 or 524.3-1201 for medical assistance paid on behalf of the surviving spouse.~~

~~(b) For an individual who exhausts the minimum benefits of a total asset protection policy under subdivision 11, and is determined eligible for medical assistance under subdivision 9, the state shall not seek recovery under the provisions of section 256B.15 against the estate of the individual or individual's spouse for medical assistance benefits received by that individual. The personal representative may protect the full fair market value of an individual's unprotected assets in the individual's estate in an amount equal to the unused amount of asset protection the individual had on the date of death. The personal representative shall apply the asset protection so that the full fair market value of any unprotected asset in the estate is protected. When or if the asset protection available to the personal representative is or becomes less than the full fair market value of any remaining unprotected asset, it shall be applied to partially protect one unprotected asset.~~

~~(c) The asset protection described in paragraph (a) terminates with respect to an asset includable in the individual's estate under chapter 524 or section 256B.15:~~

~~(1) when the estate distributes the asset; or~~

~~(2) if the estate of the individual has not been probated within one year from the date of death.~~

~~(d) If an individual owns a protected asset on the date of death and the estate is opened for probate more than one year after death, the state or a county agency may file and collect claims in the estate under section 256B.15, and no statute of limitations in chapter 524 that would otherwise limit or bar the claim shall apply.~~

~~(e) Except as otherwise provided, nothing in this section shall limit or prevent recovery of medical assistance.~~

Subd. 14. **Implementation.** ~~(a) If federal law is amended or a federal waiver is granted to permit implementation of this section, the commissioner, in consultation with the commissioner of commerce, may alter the requirements of subdivisions 10 and 11, and may establish additional requirements for approved policies in order to conform with federal law or waiver authority. In establishing these requirements, the commissioner shall seek to maximize purchase of qualifying policies by Minnesota residents while controlling medical assistance costs.~~

~~(b) The commissioner is authorized to suspend implementation of this section until the next session of the legislature if the commissioner, in consultation with the commissioner of commerce, determines that the federal legislation or federal waiver authorizing a partnership program in Minnesota is likely to impose substantial unforeseen costs on the state budget.~~

~~(c) The commissioner must take action under paragraph (a) or (b) within 45 days of final federal action authorizing a partnership policy in Minnesota.~~

~~(d) The commissioner must notify the appropriate legislative committees of action taken under this subdivision within 50 days of final federal action authorizing a partnership policy in Minnesota.~~

~~(e) The commissioner must publish a notice in the State Register of implementation decisions made under this subdivision as soon as practicable. The commissioner shall submit a state plan amendment to the federal government to implement the long-term care partnership program in accordance with this section.~~

Subd. 15. **Limitation on liens.** (a) An individual's interest in real property shall not be subject to a medical assistance lien or a notice of potential claim while it is protected under subdivision 9, to the extent it is protected.

(b) Medical assistance liens or liens arising under notices of potential claims against an individual's interests in real property in their estate that are designated as protected under subdivision 13, paragraph (b), shall be released to the extent of the dollar value of the protection applied to the interest.

(c) If an interest in real property is protected from a lien for recovery of medical assistance paid on behalf of the individual under paragraph (a) or (b), no such lien for recovery of medical assistance paid on behalf of that individual shall be filed against the protected interest in real property after it is distributed to the individual's heirs or devisees.

Subd. 16. **Burden of proof.** Any individual or the personal representative of the individual's estate who asserts that an asset is a disregarded or protected asset under this section in connection with any determination of eligibility for benefits under the medical assistance program or any appeal, case, controversy, or other proceedings, shall have the initial burden of:

(1) documenting and proving by convincing evidence that the asset or source of funds for the asset in question was designated as disregarded or protected;

(2) tracing the asset and the proceeds of the asset from that time forward; and

(3) documenting that the asset or proceeds of the asset remained disregarded or protected at all relevant times.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 29. **[256B.0594] PAYMENT OF BENEFITS FROM AN ANNUITY.**

When payment becomes due under an annuity that names the department a remainder beneficiary as described in section 256B.056, subdivision 11, the issuer shall request and the department shall, within 45 days after receipt of the request, provide a written statement of the total amount of the medical assistance paid. Upon timely receipt of the written statement of the amount of medical assistance paid, the issuer shall pay the department an amount equal to the lesser of the amount due the department under the annuity or the total amount of medical assistance paid on behalf of the individual or the individual's spouse. Any amounts remaining after the issuer's payment to the department shall be payable according to the terms of the annuity or similar financial instrument. The county agency or the department shall provide the issuer with the name, address, and telephone number of a unit within the department the issuer can contact to comply with this section. The requirements of section 72A.201, subdivision 4, clause (3), shall not apply to payments made under this section until the issuer has received final payment information from the department, if the issuer has notified the beneficiary of the requirements of this section at the time it initially requests payment information from the department.

Sec. 30. Minnesota Statutes 2004, section 256B.0595, subdivision 1, is amended to read:

Subdivision 1. **Prohibited transfers.** (a) For transfers of assets made on or before August 10, 1993, if a person or the person's spouse has given away, sold, or disposed of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under the supplemental security program, within 30 months before or any time after the date of institutionalization if the person has been determined eligible for medical

assistance, or within 30 months before or any time after the date of the first approved application for medical assistance if the person has not yet been determined eligible for medical assistance, the person is ineligible for long-term care services for the period of time determined under subdivision 2.

(b) Effective for transfers made after August 10, 1993, a person, a person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or person's spouse, may not give away, sell, or dispose of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under the supplemental security income program, for the purpose of establishing or maintaining medical assistance eligibility. This applies to all transfers, including those made by a community spouse after the month in which the institutionalized spouse is determined eligible for medical assistance. For purposes of determining eligibility for long-term care services, any transfer of such assets within 36 months before or any time after an institutionalized person applies for medical assistance, or 36 months before or any time after a medical assistance recipient becomes institutionalized, for less than fair market value may be considered. Any such transfer is presumed to have been made for the purpose of establishing or maintaining medical assistance eligibility and the person is ineligible for long-term care services for the period of time determined under subdivision 2, unless the person furnishes convincing evidence to establish that the transaction was exclusively for another purpose, or unless the transfer is permitted under subdivision 3 or 4. ~~Notwithstanding the provisions of this paragraph,~~ In the case of payments from a trust or portions of a trust that are considered transfers of assets under federal law, or in the case of any other disposal of assets made on or after February 8, 2006, any transfers made within 60 months before or any time after an institutionalized person applies for medical assistance and within 60 months before or any time after a medical assistance recipient becomes institutionalized, may be considered.

(c) This section applies to transfers, for less than fair market value, of income or assets, including assets that are considered income in the month received, such as inheritances, court settlements, and retroactive benefit payments or income to which the person or the person's spouse is entitled but does not receive due to action by the person, the person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or the person's spouse.

(d) This section applies to payments for care or personal services provided by a relative, unless the compensation was stipulated in a notarized, written agreement which was in existence when the service was performed, the care or services directly benefited the person, and the payments made represented reasonable compensation for the care or services provided. A notarized written agreement is not required if payment for the services was made within 60 days after the service was provided.

(e) This section applies to the portion of any asset or interest that a person, a person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or the person's spouse, transfers to any annuity that exceeds the value of the benefit likely to be returned to the person or spouse while alive, based on estimated life expectancy using the life expectancy tables employed by the supplemental security income program to determine the value of an agreement for services for life. The commissioner may adopt rules reducing life expectancies based on the need for long-term care. This section applies to an annuity described in this paragraph purchased on or after March 1, 2002, that:

- (1) is not purchased from an insurance company or financial institution that is subject to licensing or regulation by the Minnesota Department of Commerce or a similar regulatory agency of another state;
- (2) does not pay out principal and interest in equal monthly installments; or
- (3) does not begin payment at the earliest possible date after annuitization.

(f) Effective for transactions, including the purchase of an annuity, occurring on or after February 8, 2006, the purchase of an annuity by or on behalf of an individual who has applied for or is receiving long-term care services or the individual's spouse shall be treated as the disposal of an asset for less than fair market value unless:

(1) the department is named as the remainder beneficiary in first position for an amount equal to at least the total amount of medical assistance paid on behalf of the individual or the individual's spouse; or the department is named as the remainder beneficiary in second position for an amount equal to at least the total amount of medical assistance paid on behalf of the individual or the individual's spouse after the individual's community spouse or minor or disabled child and is named as the remainder beneficiary in the first position if the community spouse or a representative of the minor or disabled child disposes of the remainder for less than fair market value. Any subsequent change to the designation of the department as a remainder beneficiary shall result in the annuity being treated as a disposal of assets for less than fair market value. The amount of such transfer shall be the maximum amount the individual or the individual's spouse could receive from the annuity or similar financial instrument. Any change in the amount of the income or principal being withdrawn from the annuity or other similar financial instrument at the time of the most recent disclosure shall be deemed to be a transfer of assets for less than fair market value unless the individual or the individual's spouse demonstrates that the transaction was for fair market value; and

(2) the purchase of an annuity by or on behalf of an individual applying for or receiving long-term care services shall be treated as a disposal of assets for less than fair market value unless it is:

(i) an annuity described in subsection (b) or (q) of section 408 of the Internal Revenue Code of 1986; or

(ii) purchased with proceeds from:

(A) an account or trust described in subsection (a), (c), or (p) of section 408 of the Internal Revenue Code;

(B) a simplified employee pension within the meaning of section 408(k) of the Internal Revenue Code; or

(C) a Roth IRA described in section 408A of the Internal Revenue Code; or

(iii) an annuity that is irrevocable and nonassignable; is actuarially sound as determined in accordance with actuarial publications of the Office of the Chief Actuary of the Social Security Administration; and provides for payments in equal amounts during the term of the annuity, with no deferral and no balloon payments made.

(g) For purposes of this section, long-term care services include services in a nursing facility, services that are eligible for payment according to section 256B.0625, subdivision 2, because they are provided in a swing bed, intermediate care facility for persons with mental retardation, and home and community-based services provided pursuant to sections 256B.0915, 256B.092, and 256B.49. For purposes of this subdivision and subdivisions 2, 3, and 4, "institutionalized person" includes a person who is an inpatient in a nursing facility or in a swing bed, or intermediate care facility for persons with mental retardation or who is receiving home and community-based services under sections 256B.0915, 256B.092, and 256B.49.

(h) This section applies to funds used to purchase a promissory note, loan, or mortgage unless the note, loan, or mortgage:

(1) has a repayment term that is actuarially sound;

(2) provides for payments to be made in equal amounts during the term of the loan, with no deferral and no balloon payments made; and

(3) prohibits the cancellation of the balance upon the death of the lender.

In the case of a promissory note, loan, or mortgage that does not meet an exception in clauses (1) to (3), the value of such note, loan, or mortgage shall be the outstanding balance due as of the date of the individual's application for long-term care services.

(i) This section applies to the purchase of a life estate interest in another individual's home unless the purchaser resides in the home for a period of at least one year after the date of purchase.

Sec. 31. Minnesota Statutes 2005 Supplement, section 256B.0595, subdivision 2, is amended to read:

Subd. 2. **Period of ineligibility.** (a) For any uncompensated transfer occurring on or before August 10, 1993, the number of months of ineligibility for long-term care services shall be the lesser of 30 months, or the uncompensated transfer amount divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the month in which the assets were transferred. If the transfer was not reported to the local agency at the time of application, and the applicant received long-term care services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of long-term care services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G. The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received.

(b) For uncompensated transfers made after August 10, 1993, the number of months of ineligibility for long-term care services shall be the total uncompensated value of the resources transferred divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the first day of the month after the month in which the assets were transferred except that if one or more uncompensated transfers are made during a period of ineligibility, the total assets transferred during the ineligibility period shall be combined and a penalty period calculated to begin on the first day of the month after the month in which the first uncompensated transfer was made. If the transfer was reported to the local agency after the date that advance notice of a period of ineligibility that affects the next month could be provided to the recipient and the recipient received medical assistance services or the transfer was not reported to the local agency, and the applicant or recipient received medical assistance services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of medical assistance services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G. The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received. Effective for transfers made on or after March 1, 1996, involving persons who apply for medical assistance on or after April 13, 1996, no cause of action exists for a transfer unless:

(1) the transferee knew or should have known that the transfer was being made by a person who was a resident of a long-term care facility or was receiving that level of care in the community at the time of the transfer;

(2) the transferee knew or should have known that the transfer was being made to assist the person to qualify for or retain medical assistance eligibility; or

(3) the transferee actively solicited the transfer with intent to assist the person to qualify for or retain eligibility for medical assistance.

(c) For uncompensated transfers made on or after February 8, 2006, the period of ineligibility begins on the first day of the month in which advance notice can be given following the month in which assets have been transferred for less than fair market value, or the date on which the individual is eligible for medical assistance under the Medicaid state plan and would otherwise be receiving long-term care services based on an approved application for such care but for the application of the penalty period, whichever is later, and which does not occur during any other period of ineligibility.

(d) If a calculation of a penalty period results in a partial month, payments for long-term care services shall be reduced in an amount equal to the fraction; ~~except that in calculating the value of uncompensated transfers, if the total value of all uncompensated transfers made in a month not included in an existing penalty period does not exceed \$200, then such transfers shall be disregarded for each month prior to the month of application for or during receipt of medical assistance.~~

(e) In the case of multiple fractional transfers of assets in more than one month for less than fair market value on or after February 8, 2006, the period of ineligibility is calculated by treating the total, cumulative uncompensated value of all assets transferred during all months on or after February 8, 2006, as one transfer.

EFFECTIVE DATE. Amendments to this section are effective for applications on or after July 1, 2006, and for renewals and reports of transfers on or after July 1, 2006.

Sec. 32. Minnesota Statutes 2004, section 256B.0595, subdivision 3, is amended to read:

Subd. 3. **Homestead exception to transfer prohibition.** (a) An institutionalized person is not ineligible for long-term care services due to a transfer of assets for less than fair market value if the asset transferred was a homestead and:

(1) title to the homestead was transferred to the individual's;

(i) spouse;

(ii) child who is under age 21;

(iii) blind or permanently and totally disabled child as defined in the supplemental security income program;

(iv) sibling who has equity interest in the home and who was residing in the home for a period of at least one year immediately before the date of the individual's admission to the facility; or

(v) son or daughter who was residing in the individual's home for a period of at least two years immediately before the date of the individual's admission to the facility, and who provided care to the individual that, as certified by the individual's attending physician, permitted the individual to reside at home rather than in an institution or facility;

(2) a satisfactory showing is made that the individual intended to dispose of the homestead at fair market value or for other valuable consideration; or

(3) the local agency grants a waiver of a penalty resulting from a transfer for less than fair market value because denial of eligibility would cause undue hardship for the individual, based on imminent threat to the individual's health and well-being. Whenever an applicant or recipient is denied eligibility because of a transfer for less than fair market value, the local agency shall notify the applicant or recipient that the applicant or recipient may request a waiver of the penalty if the denial of eligibility will cause undue hardship. With the written consent of the individual or the personal representative of the individual, a long-term care facility in which an individual is residing

may file an undue hardship waiver request, on behalf of the individual who is denied eligibility for long-term care services on or after July 1, 2006, due to a period of ineligibility resulting from a transfer on or after February 8, 2006. In evaluating a waiver, the local agency shall take into account whether the individual was the victim of financial exploitation, whether the individual has made reasonable efforts to recover the transferred property or resource, and other factors relevant to a determination of hardship. If the local agency does not approve a hardship waiver, the local agency shall issue a written notice to the individual stating the reasons for the denial and the process for appealing the local agency's decision.

(b) When a waiver is granted under paragraph (a), clause (3), a cause of action exists against the person to whom the homestead was transferred for that portion of long-term care services granted within:

(1) 30 months of a transfer made on or before August 10, 1993;

(2) 60 months if the homestead was transferred after August 10, 1993, to a trust or portion of a trust that is considered a transfer of assets under federal law; ~~or~~

(3) 36 months if transferred in any other manner after August 10, 1993, but prior to February 8, 2006; or

(4) 60 months if the homestead was transferred on or after February 8, 2006.

or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action shall be brought by the state unless the state delegates this responsibility to the local agency responsible for providing medical assistance under chapter 256G.

Sec. 33. Minnesota Statutes 2004, section 256B.0595, subdivision 4, is amended to read:

Subd. 4. **Other exceptions to transfer prohibition.** An institutionalized person who has made, or whose spouse has made a transfer prohibited by subdivision 1, is not ineligible for long-term care services if one of the following conditions applies:

(1) the assets were transferred to the individual's spouse or to another for the sole benefit of the spouse; or

(2) the institutionalized spouse, prior to being institutionalized, transferred assets to a spouse, provided that the spouse to whom the assets were transferred does not then transfer those assets to another person for less than fair market value. (At the time when one spouse is institutionalized, assets must be allocated between the spouses as provided under section 256B.059); or

(3) the assets were transferred to the individual's child who is blind or permanently and totally disabled as determined in the supplemental security income program; or

(4) a satisfactory showing is made that the individual intended to dispose of the assets either at fair market value or for other valuable consideration; or

(5) the local agency determines that denial of eligibility for long-term care services would work an undue hardship and grants a waiver of a penalty resulting from a transfer for less than fair market value based on an imminent threat to the individual's health and well-being. Whenever an applicant or recipient is denied eligibility because of a transfer for less than fair market value, the local agency shall notify the applicant or recipient that the applicant or recipient may request a waiver of the penalty if the denial of eligibility will cause undue hardship. With the written consent of the individual or the personal representative of the individual, a long-term care facility in which an individual is residing may file an undue hardship waiver request, on behalf of the individual who is denied eligibility for long-term care services on or after July 1, 2006, due to a period of ineligibility resulting from a

transfer on or after February 8, 2006. In evaluating a waiver, the local agency shall take into account whether the individual was the victim of financial exploitation, whether the individual has made reasonable efforts to recover the transferred property or resource, whether the individual has taken any action to prevent the designation of the department as a remainder beneficiary on an annuity as described in section 256B.056, subdivision 11, and other factors relevant to a determination of hardship. If the local agency does not approve a hardship waiver, the local agency shall issue a written notice to the individual stating the reasons for the denial and the process for appealing the local agency's decision. When a waiver is granted, a cause of action exists against the person to whom the assets were transferred for that portion of long-term care services granted within:

(i) 30 months of a transfer made on or before August 10, 1993;

(ii) 60 months of a transfer if the assets were transferred after August 30, 1993, to a trust or portion of a trust that is considered a transfer of assets under federal law; ~~or~~

(iii) 36 months of a transfer if transferred in any other manner after August 10, 1993, but prior to February 8, 2006; or

(iv) 60 months of any transfer made on or after February 8, 2006,

or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action shall be brought by the state unless the state delegates this responsibility to the local agency responsible for providing medical assistance under this chapter; or

(6) for transfers occurring after August 10, 1993, the assets were transferred by the person or person's spouse: (i) into a trust established for the sole benefit of a son or daughter of any age who is blind or disabled as defined by the Supplemental Security Income program; or (ii) into a trust established for the sole benefit of an individual who is under 65 years of age who is disabled as defined by the Supplemental Security Income program.

"For the sole benefit of" has the meaning found in section 256B.059, subdivision 1.

Sec. 34. Minnesota Statutes 2005 Supplement, section 256B.06, subdivision 4, is amended to read:

Subd. 4. **Citizenship requirements.** (a) Eligibility for medical assistance is limited to citizens of the United States, qualified noncitizens as defined in this subdivision, and other persons residing lawfully in the United States. Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality as required by the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) "Qualified noncitizen" means a person who meets one of the following immigration criteria:

(1) admitted for lawful permanent residence according to United States Code, title 8;

(2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;

(3) granted asylum according to United States Code, title 8, section 1158;

(4) granted withholding of deportation according to United States Code, title 8, section 1253(h);

(5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);

(6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);

(7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;

(8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law 104-200; or

(9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980.

(c) All qualified noncitizens who were residing in the United States before August 22, 1996, who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation.

(d) All qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation through November 30, 1996.

Beginning December 1, 1996, qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter are eligible for medical assistance with federal participation for five years if they meet one of the following criteria:

(i) refugees admitted to the United States according to United States Code, title 8, section 1157;

(ii) persons granted asylum according to United States Code, title 8, section 1158;

(iii) persons granted withholding of deportation according to United States Code, title 8, section 1253(h);

(iv) veterans of the United States armed forces with an honorable discharge for a reason other than noncitizen status, their spouses and unmarried minor dependent children; or

(v) persons on active duty in the United States armed forces, other than for training, their spouses and unmarried minor dependent children.

Beginning December 1, 1996, qualified noncitizens who do not meet one of the criteria in items (i) to (v) are eligible for medical assistance without federal financial participation as described in paragraph (j).

(e) Noncitizens who are not qualified noncitizens as defined in paragraph (b), who are lawfully residing in the United States and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance under clauses (1) to (3). These individuals must cooperate with the Immigration and Naturalization Service to pursue any applicable immigration status, including citizenship, that would qualify them for medical assistance with federal financial participation.

(1) Persons who were medical assistance recipients on August 22, 1996, are eligible for medical assistance with federal financial participation through December 31, 1996.

(2) Beginning January 1, 1997, persons described in clause (1) are eligible for medical assistance without federal financial participation as described in paragraph (j).

(3) Beginning December 1, 1996, persons residing in the United States prior to August 22, 1996, who were not receiving medical assistance and persons who arrived on or after August 22, 1996, are eligible for medical assistance without federal financial participation as described in paragraph (j).

(f) Nonimmigrants who otherwise meet the eligibility requirements of this chapter are eligible for the benefits as provided in paragraphs (g) to (i). For purposes of this subdivision, a "nonimmigrant" is a person in one of the classes listed in United States Code, title 8, section 1101(a)(15).

(g) Payment shall also be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of this chapter, if such care and services are necessary for the treatment of an emergency medical condition, except for organ transplants and related care and services and routine prenatal care.

(h) For purposes of this subdivision, the term "emergency medical condition" means a medical condition that meets the requirements of United States Code, title 42, section 1396b(v).

(i) Pregnant noncitizens who are undocumented, nonimmigrants, or eligible for medical assistance as described in paragraph (j), and who are not covered by a group health plan or health insurance coverage according to Code of Federal Regulations, title 42, section 457.310, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance through the period of pregnancy, including labor and delivery, to the extent federal funds are available under title XXI of the Social Security Act, and the state children's health insurance program, followed by 60 days postpartum without federal financial participation.

(j) Qualified noncitizens as described in paragraph (d), and all other noncitizens lawfully residing in the United States as described in paragraph (e), who are ineligible for medical assistance with federal financial participation and who otherwise meet the eligibility requirements of chapter 256B and of this paragraph, are eligible for medical assistance without federal financial participation. Qualified noncitizens as described in paragraph (d) are only eligible for medical assistance without federal financial participation for five years from their date of entry into the United States.

(k) Beginning October 1, 2003, persons who are receiving care and rehabilitation services from a nonprofit center established to serve victims of torture and are otherwise ineligible for medical assistance under this chapter are eligible for medical assistance without federal financial participation. These individuals are eligible only for the period during which they are receiving services from the center. Individuals eligible under this paragraph shall not be required to participate in prepaid medical assistance.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 35. Minnesota Statutes 2005 Supplement, section 256D.03, subdivision 3, is amended to read:

Subd. 3. **General assistance medical care; eligibility.** (a) General assistance medical care may be paid for any person who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spenddown of excess income according to section 256B.056, subdivision 5, or MinnesotaCare as defined in paragraph (b), except as provided in paragraph (c), and:

(1) who is receiving assistance under section 256D.05, except for families with children who are eligible under Minnesota family investment program (MFIP), or who is having a payment made on the person's behalf under sections 256I.01 to 256I.06; or

(2) who is a resident of Minnesota; and

(i) who has gross countable income not in excess of 75 percent of the federal poverty guidelines for the family size, using a six-month budget period and whose equity in assets is not in excess of \$1,000 per assistance unit. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in section 256B.056, subdivision 3, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum;

(ii) who has gross countable income above 75 percent of the federal poverty guidelines but not in excess of 175 percent of the federal poverty guidelines for the family size, using a six-month budget period, whose equity in assets is not in excess of the limits in section 256B.056, subdivision 3c, and who applies during an inpatient hospitalization; or

(iii) the commissioner shall adjust the income standards under this section each July 1 by the annual update of the federal poverty guidelines following publication by the United States Department of Health and Human Services.

(b) Effective for applications and renewals processed on or after September 1, 2006, general assistance medical care may not be paid for applicants or recipients who are adults with dependent children under 21 whose gross family income is equal to or less than 275 percent of the federal poverty guidelines who are not described in paragraph (e).

(c) Effective for applications and renewals processed on or after September 1, 2006, general assistance medical care may be paid for applicants and recipients who meet all eligibility requirements of paragraph (a), clause (2), item (i), for a temporary period beginning the date of application. Immediately following approval of general assistance medical care, enrollees shall be enrolled in MinnesotaCare under section 256L.04, subdivision 7, with covered services as provided in section 256L.03 for the rest of the six-month eligibility period, until their six-month renewal.

(d) To be eligible for general assistance medical care following enrollment in MinnesotaCare as required by paragraph (c), an individual must complete a new application.

(e) Applicants and recipients eligible under paragraph (a), clause (1), ~~or~~ who have applied for and are awaiting a determination of blindness or disability by the state medical review team or a determination of eligibility for Supplemental Security Income or Social Security Disability Insurance by the Social Security Administration, ~~or~~ who fail to meet the requirements of section 256L.09, subdivision 2, are exempt from the MinnesotaCare enrollment requirements of this subdivision.

(f) For applications received on or after October 1, 2003, eligibility may begin no earlier than the date of application. For individuals eligible under paragraph (a), clause (2), item (i), a redetermination of eligibility must occur every 12 months. Individuals are eligible under paragraph (a), clause (2), item (ii), only during inpatient hospitalization but may reapply if there is a subsequent period of inpatient hospitalization.

(g) Beginning September 1, 2006, Minnesota health care program applications and renewals completed by recipients and applicants who are persons described in paragraph (c) and submitted to the county agency shall be determined for MinnesotaCare eligibility by the county agency. If all other eligibility requirements of this subdivision are met, eligibility for general assistance medical care shall be available in any month during which MinnesotaCare enrollment is pending. Upon notification of eligibility for MinnesotaCare, notice of termination for eligibility for general assistance medical care shall be sent to an applicant or recipient. If all other eligibility requirements of this subdivision are met, eligibility for general assistance medical care shall be available until enrollment in MinnesotaCare subject to the provisions of paragraphs (c), (e), and (f).

(h) The date of an initial Minnesota health care program application necessary to begin a determination of eligibility shall be the date the applicant has provided a name, address, and Social Security number, signed and dated, to the county agency or the Department of Human Services. If the applicant is unable to provide a name, address, Social Security number, and signature when health care is delivered due to a medical condition or disability, a health care provider may act on an applicant's behalf to establish the date of an initial Minnesota health care program application by providing the county agency or Department of Human Services with provider identification and a temporary unique identifier for the applicant. The applicant must complete the remainder of the application and provide necessary verification before eligibility can be determined. The county agency must assist the applicant in obtaining verification if necessary.

(i) County agencies are authorized to use all automated databases containing information regarding recipients' or applicants' income in order to determine eligibility for general assistance medical care or MinnesotaCare. Such use shall be considered sufficient in order to determine eligibility and premium payments by the county agency.

(j) General assistance medical care is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(k) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(l) In determining the amount of assets of an individual eligible under paragraph (a), clause (2), item (i), there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 60 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

(m) When determining eligibility for any state benefits under this subdivision, the income and resources of all noncitizens shall be deemed to include their sponsor's income and resources as defined in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, title IV, Public Law 104-193, sections 421 and 422, and subsequently set out in federal rules.

(n) Undocumented noncitizens and nonimmigrants are ineligible for general assistance medical care. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented noncitizen is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service.

(o) Notwithstanding any other provision of law, a noncitizen who is ineligible for medical assistance due to the deeming of a sponsor's income and resources, is ineligible for general assistance medical care.

(p) Effective July 1, 2003, general assistance medical care emergency services end.

(q) Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality as required by the federal Deficit Reduction Act of 2005, Public Law 109-171.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 36. Minnesota Statutes 2004, section 256L.04, subdivision 10, is amended to read:

Subd. 10. **Citizenship requirements.** Eligibility for MinnesotaCare is limited to citizens or nationals of the United States, qualified noncitizens, and other persons residing lawfully in the United States as described in section 256B.06, subdivision 4, paragraphs (a) to (e) and (j). Undocumented noncitizens and nonimmigrants are ineligible for MinnesotaCare. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented noncitizen is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service. Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality as required by the federal Deficit Reduction Act of 2005, Public Law 109-171.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 37. **DESIGNATION OF ASSETS AS CONTINGENTLY EXEMPT UNDER LONG-TERM CARE PARTNERSHIP PROGRAM.**

The commissioner of human services shall develop and present to the legislature by December 15, 2006, a plan and draft legislation to allow individuals participating in the long-term care partnership program established under Minnesota Statutes, section 256B.0571, to designate, at the time of initial application for medical assistance, assets as contingently exempt. The full fair market value of assets designated as contingently exempt must not exceed a percentage, specified by the commissioner, of the full fair market value of assets designated as protected under Minnesota Statutes, section 256B.0571, subdivision 9. The commissioner may specify different percentages for different categories of protected assets. Assets designated as contingently exempt shall be disregarded for purposes of determining eligibility for payment of long-term care services. If the dollar amount of benefits utilized under a partnership policy is greater than the full fair market value of all assets protected due to a decrease in the value of the protected assets, the plan and draft legislation must allow the individual or the personal representative to designate assets that are contingently exempt as protected, up to the amount of the decrease in value of the protected assets. The plan and draft legislation must provide that any contingently exempt asset that is not designated as protected be subject to recovery.

Sec. 38. **REPEALER.**

Minnesota Statutes 2005 Supplement, section 256B.0571, subdivisions 2, 5, and 11, are repealed.

ARTICLE 4

DEPARTMENT OF HEALTH

Section 1. Minnesota Statutes 2004, section 13.3806, is amended by adding a subdivision to read:

Subd. 21. **Abortion notification data.** Classification of data in abortion notification reports is governed by section 144.3431.

Sec. 2. [144.2251] COPY OF BIRTH RECORD IN EVENT OF A CHILD'S DEATH.

Subdivision 1. **Definition.** For the purposes of this section, "clean copy" means a certified copy of a deceased child's birth record without the word DECEASED, the date of death, or other similar reference appearing on the document.

Subd. 2. **Duties of state registrar.** (a) Notwithstanding Minnesota Rules, part 4601.2525, subpart 3, the state registrar shall provide one clean copy of a birth record, if requested, provided:

(1) no other clean copy of the record has been issued;

(2) the person requesting the clean copy of a birth record is listed as the child's mother or father on the birth record;

(3) the request is made no later than six years from the date of the child's birth; and

(4) the child was born on or after January 1, 2002.

(b) The state registrar shall prescribe the form of and information to be included in the request and implement a process for meeting the requirements of this section. The process developed and implemented under this section shall require that only the state registrar, and not a local registrar, may issue a clean copy.

Subd. 3. **Information to parents.** The state and local registrars shall inform parents who request a certified copy of their deceased child's birth record that they may be eligible to receive a clean copy of the record. The state or a local registrar shall provide parents who would like to request a clean copy with information on how to obtain one from the state registrar and any additional information or forms required under subdivision 2, paragraph (b).

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 3. [144.3431] ABORTION NOTIFICATION DATA.

Subdivision 1. **Reporting form.** (a) Within 90 days of the effective date of this section, the commissioner of health shall prepare a reporting form for use by physicians and facilities performing abortions under the circumstances specified in paragraph (b).

(b) The form shall require the following information:

(1) the number of minors or women for whom a guardian has been appointed under sections 524.5-301 to 524.5-317 because of a finding of incompetency for whom the physician or an agent of the physician provided the notice described in section 144.343, subdivision 2; of that number, the number of notices provided personally as described in section 144.343, subdivision 2, paragraph (a), and the number of notices provided by mail as described in section 144.343, subdivision 2, paragraph (b); and of each of those numbers, the number who, to the best of the reporting physician's or reporting facility's information and belief, went on to obtain the abortion from the reporting physician or reporting physician's facility, or from the reporting facility;

(2) the number of minors or women for whom a guardian has been appointed under sections 524.5-301 to 524.5-317 because of a finding of incompetency upon whom the physician performed an abortion without providing the notice described in section 144.343, subdivision 2; and of that number, the number who were emancipated minors, and the number for whom section 144.343, subdivision 4, was applicable, itemized by each of the limitations identified in paragraphs (a), (b), and (c) of that subdivision;

(3) the number of abortions performed by the physician for which judicial authorization was received and for which the notification described in section 144.343, subdivision 2, was not provided;

(4) the county the female resides in; the county where the abortion was performed, if different from the female's residence; and, if a judicial bypass was obtained, the judicial district it was obtained in;

(5) the age of the female;

(6) the race of the female;

(7) the process the physician or the physician's agent used to inform the minor female, or a woman for whom a guardian has been appointed under sections 524.5-301 to 524.5-317 because of a finding of incompetency, of the judicial bypass; whether court forms were provided to her; and whether the physician or the physician's agent made the court arrangement for the minor female, or a woman for whom a guardian has been appointed under sections 524.5-301 to 524.5-317 because of a finding of incompetency; and

(8) how soon after visiting the abortion facility the minor female, or a woman for whom a guardian has been appointed under section 524.5-301 to 524.5-317 because of a finding of incompetency, went to court to obtain a judicial bypass.

Subd. 2. **Forms to physicians and facilities.** Physicians and facilities required to report under subdivision 3 shall obtain reporting forms from the commissioner.

Subd. 3. **Submission.** (a) The following physicians or facilities must submit the forms to the commissioner no later than April 1 for abortions performed on minors or women for whom a guardian has been appointed in the previous calendar year:

(1) a physician who provides, or whose agent provides, the notice described in section 144.343, subdivision 2, or the facility at which the notice is provided; and

(2) a physician who knowingly performs an abortion upon a minor, or a woman for whom a guardian has been appointed under sections 524.5-301 to 524.5-317 because of a finding of incompetency, or a facility at which such an abortion is performed.

(b) The commissioner shall maintain as confidential data which alone or in combination may constitute information that would reasonably lead, using epidemiologic principles, to the identification of:

(1) an individual who has had an abortion, who has received judicial authorization for an abortion, or to whom the notice described in section 144.343, subdivision 2, has been provided; or

(2) a physician or facility required to report under paragraph (a).

Subd. 4. **Failure to report as required.** (a) Reports that are not submitted more than 30 days following the due date shall be subject to a late fee of \$500 for each additional 30-day period or portion of a 30-day period overdue. If a physician or facility required to report under this section has not submitted a report, or has submitted only an incomplete report, more than one year following the due date, the commissioner of health shall bring an action in a court of competent jurisdiction for an order directing the physician or facility to submit a complete report within a period stated by court order or be subject to sanctions. If the commissioner brings such an action for an order directing a physician or facility to submit a complete report, the court may assess reasonable attorney fees and costs against the noncomplying party.

(b) Notwithstanding section 13.39, data related to actions taken by the commissioner to enforce any provision of this section is private data if the data, alone or in combination, may constitute information that would reasonably lead, using epidemiologic principles, to the identification of:

(1) an individual who has had an abortion, who has received judicial authorization for an abortion, or to whom the notice described in section 144.343, subdivision 2, has been provided; or

(2) a physician or facility required to report under subdivision 3.

Subd. 5. **Public records.** (a) By September 30 of each year, the commissioner of health shall issue a public report providing statistics for each item listed in subdivision 1 for the previous calendar year compiled from reports submitted according to this section. The report shall also include statistics, which shall be obtained from court administrators, that include:

(1) the total number of petitions or motions filed under section 144.343, subdivision 6, paragraph (c), clause (i);

(2) the number of cases in which the court appointed a guardian ad litem;

(3) the number of cases in which the court appointed counsel;

(4) the number of cases in which the judge issued an order authorizing an abortion without notification, including:

(i) the number of petitions or motions granted by the court because of a finding of maturity and the basis for that finding; and

(ii) the number of petitions or motions granted because of a finding that the abortion would be in the best interest of the minor and the basis for that finding;

(5) the number of denials from which an appeal was filed;

(6) the number of appeals that resulted in a denial being affirmed; and

(7) the number of appeals that resulted in reversal of a denial.

(b) The report shall provide the statistics for all previous calendar years for which a public report was required to be issued, adjusted to reflect any additional information from late or corrected reports.

(c) The commissioner shall ensure that all statistical information included in the public reports are presented so that the data cannot reasonably lead, using epidemiologic principles, to the identification of:

(1) an individual who has had an abortion, who has received judicial authorization for an abortion, or to whom the notice described in section 144.343, subdivision 2, has been provided; or

(2) a physician or facility who has submitted a form to the commissioner under subdivision 3.

Subd. 6. **Modification of requirements.** The commissioner of health may, by administrative rule, alter the dates established in subdivisions 3 and 5, consolidate the forms created according to subdivision 1 with the reporting form created according to section 145.4131, or consolidate reports to achieve administrative convenience or fiscal savings, to allow physicians and facilities to submit all information collected by the commissioner regarding abortions at one time, or to reduce the burden of the data collection, so long as the report described in subdivision 5 is issued at least once a year.

Subd. 7. **Suit to compel statistical report.** If the commissioner of health fails to issue the public report required under subdivision 5, any group of ten or more citizens of the state may seek an injunction in a court of competent jurisdiction against the commissioner, requiring that a complete report be issued within a period stated by court order. Failure to abide by the injunction shall subject the commissioner to sanctions for civil contempt.

Subd. 8. **Attorney fees.** If judgment is rendered in favor of the plaintiff in any action described in this section, the court shall also render judgment for a reasonable attorney fee in favor of the plaintiff against the defendant. If the judgment is rendered in favor of the defendant and the court finds that plaintiff's suit was frivolous and brought in bad faith, the court shall render judgment for a reasonable attorney fee in favor of the defendant against the plaintiff.

Subd. 9. **Severability.** If any one or more provision, section, subdivision, sentence, clause, phrase, or word of this section or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be severable and the balance of this section shall remain effective notwithstanding such unconstitutionality. The legislature intends that it would have passed this section, and each provision, section, subdivision, sentence, clause, phrase, or word thereof irrespective of the fact that any one provision, section, subdivision, sentence, clause, phrase, or word be declared unconstitutional.

Subd. 10. **Supreme Court jurisdiction.** The Minnesota Supreme Court has original jurisdiction over an action challenging the constitutionality of this section and shall expedite the resolution of the action.

Sec. 4. **[144.388] LIMITATION.**

Cross-connection control devices shall be limited in use according to the respective standard, unless otherwise permitted under sections 144.381 to 144.387. The use of a hose connection backflow preventer and a hose connection vacuum breaker in a continuous pressure situation shall be limited to campgrounds that are not connected to a municipal water system.

Sec. 5. **[144A.441] ASSISTED LIVING BILL OF RIGHTS ADDENDUM.**

Assisted living clients, as defined in section 144G.01, subdivision 3, shall be provided with the home care bill of rights required by section 144A.44, except that the home care bill of rights provided to these clients must include the following provision in place of the provision in section 144A.44, subdivision 1, clause (16):

"(16) the right to reasonable, advance notice of changes in services or charges, including at least 30 days' advance notice of the termination of a service by a provider, except in cases where:

(i) the recipient of services engages in conduct that alters the conditions of employment as specified in the employment contract between the home care provider and the individual providing home care services, or creates an abusive or unsafe work environment for the individual providing home care services;

(ii) an emergency for the informal caregiver or a significant change in the recipient's condition has resulted in service needs that exceed the current service provider agreement and that cannot be safely met by the home care provider; or

(iii) the provider has not received payment for services, for which at least ten days' advance notice of the termination of a service shall be provided."

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 6. **[144A.442] TERMINATION OF HOME CARE SERVICES FOR ASSISTED LIVING CLIENTS.**

If an arranged home care provider, as defined in section 144D.01, subdivision 2a, who is not also Medicare certified terminates a service agreement or service plan with an assisted living client, as defined in section 144G.01, subdivision 3, the home care provider shall provide the assisted living client and the legal or designated representatives of the client, if any, with a written notice of termination which includes the following information:

(1) the effective date of termination;

(2) the reason for termination;

(3) without extending the termination notice period, an affirmative offer to meet with the assisted living client or client representatives within no more than five business days of the date of the termination notice to discuss the termination;

(4) contact information for a reasonable number of other home care providers in the geographic area of the assisted living client, as required by Minnesota Rules, part 4668.0050;

(5) a statement that the provider will participate in a coordinated transfer of the care of the client to another provider or caregiver, as required by section 144A.44, subdivision 1, clause (17);

(6) the name and contact information of a representative of the home care provider with whom the client may discuss the notice of termination;

(7) a copy of the home care bill of rights; and

(8) a statement that the notice of termination of home care services by the home care provider does not constitute notice of termination of the housing with services contract with a housing with services establishment.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 7. Minnesota Statutes 2004, section 144A.4605, is amended to read:

144A.4605 ASSISTED LIVING HOME CARE CLASS F PROVIDER.

Subdivision 1. **Definitions.** For purposes of this section, the term "assisted living class F home care provider" means a home care provider who provides nursing services, delegated nursing services, other services performed by unlicensed personnel, or central storage of medications solely for residents of one or more housing with services establishments registered under chapter 144D.

Subd. 2. **Assisted living Class F home care license established.** A home care provider license category entitled assisted living class F home care provider is hereby established. A home care provider may obtain ~~an~~ assisted living a class F license if the program meets the following requirements:

(a) nursing services, delegated nursing services, other services performed by unlicensed personnel, or central storage of medications under the assisted living class F license are provided solely for residents of one or more housing with services establishments registered under chapter 144D;

(b) unlicensed personnel perform home health aide and home care aide tasks identified in Minnesota Rules, parts 4668.0100, subparts 1 and 2, and 4668.0110, subpart 1. Qualifications to perform these tasks shall be established in accordance with subdivision 3;

(c) periodic supervision of unlicensed personnel is provided as required by rule;

(d) notwithstanding Minnesota Rules, part 4668.0160, subpart 6, item D, client records shall include:

(1) daily records or a weekly summary of home care services provided;

(2) documentation each time medications are administered to a client; and

(3) documentation on the day of occurrence of any significant change in the client's status or any significant incident, such as a fall or refusal to take medications.

All entries must be signed by the staff providing the services and entered into the record no later than two weeks after the end of the service day, except as specified in clauses (2) and (3);

(e) medication and treatment orders, if any, are included in the client record and are renewed at least every 12 months, or more frequently when indicated by a clinical assessment;

(f) the central storage of medications in a housing with services establishment registered under chapter 144D is managed under a system that is established by a registered nurse and addresses the control of medications, handling of medications, medication containers, medication records, and disposition of medications; and

(g) in other respects meets the requirements established by rules adopted under sections 144A.45 to 144A.47.

Subd. 3. Training or competency evaluations required. (a) Unlicensed personnel must:

(1) satisfy the training or competency requirements established by rule under sections 144A.45 to 144A.47; or

(2) be trained or determined competent by a registered nurse in each task identified under Minnesota Rules, part 4668.0100, subparts 1 and 2, when offered to clients in a housing with services establishment as described in paragraphs (b) to (e).

(b) Training for tasks identified under Minnesota Rules, part 4668.0100, subparts 1 and 2, shall use a curriculum which meets the requirements in Minnesota Rules, part 4668.0130.

(c) Competency evaluations for tasks identified under Minnesota Rules, part 4668.0100, subparts 1 and 2, must be completed and documented by a registered nurse.

(d) Unlicensed personnel performing tasks identified under Minnesota Rules, part 4668.0100, subparts 1 and 2, shall be trained or demonstrate competency in the following topics:

(1) an overview of sections 144A.43 to 144A.47 and rules adopted thereunder;

(2) recognition and handling of emergencies and use of emergency services;

(3) reporting the maltreatment of vulnerable minors or adults under sections 626.556 and 626.557;

(4) home care bill of rights;

(5) handling of clients' complaints and reporting of complaints to the Office of Health Facility Complaints;

(6) services of the ombudsman for older Minnesotans;

(7) observation, reporting, and documentation of client status and of the care or services provided;

(8) basic infection control;

(9) maintenance of a clean, safe, and healthy environment;

(10) communication skills;

(11) basic elements of body functioning and changes in body function that must be reported to an appropriate health care professional; and

(12) physical, emotional, and developmental needs of clients, and ways to work with clients who have problems in these areas, including respect for the client, the client's property, and the client's family.

(e) Unlicensed personnel who administer medications must comply with rules relating to the administration of medications in Minnesota Rules, part 4668.0100, subpart 2, except that unlicensed personnel need not comply with the requirements of Minnesota Rules, part 4668.0100, subpart 5.

Subd. 4. **License required.** (a) A housing with services establishment registered under chapter 144D that is required to obtain a home care license must obtain ~~an assisted living~~ a class F home care license according to this section or a class A or class ~~E B~~ license according to rule. A housing with services establishment that obtains a class ~~E B~~ license under this subdivision remains subject to the payment limitations in sections 256B.0913, subdivision 5f, paragraph (b), and 256B.0915, subdivision 3d.

(b) A board and lodging establishment registered for special services as of December 31, 1996, and also registered as a housing with services establishment under chapter 144D, must deliver home care services according to sections 144A.43 to 144A.47, and may apply for a waiver from requirements under Minnesota Rules, parts 4668.0002 to 4668.0240, to operate a licensed agency under the standards of section 157.17. Such waivers as may be granted by the department will expire upon promulgation of home care rules implementing section 144A.4605.

~~(c) An adult foster care provider licensed by the Department of Human Services and registered under chapter 144D may continue to provide health related services under its foster care license until the promulgation of home care rules implementing this section.~~

~~(d) An assisted living~~ (c) A class F home care provider licensed under this section must comply with the disclosure provisions of section 325F.72 to the extent they are applicable.

Subd. 5. **License fees.** The license fees for ~~assisted living~~ class F home care providers shall be as follows:

(1) \$125 annually for those providers serving a monthly average of 15 or fewer clients, and for ~~assisted living~~ class F providers of all sizes during the first year of operation;

(2) \$200 annually for those providers serving a monthly average of 16 to 30 clients;

(3) \$375 annually for those providers serving a monthly average of 31 to 50 clients; and

(4) \$625 annually for those providers serving a monthly average of 51 or more clients.

Subd. 6. **Waiver.** Upon request of the home care provider, the commissioner may waive the provisions of this section relating to registered nurse duties.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 8. Minnesota Statutes 2004, section 144D.01, is amended by adding a subdivision to read:

Subd. 2a. **Arranged home care provider.** "Arranged home care provider" means a home care provider licensed under Minnesota Rules, chapter 4668, that provides services to some or all of the residents of a housing with services establishment and that is either the establishment itself or another entity with which the establishment has an arrangement.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 9. Minnesota Statutes 2004, section 144D.015, is amended to read:

144D.015 ASSISTED LIVING FACILITY OR ASSISTED LIVING RESIDENCE DEFINITION FOR PURPOSES OF LONG-TERM CARE INSURANCE.

For purposes of consistency with terminology commonly used in long-term care insurance policies and notwithstanding chapter 144G, a housing with services establishment that is registered under section 144D.03 and that holds, or ~~contracts~~ makes arrangements with an individual or entity that holds, ~~a~~ any type of home care license and all other licenses, permits, registrations, or other governmental approvals legally required for delivery of the services the establishment offers or provides to its residents, constitutes an "assisted living facility" or "assisted living residence."

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 10. Minnesota Statutes 2004, section 144D.02, is amended to read:

144D.02 REGISTRATION REQUIRED.

No entity may establish, operate, conduct, or maintain ~~an elderly~~ a housing with services establishment in this state without registering and operating as required in sections 144D.01 to 144D.06.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 11. Minnesota Statutes 2004, section 144D.03, is amended by adding a subdivision to read:

Subd. 1a. **Surcharge for injunctive relief actions.** The commissioner shall assess each housing with services establishment that offers or provides assisted living under chapter 144G a surcharge on the annual registration fee paid under subdivision 1, to pay for the commissioner's costs related to bringing actions for injunctive relief under section 144G.02, subdivision 2, paragraph (b), on or after July 1, 2007. The commissioner shall assess surcharges using a sliding scale under which the surcharge amount increases with the client capacity of an establishment. The commissioner shall adjust the surcharge as necessary to recover the projected costs of bringing actions for injunctive relief. The commissioner shall adjust the surcharge in accordance with section 16A.1285.

EFFECTIVE DATE. This section is effective for annual registrations submitted on or after July 1, 2007.

Sec. 12. Minnesota Statutes 2004, section 144D.03, subdivision 2, is amended to read:

Subd. 2. **Registration information.** The establishment shall provide the following information to the commissioner in order to be registered:

- (1) the business name, street address, and mailing address of the establishment;

(2) the name and mailing address of the owner or owners of the establishment and, if the owner or owners are not natural persons, identification of the type of business entity of the owner or owners, and the names and addresses of the officers and members of the governing body, or comparable persons for partnerships, limited liability corporations, or other types of business organizations of the owner or owners;

(3) the name and mailing address of the managing agent, whether through management agreement or lease agreement, of the establishment, if different from the owner or owners, and the name of the on-site manager, if any;

(4) verification that the establishment has entered into ~~an elderly~~ a housing with services contract, as required in section 144D.04, with each resident or resident's representative;

(5) verification that the establishment is complying with the requirements of section 325F.72, if applicable;

(6) the name and address of at least one natural person who shall be responsible for dealing with the commissioner on all matters provided for in sections 144D.01 to 144D.06, and on whom personal service of all notices and orders shall be made, and who shall be authorized to accept service on behalf of the owner or owners and the managing agent, if any; and

(7) the signature of the authorized representative of the owner or owners or, if the owner or owners are not natural persons, signatures of at least two authorized representatives of each owner, one of which shall be an officer of the owner.

Personal service on the person identified under clause (6) by the owner or owners in the registration shall be considered service on the owner or owners, and it shall not be a defense to any action that personal service was not made on each individual or entity. The designation of one or more individuals under this subdivision shall not affect the legal responsibility of the owner or owners under sections 144D.01 to 144D.06.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 13. Minnesota Statutes 2004, section 144D.04, is amended to read:

144D.04 ELDERLY HOUSING WITH SERVICES CONTRACTS.

Subdivision 1. **Contract required.** No ~~elderly~~ housing with services establishment may operate in this state unless a written ~~elderly~~ housing with services contract, as defined in subdivision 2, is executed between the establishment and each resident or resident's representative and unless the establishment operates in accordance with the terms of the contract. The resident or the resident's representative shall be given a complete copy of the contract and all supporting documents and attachments and any changes whenever changes are made.

Subd. 2. **Contents of contract.** ~~An elderly~~ A housing with services contract, which need not be entitled as such to comply with this section, shall include at least the following elements in itself or through supporting documents or attachments:

(1) the name, street address, and mailing address of the establishment;

(2) the name and mailing address of the owner or owners of the establishment and, if the owner or owners is not a natural person, identification of the type of business entity of the owner or owners;

(3) the name and mailing address of the managing agent, through management agreement or lease agreement, of the establishment, if different from the owner or owners;

(4) the name and address of at least one natural person who is authorized to accept service of process on behalf of the owner or owners and managing agent;

(5) a statement describing the registration and licensure status of the establishment and any provider providing health-related or supportive services under an arrangement with the establishment;

(6) the term of the contract;

(7) a description of the services to be provided to the resident in the base rate to be paid by resident;

(8) a description of any additional services, including home care services, available for an additional fee from the establishment directly or through arrangements with the establishment, and a schedule of fees charged for these services;

~~(9) fee schedules outlining the cost of any additional services;~~

~~(10) (9) (a) description of the process through which the contract may be modified, amended, or terminated;~~

~~(11) (10) a~~ description of the establishment's complaint resolution process available to residents including the toll-free complaint line for the Office of Ombudsman for Older Minnesotans;

~~(12) (11) the resident's designated representative, if any;~~

~~(13) (12) the establishment's referral procedures if the contract is terminated;~~

~~(14) criteria~~ (13) requirements of residency used by the establishment to determine who may reside or continue to reside in the elderly housing with services establishment;

~~(15) (14) billing and payment procedures and requirements;~~

~~(16) (15) a~~ statement regarding the ability of residents to receive services from service providers with whom the establishment does not have an arrangement; ~~and~~

~~(17) (16) a~~ statement regarding the availability of public funds for payment for residence or services in the establishment; and

(17) a statement regarding the availability of and contact information for long-term care consultation services under section 256B.0911 in the county in which the establishment is located.

Subd. 3. **Contracts in permanent files.** ~~Elderly~~ Housing with services contracts and related documents executed by each resident or resident's representative shall be maintained by the establishment in files from the date of execution until three years after the contract is terminated. The contracts and the written disclosures required under section 325F.72, if applicable, shall be made available for on-site inspection by the commissioner upon request at any time.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 14. **[144D.045] INFORMATION CONCERNING ARRANGED HOME CARE PROVIDERS.**

If a housing with services establishment has one or more arranged home care providers, the establishment shall arrange to have that arranged home care provider deliver the following information in writing to a prospective resident, prior to the date on which the prospective resident executes a contract with the establishment or the prospective resident's move-in date, whichever is earlier:

(1) the name, mailing address, and telephone number of the arranged home care provider;

(2) the name and mailing address of at least one natural person who is authorized to accept service of process on behalf of the entity described in clause (1);

(3) a description of the process through which a home care service agreement or service plan between a resident and the arranged home care provider, if any, may be modified, amended, or terminated;

(4) the arranged home care provider's billing and payment procedures and requirements; and

(5) any limits to the services available from the arranged provider.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 15. Minnesota Statutes 2004, section 144D.05, is amended to read:

144D.05 AUTHORITY OF COMMISSIONER.

The commissioner shall, upon receipt of information which may indicate the failure of the elderly housing with services establishment, a resident, a resident's representative, or a service provider to comply with a legal requirement to which one or more of them may be subject, make appropriate referrals to other governmental agencies and entities having jurisdiction over the subject matter. The commissioner may also make referrals to any public or private agency the commissioner considers available for appropriate assistance to those involved.

The commissioner shall have standing to bring an action for injunctive relief in the district court in the district in which an establishment is located to compel the elderly housing with services establishment to meet the requirements of this chapter or other requirements of the state or of any county or local governmental unit to which the establishment is otherwise subject. Proceedings for securing an injunction may be brought by the commissioner through the attorney general or through the appropriate county attorney. The sanctions in this section do not restrict the availability of other sanctions.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 16. Minnesota Statutes 2004, section 144D.065, is amended to read:

144D.065 ESTABLISHMENTS THAT SERVE PERSONS WITH ALZHEIMER'S DISEASE OR RELATED DISORDERS.

(a) If a housing with services establishment registered under this chapter markets or otherwise promotes services for persons with Alzheimer's disease or related disorders, whether in a segregated or general unit, the ~~facility's~~ establishment's direct care staff and their supervisors must be trained in dementia care.

(b) Areas of required training include:

(1) an explanation of Alzheimer's disease and related disorders;

(2) assistance with activities of daily living;

(3) problem solving with challenging behaviors; and

(4) communication skills.

(c) The establishment shall provide to consumers in written or electronic form a description of the training program, the categories of employees trained, the frequency of training, and the basic topics covered. This information satisfies the disclosure requirements of section 325F.72, subdivision 2, clause (4).

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 17. **[144G.01] DEFINITIONS.**

Subdivision 1. **Scope; other definitions.** For purposes of sections 144G.01 to 144G.05, the following definitions apply. In addition, the definitions provided in section 144D.01 also apply to sections 144G.01 to 144G.05.

Subd. 2. **Assisted living.** "Assisted living" means a service or package of services advertised, marketed, or otherwise described, offered, or promoted using the phrase "assisted living" either alone or in combination with other words, whether orally or in writing, and which is subject to the requirements of this chapter.

Subd. 3. **Assisted living client.** "Assisted living client" or "client" means a housing with services resident who receives assisted living that is subject to the requirements of this chapter.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of health.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 18. **[144G.02] ASSISTED LIVING; PROTECTED TITLE; RESTRICTION ON USE; REGULATORY FUNCTIONS.**

Subdivision 1. **Protected title; restriction on use.** No person or entity may use the phrase "assisted living," whether alone or in combination with other words and whether orally or in writing, to advertise, market, or otherwise describe, offer, or promote itself, or any housing, service, service package, or program that it provides within this state, unless the person or entity is a housing with services establishment that meets the requirements of this chapter, or is a person or entity that provides some or all components of assisted living that meet the requirements of this chapter. A person or entity entitled to use the phrase "assisted living" shall use the phrase only in the context of its participation in assisted living that meets the requirements of this chapter. A housing with services establishment offering or providing assisted living that is not made available to residents in all of its housing units shall identify the number or location of the units in which assisted living is available, and may not use the term "assisted living" in the name of the establishment registered with the commissioner under chapter 144D, or in the name the establishment uses to identify itself to residents or the public.

Subd. 2. **Authority of commissioner.** (a) The commissioner, upon receipt of information that may indicate the failure of a housing with services establishment, the arranged home care provider, an assisted living client, or an assisted living client's representative to comply with a legal requirement to which one or more of the entities may be subject, shall make appropriate referrals to other governmental agencies and entities having jurisdiction over the subject matter. The commissioner may also make referrals to any public or private agency the commissioner considers available for appropriate assistance to those involved.

(b) In addition to the authority with respect to licensed home care providers under sections 144A.45 and 144A.46 and with respect to housing with services establishments under chapter 144D, the commissioner shall have standing to bring an action for injunctive relief in the district court in the district in which a housing with services establishment is located to compel the housing with services establishment or the arranged home care provider to

meet the requirements of this chapter or other requirements of the state or of any county or local governmental unit to which the establishment or arranged home care provider is otherwise subject. Proceedings for securing an injunction may be brought by the commissioner through the attorney general or through the appropriate county attorney. The sanctions in this section do not restrict the availability of other sanctions.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 19. **[144G.03] ASSISTED LIVING REQUIREMENTS.**

Subdivision 1. **Verification in annual registration.** A registered housing with services establishment using the phrase "assisted living," pursuant to section 144G.02, subdivision 1, shall verify to the commissioner in its annual registration pursuant to chapter 144D that the establishment is complying with sections 144G.01 to 144G.05, as applicable.

Subd. 2. **Minimum requirements for assisted living.** (a) Assisted living shall be provided or made available only to individuals residing in a registered housing with services establishment. Except as expressly stated in this chapter, a person or entity offering assisted living may define the available services and may offer assisted living to all or some of the residents of a housing with services establishment. The services that comprise assisted living may be provided or made available directly by a housing with services establishment or by persons or entities with which the housing with services establishment has made arrangements.

(b) A person or entity entitled to use the phrase "assisted living," according to section 144G.02, subdivision 1, shall do so only with respect to a housing with services establishment, or a service, service package, or program available within a housing with services establishment that, at a minimum:

(1) provides or makes available health related services under a class A or class F home care license. At a minimum, health related services must include:

(i) assistance with self-administration of medication as defined in Minnesota Rules, part 4668.0003, subpart 2a, or medication administration as defined in Minnesota Rules, part 4668.0003, subpart 21a; and

(ii) assistance with at least three of the following seven activities of daily living: bathing, dressing, grooming, eating, transferring, continence care, and toileting.

All health related services shall be provided in a manner that complies with applicable home care licensure requirements in chapter 144A and Minnesota Rules, chapter 4668, and with sections 148.171 to 148.285;

(2) provides necessary assessments of the physical and cognitive needs of assisted living clients by a registered nurse, as required by applicable home care licensure requirements in chapter 144A and Minnesota Rules, chapter 4668, and by sections 148.171 to 148.285;

(3) has and maintains a system for delegation of health care activities to unlicensed assistive health care personnel by a registered nurse, including supervision and evaluation of the delegated activities as required by applicable home care licensure requirements in chapter 144A and Minnesota Rules, chapter 4668, and by sections 148.171 to 148.285;

(4) provides staff access to an on-call registered nurse 24 hours per day, seven days per week;

(5) has and maintains a system to check on each assisted living client at least daily;

(6) provides a means for assisted living clients to request assistance for health and safety needs 24 hours per day, seven days per week, from the establishment or a person or entity with which the establishment has made arrangements;

(7) has a person or persons available 24 hours per day, seven days per week, who is responsible for responding to the requests of assisted living clients for assistance with health or safety needs, who shall be:

(i) awake;

(ii) located in the same building, in an attached building, or on a contiguous campus with the housing with services establishment in order to respond within a reasonable amount of time;

(iii) capable of communicating with assisted living clients;

(iv) capable of recognizing the need for assistance;

(v) capable of providing either the assistance required or summoning the appropriate assistance; and

(vi) capable of following directions;

(8) offers to provide or make available at least the following supportive services to assisted living clients:

(i) two meals per day;

(ii) weekly housekeeping;

(iii) weekly laundry service;

(iv) upon the request of the client, reasonable assistance with arranging for transportation to medical and social services appointments, and the name of or other identifying information about the person or persons responsible for providing this assistance;

(v) upon the request of the client, reasonable assistance with accessing community resources and social services available in the community, and the name of or other identifying information about the person or persons responsible for providing this assistance; and

(vi) periodic opportunities for socialization; and

(9) makes available to all prospective and current assisted living clients information consistent with the uniform format and the required components adopted by the commissioner under section 144G.06. This information must be made available beginning no later than six months after the commissioner makes the uniform format and required components available to providers according to section 144G.06.

Subd. 3. Exemption from awake-staff requirement. (a) A housing with services establishment that offers or provides assisted living is exempt from the requirement in subdivision 2, paragraph (b), clause (7), item (i), that the person or persons available and responsible for responding to requests for assistance must be awake, if the establishment meets the following requirements:

(1) the establishment has a maximum capacity to serve 12 or fewer assisted living clients;

(2) the person or persons available and responsible for responding to requests for assistance are physically present within the housing with services establishment in which the assisted living clients reside;

(3) the establishment has a system in place that is compatible with the health, safety, and welfare of the establishment's assisted living clients;

(4) the establishment's housing with services contract, as required by section 144D.04, includes a statement disclosing the establishment's qualification for, and intention to rely upon, this exemption;

(5) the establishment files with the commissioner, for purposes of public information but not review or approval by the commissioner, a statement describing how the establishment meets the conditions in clauses (1) to (4), and makes a copy of this statement available to actual and prospective assisted living clients; and

(6) the establishment indicates on its housing with services registration, under section 144D.02 or 144D.03, as applicable, that it qualifies for and intends to rely upon the exemption under this subdivision.

Subd. 4. **Nursing assessment.** (a) A housing with services establishment offering or providing assisted living shall:

(1) offer to have the arranged home care provider conduct a nursing assessment by a registered nurse of the physical and cognitive needs of the prospective resident and propose a service agreement or service plan prior to the date on which a prospective resident executes a contract with a housing with services establishment or the date on which a prospective resident moves in, whichever is earlier; and

(2) inform the prospective resident of the availability of and contact information for long-term care consultation services under section 256B.0911, prior to the date on which a prospective resident executes a contract with a housing with services establishment or the date on which a prospective resident moves in, whichever is earlier.

(b) An arranged home care provider is not obligated to conduct a nursing assessment by a registered nurse when requested by a prospective resident if either the geographic distance between the prospective resident and the provider, or urgent or unexpected circumstances, do not permit the assessment to be conducted prior to the date on which the prospective resident executes a contract or moves in, whichever is earlier. When such circumstances occur, the arranged home care provider shall offer to conduct a telephone conference whenever reasonably possible.

(c) The arranged home care provider shall comply with applicable home care licensure requirements in chapter 144A and Minnesota Rules, chapter 4668, and with sections 148.171 to 148.285 with respect to the provision of a nursing assessment prior to the delivery of nursing services and the execution of a home care service plan or service agreement.

Subd. 5. **Assistance with arranged home care provider.** The housing with services establishment shall provide each assisted living client with identifying information about a person or persons reasonably available to assist the client with concerns the client may have with respect to the services provided by the arranged home care provider. The establishment shall keep each assisted living client reasonably informed of any changes in the personnel referenced in this subdivision. Upon request of the assisted living client, such personnel or designee shall provide reasonable assistance to the assisted living client in addressing concerns regarding services provided by the arranged home care provider.

Subd. 6. **Termination of housing with services contract.** If a housing with services establishment terminates a housing with services contract with an assisted living client, the establishment shall provide the assisted living client, and the legal or designated representative of the assisted living client, if any, with a written notice of termination which includes the following information:

(1) the effective date of termination;

(2) the section of the contract that authorizes the termination;

(3) without extending the termination notice period, an affirmative offer to meet with the assisted living client and, if applicable, client representatives, within no more than five business days of the date of the termination notice to discuss the termination;

(4) an explanation that:

(i) the assisted living client must vacate the apartment, along with all personal possessions, on or before the effective date of termination;

(ii) failure to vacate the apartment by the date of termination may result in the filing of an eviction action in court by the establishment, and that the assisted living client may present a defense, if any, to the court at that time; and

(iii) the assisted living client may seek legal counsel in connection with the notice of termination;

(5) a statement that, with respect to the notice of termination, reasonable accommodation is available for the disability of the assisted living client, if any; and

(6) the name and contact information of the representative of the establishment with whom the assisted living client or client representatives may discuss the notice of termination.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 20. **[144G.04] RESERVATION OF RIGHTS.**

Subdivision 1. **Use of services.** Nothing in this chapter requires an assisted living client to utilize any service provided or made available in assisted living.

Subd. 2. **Housing with services contracts.** Nothing in this chapter requires a housing with services establishment to execute or refrain from terminating a housing with services contract with a prospective or current resident who is unable or unwilling to meet the requirements of residency, with or without assistance.

Subd. 3. **Provision of services.** Nothing in this chapter requires the arranged home care provider to offer or continue to provide services under a service agreement or service plan to a prospective or current resident of the establishment whose needs cannot be met by the arranged home care provider.

Subd. 4. **Altering operations; service packages.** Nothing in this chapter requires a housing with services establishment or arranged home care provider offering assisted living to fundamentally alter the nature of the operations of the establishment or the provider in order to accommodate the request or need for facilities or services by any assisted living client, or to refrain from requiring, as a condition of residency, that an assisted living client pay for a package of assisted living services even if the client does not choose to utilize all or some of the services in the package.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 21. **[144G.05] REIMBURSEMENT UNDER ASSISTED LIVING SERVICE PACKAGES.**

Notwithstanding the provisions of this chapter, the requirements for the Elderly Waiver program's assisted living payment rates under section 256B.0915, subdivision 3e, shall continue to be effective and providers who do not meet the requirements of this chapter may continue to receive payment under section 256B.0915, subdivision 3e, as long as they continue to meet the definitions and standards for assisted living and assisted living plus set forth in the federally approved Elderly Home and Community Based Services Waiver Program (Control Number 0025.91). Providers of assisted living for the Community Alternatives for Disabled Individuals (CADI) and Traumatic Brain Injury (TBI) waivers shall continue to receive payment as long as they continue to meet the definitions and standards for assisted living and assisted living plus set forth in the federally approved CADI and TBI waiver plans.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 22. **[144G.06] UNIFORM CONSUMER INFORMATION GUIDE.**

(a) The commissioner of health shall establish an advisory committee consisting of representatives of consumers, providers, county and state officials, and other groups the commissioner considers appropriate. The advisory committee shall present recommendations to the commissioner on:

(1) a format for a guide to be used by individual providers of assisted living, as defined in Minnesota Statutes, section 144G.01, that includes information about services offered by that provider, service costs, and other relevant provider-specific information, as well as a statement of philosophy and values associated with assisted living, presented in uniform categories that facilitate comparison with guides issued by other providers; and

(2) requirements for informing assisted living clients, as defined in Minnesota Statutes, section 144G.01, of their applicable legal rights.

(b) The commissioner, after reviewing the recommendations of the advisory committee, shall adopt a uniform format for the guide to be used by individual providers, and the required components of materials to be used by providers to inform assisted living clients of their legal rights, and shall make the uniform format and the required components available to assisted living providers.

Sec. 23. **[145.4122] NON-HOSPITAL-PERFORMED ABORTIONS; REQUIREMENT; MISDEMEANOR.**

Subdivision 1. **Physician requirement.** A physician performing or inducing an abortion who does not have clinical privileges at a hospital which offers obstetrical or gynecological care within the state and within 20 miles of the location where the abortion is performed or induced is guilty of a misdemeanor and is subject to the criminal penalties provided by law. For purposes of this section, abortion has the meaning given in section 144.343, subdivision 3.

Subd. 2. **Severability.** If any one or more provision, section, subdivision, sentence, clause, phrase, or word of this section or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be severable and the balance of this section shall remain effective notwithstanding such unconstitutionality. The legislature intends that it would have passed this section, and each provision, section, subdivision, sentence, clause, phrase, or word thereof irrespective of the fact that any one provision, section, subdivision, sentence, clause, phrase, or word be declared unconstitutional.

Subd. 3. **Supreme Court jurisdiction.** The Minnesota Supreme Court has original jurisdiction over an action challenging the constitutionality of this section and shall expedite the resolution of the action.

Sec. 24. Minnesota Statutes 2004, section 145.4241, is amended by adding a subdivision to read:

Subd. 3a. **Fetal anomaly incompatible with life.** "Fetal anomaly incompatible with life" means an untreatable fetal anomaly diagnosed before birth that will with reasonable certainty result in fetal or neonatal death. These conditions include anencephaly, trisomy 13 or 18, acardia, renal agenesis, and thanatophoric dwarfism.

Sec. 25. Minnesota Statutes 2004, section 145.4241, is amended by adding a subdivision to read:

Subd. 4a. **Perinatal hospice.** (a) "Perinatal hospice" means comprehensive support to the female and her family that includes support from the time of diagnosis through the time of birth and death of the infant and through the postpartum period. Supportive care may include maternal-fetal medical specialists, obstetricians, neonatologists, anesthesia specialists, family physicians, nurse midwives, clergy, social workers, and specialty nurses.

(b) The availability of perinatal hospice provides an alternative to families for whom elective pregnancy termination is not chosen.

Sec. 26. Minnesota Statutes 2005 Supplement, section 145.4242, is amended to read:

145.4242 INFORMED CONSENT.

(a) No abortion shall be performed in this state except with the voluntary and informed consent of the female upon whom the abortion is to be performed. Except in the case of a medical emergency or if the fetus has an anomaly incompatible with life, and the female has declined perinatal hospice care, consent to an abortion is voluntary and informed only if:

(1) the female is told the following, by telephone or in person, by the physician who is to perform the abortion or by a referring physician, at least 24 hours before the abortion:

(i) the particular medical risks associated with the particular abortion procedure to be employed including, when medically accurate, the risks of infection, hemorrhage, breast cancer, danger to subsequent pregnancies, and infertility;

(ii) the probable gestational age of the unborn child at the time the abortion is to be performed;

(iii) the medical risks associated with carrying her child to term; and

(iv) for abortions after 20 weeks gestational, whether or not an anesthetic or analgesic would eliminate or alleviate organic pain to the unborn child caused by the particular method of abortion to be employed and the particular medical benefits and risks associated with the particular anesthetic or analgesic.

The information required by this clause may be provided by telephone without conducting a physical examination or tests of the patient, in which case the information required to be provided may be based on facts supplied to the physician by the female and whatever other relevant information is reasonably available to the physician. It may not be provided by a tape recording, but must be provided during a consultation in which the physician is able to ask questions of the female and the female is able to ask questions of the physician. If a physical examination, tests, or the availability of other information to the physician subsequently indicate, in the medical judgment of the physician, a revision of the information previously supplied to the patient, that revised information may be communicated to the patient at any time prior to the performance of the abortion. Nothing in this section may be construed to preclude provision of required information in a language understood by the patient through a translator;

(2) the female is informed, by telephone or in person, by the physician who is to perform the abortion, by a referring physician, or by an agent of either physician at least 24 hours before the abortion:

(i) that medical assistance benefits may be available for prenatal care, childbirth, and neonatal care;

(ii) that the father is liable to assist in the support of her child, even in instances when the father has offered to pay for the abortion; and

(iii) that she has the right to review the printed materials described in section 145.4243, that these materials are available on a state-sponsored Web site, and what the Web site address is. The physician or the physician's agent shall orally inform the female that the materials have been provided by the state of Minnesota and that they describe the unborn child, list agencies that offer alternatives to abortion, and contain information on fetal pain. If the female chooses to view the materials other than on the Web site, they shall either be given to her at least 24 hours before the abortion or mailed to her at least 72 hours before the abortion by certified mail, restricted delivery to addressee, which means the postal employee can only deliver the mail to the addressee.

The information required by this clause may be provided by a tape recording if provision is made to record or otherwise register specifically whether the female does or does not choose to have the printed materials given or mailed to her;

(3) the female certifies in writing, prior to the abortion, that the information described in clauses (1) and (2) has been furnished to her and that she has been informed of her opportunity to review the information referred to in clause (2), subclause (iii); and

(4) prior to the performance of the abortion, the physician who is to perform the abortion or the physician's agent obtains a copy of the written certification prescribed by clause (3) and retains it on file with the female's medical record for at least three years following the date of receipt.

(b) Prior to administering the anesthetic or analgesic as described in paragraph (a), clause (1), item (iv), the physician must disclose to the woman any additional cost of the procedure for the administration of the anesthetic or analgesic. If the woman consents to the administration of the anesthetic or analgesic, the physician shall administer the anesthetic or analgesic or arrange to have the anesthetic or analgesic administered.

(c) A female seeking an abortion of her unborn child diagnosed with a fetal anomaly incompatible with life must be informed of available perinatal hospice services and offered this care as an alternative to abortion. If perinatal hospice services are declined, voluntary and informed consent by the female seeking an abortion is given if the female receives the information required in paragraphs (a), clause (1) and (b). The female and the physician or physician's agent must comply with the requirements in paragraph (a), clauses (3) and (4), as they relate to paragraphs (a), clause (1), and (b).

Sec. 27. [151.415] PROHIBITION AGAINST REFUSING TO DISPENSE A LEGEND DRUG OR DEVICE.

Subdivision 1. Intent. It is the intent of the legislature that pharmacists dispense legend drugs and devices in a timely way or provide appropriate referrals for patients to obtain the necessary legend drugs and devices, despite the pharmacist's objection to dispensing the drugs or devices on ethical, moral, or religious grounds.

Subd. 2. Prohibition. (a) No pharmacist shall obstruct a patient in obtaining a legend drug or device that has been legally prescribed or ordered for that patient. A violation of this section constitutes unprofessional conduct by the pharmacist and shall subject the pharmacist to disciplinary or administrative action by the Board of Pharmacy.

(b) Notwithstanding any other provision of law, a pharmacist shall dispense drugs and devices, as described in section 151.01, subdivision 30, pursuant to a lawful order or prescription unless one of the following circumstances exists:

(1) based solely on the pharmacist's professional training and judgment dispensing pursuant to the order or the prescription is contrary to law, or the pharmacist determines that the prescribed drug or device would cause a harmful drug interaction or would otherwise adversely affect the patient's medical condition;

(2) the legend drug or device is not in stock. If an order or prescription cannot be dispensed because the drug or device is not in stock, the pharmacist shall take one of the following actions:

(i) immediately notify the patient and arrange for the drug or device to be delivered to the site or directly to the patient in a timely manner;

(ii) promptly transfer the prescription to another pharmacy known to stock the legend drug or device to ensure the patient has timely access to the drug or device; or

(iii) return the prescription to the patient and refer the patient; or

(3) the pharmacist refuses on ethical, moral, or religious grounds to dispense a drug or device pursuant to an order or prescription. A pharmacist may decline to dispense a prescription drug or device on this basis if the employer has previously been notified by the pharmacist, in writing, of the drug or class of drugs to which the pharmacist objects. The pharmacist's employer shall establish protocols that ensure that the patient has timely access to the prescribed drug or device despite the pharmacist's refusal to dispense the prescription or order.

(c) For the purposes of this section, "legend drug or device" has the same meaning as the definition in section 151.01, subdivision 17.

(d) Nothing in this section requires a pharmacy to stock any legend drug or device.

(e) This section imposes no duty on a pharmacist to dispense a drug or device pursuant to a prescription or order without payment for the drug or device, including payment directly by the patient or through a third-party payer accepted by the pharmacist or payment of any required co-payment by the patient.

Sec. 28. Minnesota Statutes 2005 Supplement, section 157.16, subdivision 3a, is amended to read:

Subd. 3a. **Statewide hospitality fee.** Every person, firm, or corporation that operates a licensed boarding establishment, food and beverage service establishment, seasonal temporary or permanent food stand, special event food stand, mobile food unit, food cart, resort, hotel, motel, or lodging establishment in Minnesota, except for a school, as defined in section 120A.05, subdivisions 9, 11, and 13, must submit to the commissioner a \$35 annual statewide hospitality fee for each licensed activity. The fee for establishments licensed by the Department of Health is required at the same time the licensure fee is due. For establishments licensed by local governments, the fee is due by July 1 of each year.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 29. **PROHIBITION ON USE OF STATE FUNDS.**

Subdivision 1. Use of funds. Funding for state-sponsored health programs shall not be used for funding abortions, except to the extent necessary for continued participation in a federal program. For purposes of this section, abortion has the meaning given in Minnesota Statutes, section 144.343, subdivision 3.

Subd. 2. **Severability.** If any one or more provision, section, subdivision, sentence, clause, phrase, or word of this section or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be severable and the balance of this section shall remain effective notwithstanding such unconstitutionality. The legislature intends that it would have passed this section, and each provision, section, subdivision, sentence, clause, phrase, or word thereof irrespective of the fact that any one provision, section, subdivision, sentence, clause, phrase, or word be declared unconstitutional.

Subd. 3. **Supreme Court jurisdiction.** The Minnesota Supreme Court has original jurisdiction over an action challenging the constitutionality of this section and shall expedite the resolution of the action.

Sec. 30. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall strike all references to the "Class E assisted living home care programs license," "Class E license," and similar terms in Minnesota Rules, chapters 4668 and 4669. In sections affected by this instruction, the revisor may make changes necessary to correct the punctuation, grammar, or structure of the remaining text and preserve its meaning.

(b) The revisor of statutes shall change the term "assisted living home care provider," "assisted living license," and similar terms to "Class F home care provider," "Class F license," and similar terms to "Class F home care provider," "Class F license," and similar terms, in Minnesota Rules, chapter 4668. In sections affected by this instruction, the revisor may make changes necessary to correct the punctuation, grammar, or structure of the remaining text and preserve its meaning.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 31. **REPEALER.**

Minnesota Rules, part 4668.0215, is repealed effective January 1, 2007.

ARTICLE 5

HEALTH CARE COST-CONTAINMENT

Section 1. Minnesota Statutes 2004, section 62D.02, is amended by adding a subdivision to read:

Subd. 1a. **Authorized entity.** "Authorized entity" means a corporation organized under chapter 302A, 317A, or the similar laws of another state; a limited liability company organized under chapter 322B or the similar laws of another state; or a local government unit as defined in subdivision 11.

Sec. 2. Minnesota Statutes 2004, section 62D.02, subdivision 4, is amended to read:

Subd. 4. **Health maintenance organization.** (a) "Health maintenance organization" means ~~a nonprofit corporation organized under chapter 317A, or a local governmental unit as defined in subdivision 11~~ an authorized entity, controlled and operated as provided in sections 62D.01 to 62D.30, which provides, either directly or through arrangements with providers or other persons, comprehensive health maintenance services, or arranges for the provision of these services, to enrollees on the basis of a fixed prepaid sum without regard to the frequency or extent of services furnished to any particular enrollee.

(b) (Expired)

Sec. 3. Minnesota Statutes 2004, section 62D.03, subdivision 1, is amended to read:

Subdivision 1. **Certificate of authority required.** Notwithstanding any law of this state to the contrary, ~~any nonprofit corporation organized to do so or a local governmental unit~~ an authorized entity may apply to the commissioner of health for a certificate of authority to establish and operate a health maintenance organization in compliance with sections 62D.01 to 62D.30. No person shall establish or operate a health maintenance organization in this state, nor sell or offer to sell, or solicit offers to purchase or receive advance or periodic consideration in conjunction with a health maintenance organization or health maintenance contract unless the organization has a certificate of authority under sections 62D.01 to 62D.30. An out-of-state corporation or out-of-state limited liability company may qualify to apply for a certificate of authority under this chapter, subject to obtaining a certificate of authority to do business in this state under section 303.08 or 322B.915, as appropriate, and compliance with this chapter and other applicable state laws.

Sec. 4. Minnesota Statutes 2004, section 62D.05, subdivision 1, is amended to read:

Subdivision 1. **Authority granted.** Any ~~nonprofit corporation or local governmental unit~~ authorized entity may, upon obtaining a certificate of authority as required in sections 62D.01 to 62D.30, operate as a health maintenance organization.

Sec. 5. Minnesota Statutes 2004, section 62D.095, subdivision 3, is amended to read:

Subd. 3. **Deductibles.** ~~(a) A health maintenance contract issued by a health maintenance organization that is assessed less than three percent of the total annual amount assessed by the Minnesota comprehensive health association may impose deductibles not to exceed \$3,000~~ \$5,000 per person, per year and ~~\$6,000~~ \$10,000 per family, per year. ~~For purposes of the percentage calculation, a health maintenance organization's assessments include those of its affiliates.~~

~~(b) All other health maintenance contracts may impose deductibles not to exceed \$2,250 per person, per year and \$4,500 per family, per year.~~

Sec. 6. Minnesota Statutes 2004, section 62D.095, subdivision 4, is amended to read:

Subd. 4. **Annual out-of-pocket maximums.** ~~(a) A health maintenance contract issued by a health maintenance organization that is assessed less than three percent of the total annual amount assessed by the Minnesota comprehensive health association must include a limitation not to exceed \$4,500~~ \$5,000 per person and ~~\$7,500~~ \$10,000 per family on total annual out-of-pocket enrollee cost-sharing expenses. ~~For purposes of the percentage calculation, a health maintenance organization's assessments include those of its affiliates.~~

~~(b) All other health maintenance contracts must include a limitation not to exceed \$3,000 per person and \$6,000 per family on total annual out-of-pocket enrollee cost-sharing expenses.~~

Sec. 7. Minnesota Statutes 2004, section 62D.095, is amended by adding a subdivision to read:

Subd. 5a. **Lifetime maximum benefit.** (a) A health maintenance contract issued by a health maintenance organization may impose a lifetime maximum benefit no less than \$3,000,000. At no time shall a health maintenance organization impose a lifetime maximum lower than the required lifetime maximum of the comprehensive health insurance plan under section 62E.12.

(b) The comprehensive health insurance plan is available under section 62E.14, subdivision 4c, paragraph (a), to those meeting the lifetime maximum benefit, without providing evidence of rejection.

Sec. 8. Minnesota Statutes 2004, section 62E.11, subdivision 13, is amended to read:

Subd. 13. **State funding; effect on premium rates of members.** (a) In approving the premium rates as required in sections 62A.65, subdivision 3; and 62L.08, subdivision 8, the commissioners of health and commerce shall ensure that any appropriation to reduce the annual assessment made on the contributing members to cover the costs of the Minnesota comprehensive health insurance plan as required under this section is reflected in the premium rates charged by each contributing member.

(b) In any fiscal year, a positive balance in the health care access fund, not to exceed \$40,000,000, is appropriated to the commissioner of commerce for disbursement to the Minnesota Comprehensive Health Association for the purpose of reducing or eliminating its annual assessments on its contributing members, under subdivision 6. The amount appropriated and disbursed must not exceed the total amount that the association would otherwise assess on its contributing members for the calendar year in which the disbursement is made.

(c) Notwithstanding the appropriation in paragraph (b), \$87,500,000 in fiscal year 2007, \$20,000,000 in fiscal year 2008, and \$40,000,000 in fiscal year 2009 is appropriated from the health care access fund to the commissioner of commerce for the purpose stated in paragraph (b).

(d) The appropriations in this section are available only after the state prevails in the appeal of the decision, filed December 20, 2005, by the Minnesota District Court, Second Judicial District v. Philip Morris, Inc.

Sec. 9. Minnesota Statutes 2005 Supplement, section 62J.052, is amended to read:

62J.052 PROVIDER COST DISCLOSURE.

Subdivision 1. **Health care providers.** (a) Each health care provider, as defined by section 62J.03, subdivision 8, except hospitals and outpatient surgical centers subject to the requirements of section 62J.823, shall provide the following information:

(1) the average allowable payment from private third-party payers for the 20 services or procedures most commonly performed;

(2) the average payment rates for those services and procedures for medical assistance;

(3) the average charge for those services and procedures for individuals who have no applicable private or public coverage; and

(4) the average charge for those services and procedures, including all patients.

(b) This information shall be updated annually and be readily available at no cost to the public on site.

Subd. 2. **Pharmacies.** (a) Each pharmacy, as defined in section 151.01, subdivision 2, shall provide the following information to a patient, upon request:

(1) the pharmacy's own usual and customary price for a prescription drug;

(2) a historical record, including all transactions on record with the pharmacy both past and present, of all co-payments and other cost-sharing paid to the pharmacy by the patient; and

(3) the total amount of all co-payments and other cost-sharing paid to the pharmacy by the patient over the entire historical record.

Sec. 10. **[62J.431] EVIDENCE-BASED PRACTICE STANDARDS AND GUIDELINES.**

Subdivision 1. **Health-related boards and provider organizations; practice standards.** The health-related boards, under chapter 148, or professional provider organizations may establish practice standards for treating patients within their respective scopes of practice. The boards or provider organizations may utilize the services of appropriate public or private entities to facilitate the development or review of practice standards and evidence-based guidelines. Each board or provider organization that has established or ratified existing standards shall report these standards to the legislative committees with jurisdiction over the public health occupations by January 15, 2007, and shall report subsequent changes annually thereafter. If a board or provider organization has existing standards, nothing in this section requires a board or provider organization to establish new standards. Nothing in this section shall require a health plan company to cover treatments, testing, or imaging, based on standards developed under this section.

Subd. 2. **Criteria for evidence-based guidelines.** Guidelines identified under this section must meet the following criteria:

- (1) the scope and application are clear;
- (2) authorship is stated and any conflicts of interest disclosed;
- (3) authors represent all pertinent clinical fields or other means of input have been used;
- (4) the development process is explicitly stated;
- (5) the guideline is grounded in evidence;
- (6) the evidence is cited and graded;
- (7) the document itself is clear and practical;
- (8) the document is flexible in use, with exceptions noted or provided for with general statements;
- (9) measures are included for use in systems improvement; and
- (10) the guideline has scheduled reviews and updating.

Sec. 11. **[62J.62] ELECTRONIC BILLING ASSISTANCE.**

The commissioner of human services shall, out of existing resources, encourage and assist providers to adopt and use electronic billing for state programs, including but not limited to the provision of training.

Sec. 12. Minnesota Statutes 2004, section 62J.81, subdivision 1, is amended to read:

Subdivision 1. **Required disclosure of estimated payment.** (a) A health care provider, as defined in section 62J.03, subdivision 8, or the provider's designee as agreed to by that designee, shall, at the request of a consumer, provide that consumer with a good faith estimate of the reimbursement the provider expects to receive from the health plan company in which the consumer is enrolled. Health plan companies must allow contracted providers, or their designee, to release this information. A good faith estimate must also be made available at the request of a consumer who is not enrolled in a health plan company. Payment information provided by a provider, or by the provider's designee as agreed to by that designee, to a patient pursuant to this subdivision does not constitute a legally binding estimate of the cost of services.

(b) A health plan company, as defined in section 62J.03, subdivision 10, shall, at the request of an enrollee, provide that enrollee with a good faith estimate of the reimbursement the health plan company would expect to pay to a specified provider within the network for a health care service specified by the enrollee. An estimate provided to an enrollee under this paragraph is not a legally binding estimate of the reimbursement.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective January 1, 2007.

Sec. 13. **[62J.823] HOSPITAL PRICING TRANSPARENCY.**

Subdivision 1. **Short title.** This section may be cited as the Hospital Pricing Transparency Act.

Subd. 2. **Definition.** For the purposes of this section, "estimate" means any of the following:

(1) the actual price expected to be charged to the individual based on the specific diagnostic related group code or specific procedure code or codes reflecting any discounts the individual would receive;

(2) the actual price expected to be charged to the individual based on the specific diagnostic related group code or specific procedure code or codes to be performed without taking into account any discounts the individual may receive;

(3) the average billed rate of all of the specific diagnostic related group code or procedure code performed in the last six months;

(4) the average billed rate of the most recently performed services of the same diagnostic related group code or procedure code; or

(5) any other estimate that will provide a patient with an accurate view of their potential financial obligations if the services are performed by the hospital.

Subd. 3. **Applicability and scope.** Any hospital, as defined in section 144.696, subdivision 3, and outpatient surgical center, as defined in section 144.696, subdivision 4, shall provide a written estimate of the cost of a specific service or stay upon the request of a patient, doctor, or the patient's representative. The request must include:

(1) the specific diagnostic related group code;

(2) the name of the procedure or procedures to be performed;

(3) the type of treatment to be received; or

(4) any other information that will allow the hospital or outpatient surgical center to determine the specific diagnostic related group or procedure code or codes.

Subd. 4. **Estimate.** (a) An estimate provided by the hospital or outpatient surgical center must contain:

(1) the method used to calculate the estimate;

(2) the specific diagnostic related group or procedure code or codes used to calculate the estimate;

(3) the name of any network or program that resulted in a discounted rate; and

(4) a statement indicating that the estimate, while accurate, may not reflect the actual billed charges and that the final bill may be higher or lower depending on the patient's specific circumstances.

(b) The estimate may be provided in any method that meets the needs of the patient and the hospital or outpatient surgical center, including electronically; however, a paper copy must be provided if specifically requested.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 14. **[62J.83] REDUCED PAYMENT AMOUNTS PERMITTED.**

(a) Notwithstanding any provision of chapter 148 or any other provision of law to the contrary, a health care provider may provide care to a patient at a discounted payment amount, including care provided for free.

(b) This section does not apply in a situation in which the discounted payment amount is not permitted under federal law.

Sec. 15. **[62J.85] PROVISION OF INFORMATION ON PHARMACEUTICAL ASSISTANCE PROGRAMS.**

A medical clinic must make available to patients, in a public area of the clinic, brochures on programs offered by pharmaceutical manufacturers that provide free or discounted drugs or provide coverage for prescription drugs. This requirement applies only to brochures that are made available to clinics free of charge by pharmaceutical manufacturers. If a Web site is developed that provides this information, a public posting describing the Web site complies with this requirement.

Sec. 16. **[62M.071] PRIOR AUTHORIZATION.**

Health plan companies, in cooperation with health care providers, shall review prior authorization procedures administered by utilization review organizations and health plan companies, to ensure the cost-effective use of prior authorization and minimization of provider, clinic, and central office administrative burden.

Sec. 17. **[62M.072] USE OF EVIDENCE-BASED STANDARDS.**

If no independently developed evidence-based standards exist for a particular treatment, testing, or imaging procedure, then an insurer or utilization review organization shall not deny coverage of the treatment, testing, or imaging based solely on the grounds that the treatment, testing, or imaging does not meet an evidence-based standard.

Sec. 18. **[62Q.645] DISTRIBUTION OF INFORMATION; ADMINISTRATIVE EFFICIENCY AND COVERAGE OPTIONS.**

(a) The commissioner may use reports submitted by health plan companies, service cooperatives, and the public employee insurance program created in section 43A.316 to compile entity specific administrative efficiency reports; may make these reports available on state agency Web sites, including minnesotahealthinfo.com; and may include information on:

(1) number of covered lives;

(2) covered services;

(3) geographic availability;

(4) whom to contact to obtain current premium rates;

(5) administrative costs, using the definition of administrative costs developed under section 62J.38;

(6) Internet links to information on the health plan, if available; and

(7) any other information about the health plan identified by the commissioner as being useful for employers, consumers, providers, and others in evaluating health plan options.

(b) This section does not apply to a health plan company unless its annual Minnesota premiums exceed \$50,000,000 based on the most recent assessment base of the Minnesota Comprehensive Health Association. For purposes of this determination, the premiums of a health plan company include those of its affiliates.

Sec. 19. **[62Q.80] SMALL HEALTH PLAN PURCHASING POOL.**

(a) Health plan companies whose premium volume is less than ten percent of total premiums in the Minnesota health plan market may create a purchasing pool for group contracting for health care from health care providers for purposes of this section. Membership by a health plan company is voluntary. For purposes of the ten percent calculation, a health plan company's premiums include those of its affiliates.

(b) Members of the pool may use the contracted health care for purposes of meeting their obligations to their enrollees under health plans.

(c) The pool or its members may offer and sell health care discount cards to persons who have no public sector or private sector health coverage. The discount cards must entitle the purchasers to discounted charges from health care providers that participate in the program. The discount cards need not provide their purchasers with the same discounted prices used under paragraph (b). The discount cards, and advertisements regarding them, must clearly indicate that the discount card program is not insurance or health maintenance coverage, and that the purchaser must check with a provider to determine whether the provider accepts the card.

(d) The commissioner of commerce shall oversee and supervise this purchasing pool to ensure that it promotes competition in the market for health plan coverage in this state by enabling its members to participate in the health plan market in this state on a more equal footing with their larger competitors.

Sec. 20. Minnesota Statutes 2004, section 72A.20, is amended by adding a subdivision to read:

Subd. 39. Discounted payments by health care providers; effect on use of usual and customary payments.
An insurer, including, but not limited to, a health plan company as defined in section 62Q.01, subdivision 4; a reparation obligor as defined in section 65B.43, subdivision 9; and a workers' compensation insurer shall not consider in determining a health care provider's usual and customary payment, standard payment, or allowable payment used as a basis for determining the provider's payment by the insurer, the following discounted payment situations:

(1) care provided to relatives of the provider;

(2) care for which a discount or free care is given in hardship situations; and

(3) care for which a discount is given in exchange for cash payment.

For purposes of this subdivision, "health care provider" and "provider" have the meaning given in section 62J.03, subdivision 8.

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

Sec. 21. Minnesota Statutes 2004, section 123A.21, subdivision 7, is amended to read:

Subd. 7. **Educational programs and services.** (a) The board of directors of each SC shall submit annually a plan to the members. The plan shall identify the programs and services which are suggested for implementation by the SC during the following year and shall contain components of long-range planning determined by the SC. These programs and services may include, but are not limited to, the following areas:

- (1) administrative services;
- (2) curriculum development;
- (3) data processing;
- (4) distance learning and other telecommunication services;
- (5) evaluation and research;
- (6) staff development;
- (7) media and technology centers;
- (8) publication and dissemination of materials;
- (9) pupil personnel services;
- (10) planning;
- (11) secondary, postsecondary, community, adult, and adult vocational education;
- (12) teaching and learning services, including services for students with special talents and special needs;
- (13) employee personnel services;
- (14) vocational rehabilitation;
- (15) health, diagnostic, and child development services and centers;
- (16) leadership or direction in early childhood and family education;
- (17) community services;
- (18) shared time programs;
- (19) fiscal services and risk management programs;
- (20) technology planning, training, and support services;
- (21) health and safety services;
- (22) student academic challenges; and
- (23) cooperative purchasing services.

(b) A health coverage program provided by one or more service cooperatives:

(1) may provide coverage to nursing homes licensed under chapter 144A and boarding care homes licensed under sections 144.50 to 144.56 and certified for participation in the medical assistance program located in this state;

(2) must rebid contracts for insurance and third-party administration at least every four years. The contracts may be regional or statewide in the discretion of the service cooperative;

(3) must comply with section 72.20, subdivision 26, notwithstanding section 13.203, and must also provide that same information to exclusive representatives of the employees upon request. A service cooperative shall not terminate coverage, exclude an employer from future coverage, or otherwise penalize an employer for seeking bids from other sources of health coverage; and

(4) may determine premiums for its health coverage individually for specific employers or may determine them on a pooled or other basis established by the service cooperative.

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

Sec. 22. **[144.0506] AGENCY WEB SITES.**

Subdivision 1. **Information to be posted.** The commissioner of health may post the following information on agency Web sites, including minnesotahealthinfo.com:

(1) healthy lifestyle and preventive health care information, organized by sex and age, with procedures and treatments categorized by level of effectiveness and reliability of the supporting evidence on effectiveness;

(2) health plan company administrative efficiency report cards;

(3) health care provider charges for common procedures, based on information available under section 62J.052;

(4) evidence-based medicine guidelines and related information for use as resources by health care professionals, and summaries of the guidelines and related information for use by patients and consumers;

(5) resources and Web links related to improving efficiency in medical clinics and health care professional practices; and

(6) lists of nonprofit and charitable entities that accept donations of used medical equipment and supplies, such as crutches and walkers.

Subd. 2. **Other Internet resources.** The commissioner of health, in implementing subdivision 1, shall include relevant Web links and materials from private sector and other government sources, in order to avoid duplication and reduce state administrative costs.

Subd. 3. **Cooperation with commissioner of commerce.** The commissioner of health shall consult and work in cooperation with the commissioner of commerce when posting on the Web site information collected from health plan companies regulated by the commissioner of commerce.

Sec. 23. Minnesota Statutes 2004, section 144.698, is amended by adding a subdivision to read:

Subd. 6. **Reporting on uncompensated care.** (a) A report on the services provided to benefit the community, as required under subdivision 1, clause (5), must report charity care in compliance with the following requirements:

(1) For a facility to report amounts as charity care adjustments, the facility must:

(i) generate and record a charge;

(ii) have a policy on the provision of charity care that contains specific eligibility criteria and is communicated or made available to patients;

(iii) have made a reasonable effort to identify a third-party payer, encourage the patient to enroll in public programs, and, to the extent possible, aid the patient in the enrollment process; and

(iv) ensure that the patient meets the charity care criteria of this subdivision.

(2) In determining whether to classify care as charity care, the facility must consider the following:

(i) charity care may include services that the provider is obligated to render independently of the ability to collect;

(ii) charity care may include care provided to patients who meet the facility's charity care guidelines and have partial coverage, but who are unable to pay the remainder of their medical bills, but this does not apply to that portion of the bill that has been determined to be the patient's responsibility after a partial charity care classification by the facility;

(iii) charity care may include care provided to low-income patients who may qualify for a public health insurance program and meet the facility's eligibility criteria for charity care, but who do not complete the application process for public insurance despite the facility's reasonable efforts;

(iv) charity care may include care to individuals whose eligibility for charity care was determined through third-party services for information gathering purposes only;

(v) charity care does not include contractual allowances, which is the difference between gross charges and payments received under contractual arrangements with insurance companies and payers;

(vi) charity care does not include bad debt;

(vii) charity care does not include what may be perceived as underpayments for operating public programs;

(viii) charity care does not include unreimbursed costs of basic or clinical research or professional education and training;

(ix) charity care does not include professional courtesy discounts;

(x) charity care does not include community service or outreach activities; and

(xi) charity care does not include services for patients against whom collection actions were taken that resulted in a financial obligation documented on a patient's credit report with credit bureaus.

(3) When reporting charity care adjustments, the facility must report total dollar amounts and the number of contacts between a patient and a health care provider during which a service is provided for the following categories:

(i) care to patients with family incomes at or below 275 percent of the federal poverty guideline;

(ii) care to patients with family incomes above 275 percent of the federal poverty guideline; and

(iii) care to patients when the facility, with reasonable effort, is unable to determine family incomes.

(b) For the report required under subdivision 1, clause (5), the facility must, in determining whether to classify care as a bad debt expense:

(1) presume that a patient is able and willing to pay until and unless the facility has reason to consider the care as a charity care case under its charity care policy and the facility classifies the care as a charity care case; and

(2) include as a bad debt expense any unpaid deductibles, coinsurance, co-payments, noncovered services, and other unpaid patient responsibilities.

EFFECTIVE DATE. This section is effective for facility fiscal years ending on or after December 31, 2006.

Sec. 24. Minnesota Statutes 2004, section 151.214, subdivision 1, is amended to read:

Subdivision 1. **Explanation of pharmacy benefits.** A pharmacist licensed under this chapter must provide to a patient, for each prescription dispensed where part or all of the cost of the prescription is being paid or reimbursed by an employer-sponsored plan or health plan company, or its contracted pharmacy benefit manager, the patient's co-payment amount and the pharmacy's own usual and customary price of the prescription or the amount the pharmacy will be paid for the prescription drug by the patient's employer-sponsored plan or health plan company, or its contracted pharmacy benefit manager.

Sec. 25. Minnesota Statutes 2005 Supplement, section 214.071, is amended to read:

214.071 HEALTH BOARDS; DIRECTORY OF LICENSEES.

By July 1, 2009, each health health-related licensing board under chapters 147, 148, 148B, and 150A, as defined in section 214.01, subdivision 2, shall establish a directory of licensees that includes biographical data for each licensee.

Sec. 26. **[214.121] PRICE DISCLOSURE REMINDER.**

Each health-related licensing board shall at least annually inform and remind its licensees of the price disclosure requirements of section 62J.052 or 151.214, as applicable, through the board's regular means of communicating with its licensees.

Sec. 27. **REPORTING OF ACQUIRED INFECTIONS.**

(a) The commissioner of health may consult with infection control specialists, health care facility representatives, and consumers, for the purpose of obtaining recommendations regarding a determination of the need for action to implement health care associated infection control reporting in hospitals and nursing homes. If the outcome of the determination warrants, the commissioner shall consult with the group regarding:

(1) the selection of reporting measures relating to health care associated infections;

(2) design, implementation, validation, and ongoing evaluation of the reporting system; and

(3) ensuring that the reporting measures remain flexible and adaptable to changing national standards.

(b) If the commissioner determines that there is a need for the action described in paragraph (a), the commissioner shall make written recommendations to the legislature.

Sec. 28. **COST-CONTAINMENT STUDIES.**

Subdivision 1. **Alternative and complementary health care.** The commissioner of human services, through the medical director and in consultation with the health services policy committee established under Minnesota Statutes, section 256B.0625, subdivision 3c, shall study the potential for improving quality and obtaining cost savings through greater use of alternative and complementary treatment methods that are supported by the findings of evidence-based research, and shall incorporate these methods into the medical assistance, MinnesotaCare, and general assistance medical care programs as appropriate.

Subd. 2. **Study related to access to care.** The commissioners of human services and health shall study the adequacy of the current system of community health care clinics and centers both statewide, and in urban areas with significant disparities in health status and access to services across racial and ethnic groups. The commissioners shall evaluate:

(1) methods to provide 24-hour availability of care through the clinics and centers;

(2) methods to expand the availability of care through the clinics and centers;

(3) the use of health care access fund grants to expand the number of clinics and centers, the services provided, and the availability of care; and

(4) the extent to which increased use of physician assistants, nurse practitioners, medical residents and interns, and other allied health professionals in clinics and centers would increase the availability of services.

Sec. 29. **MEDICAL MALPRACTICE INSURANCE REPORT.**

(a) The commissioner of commerce shall provide to the legislature annually a brief written report on the status of the market for medical malpractice insurance in Minnesota. The report must summarize, interpret, explain, and analyze information on that subject available to the commissioner, through annual statements filed by insurance companies, information obtained under paragraph (c), and other sources.

(b) The annual report must consider, to the extent possible, using definitions developed by the commissioner, Minnesota-specific data on market shares; premiums received; amounts paid to settle claims that were not litigated, claims that were settled after litigation began, and claims that were litigated to court judgment; amounts spent on processing, investigation, litigation, and otherwise handling claims; other sales and administrative costs; and the loss ratios of the insurers.

(c) Each insurance company that provides medical malpractice insurance in this state shall, no later than June 1 each year, file with the commissioner of commerce, on a form prescribed by the commissioner and using definitions developed by the commissioner, the Minnesota-specific data referenced in paragraph (b), other than market share, for the previous calendar year for that insurance company, shown separately for various categories of coverages including, if possible, hospitals, medical clinics, nursing homes, physicians who provide emergency medical care, obstetrician gynecologists, and ambulance services. An insurance company need not comply with this paragraph if its direct premium that is written in this state for the previous calendar year is less than \$2,000,000.

Sec. 30. **STUDY; PROVIDER PRICING FAIRNESS.**

Subdivision 1. Proposal to be studied. The commissioners of commerce and health shall jointly study the proposal that state law prohibit health care providers from varying the amount that they accept as full payment for a health care service based upon the identity of the payer, upon a contracted arrangement with a payer, upon the identity of the patient, or upon whether the patient has coverage through a group purchaser, as defined in Minnesota Statutes, section 62J.03, subdivision 6. The commissioners shall submit a report to the legislature that includes the results of the study by July 1, 2007. The proposal does not apply if the payer is a government entity, and the proposal does not prevent care for a reduced price based upon financial hardship if otherwise permitted by law.

Subd. 2. Focus of study. The study described in subdivision 1 must focus primarily upon how best to implement the proposal, taking into account its effects upon the health care and health coverage markets, including any necessary related changes.

Sec. 31. **REPEALER.**

Minnesota Statutes 2004, section 62J.17, and Minnesota Statutes 2005 Supplement, section 62Q.251, are repealed.

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

ARTICLE 6

HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. **DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT**

The dollar amounts shown are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2005, First Special Session chapter 4, article 9, and are appropriated from the general fund, or any other fund named, to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figures "2006" and "2007" used in this article means that the appropriation or appropriations listed are available for the respective fiscal year ending June 30, 2006 or June 30, 2007.

SUMMARY BY FUND

	<u>2006</u>	<u>2007</u>
<u>General Fund</u>	\$(58,333,000)	\$(17,589,000)
<u>Health Care Access</u>	(44,511,000)	(62,360,000)
<u>TANF</u>	(13,807,000)	(3,866,000)
<u>TOTAL</u>	\$(116,651,000)	\$(83,815,000)

Sec. 2. **COMMISSIONER OF HUMAN SERVICES**

Subdivision 1. <u>Total Appropriation</u>	<u>\$(116,651,000)</u>	<u>\$(83,815,000)</u>
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Summary by Fund

<u>General</u>	<u>(58,333,000)</u>	<u>(17,589,000)</u>
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<u>Health Care Access</u>	<u>(44,511,000)</u>	<u>(62,360,000)</u>
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<u>TANF</u>	<u>(13,807,000)</u>	<u>(3,866,000)</u>
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Subd. 2. **Revenue and Pass-Through**

<u>TANF</u>	<u>(1,446,000)</u>	<u>(1,177,000)</u>
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Subd. 3. **Children and Economic Assistance Grants**

<u>General</u>	<u>(4,469,000)</u>	<u>1,785,000</u>
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<u>TANF</u>	<u>(12,361,000)</u>	<u>(2,689,000)</u>
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The amount that may be spent from this appropriation for each purpose is as follows:

(a) Minnesota Family Investment Program

<u>General</u>	<u>6,048,000</u>	<u>(393,000)</u>
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<u>TANF</u>	<u>(12,361,000)</u>	<u>(2,689,000)</u>
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(b) MFIP Child Care Assistance Grants

<u>General Fund</u>	<u>(5,090,000)</u>	<u>2,751,000</u>
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<u>(c) General Assistance</u>	<u>2,540,000</u>	<u>3,947,000</u>
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<u>(d) Minnesota Supplemental Aid</u>	<u>(285,000)</u>	<u>551,000</u>
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<u>(e) Group Residential Housing</u>	<u>(7,682,000)</u>	<u>(5,071,000)</u>
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Subd. 4. **Basic Health Care Grants**

<u>General</u>	<u>(19,022,000)</u>	<u>10,499,000</u>
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<u>Health Care Access</u>	<u>(44,511,000)</u>	<u>(62,360,000)</u>
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The amount that may be spent from this appropriation for each purpose is as follows:

(a) <u>MinnesotaCare Health Care Access</u>	<u>(44,511,000)</u>	<u>(62,360,000)</u>
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(b) <u>MA Basic Health Care - Families and Children</u>		
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<u>General</u>	<u>(29,882,000)</u>	<u>(54,401,000)</u>
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(c) <u>MA Basic Health Care - Elderly and Disabled</u>		
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<u>General</u>	<u>(2,857,000)</u>	<u>33,179,000</u>
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(d) <u>General Assistance Medical Care</u>		
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<u>General</u>	<u>13,717,000</u>	<u>31,721,000</u>
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Subd. 5. Continuing Care Grants

<u>General</u>	<u>(34,842,000)</u>	<u>(29,873,000)</u>
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The amount that may be spent from this appropriation for each purpose is as follows:

(a) <u>MA Long-Term Care Waivers</u>		
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<u>General</u>	<u>(23,368,000)</u>	<u>(35,953,000)</u>
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(b) <u>MA Long-Term Care Facilities</u>		
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<u>General</u>	<u>(16,251,000)</u>	<u>(5,202,000)</u>
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(c) <u>Chemical Dependency Entitlement Grants</u>		
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<u>General</u>	<u>4,777,000</u>	<u>11,282,000</u>
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EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 7

APPROPRIATIONS

Section 1. **SUPPLEMENTAL APPROPRIATIONS.**

The appropriations in this article are added to or, if shown in parentheses, subtracted from the appropriations enacted into law by the legislature in 2005, or other specified law, to the named agencies and for the specified programs or activities. The sums shown are appropriated from the general fund, or another named fund, to be available for the fiscal years indicated: 2006 is the fiscal year ending June 30, 2006; 2007 is the fiscal year ending June 30, 2007; and the biennium is fiscal years 2006 and 2007. Supplementary appropriations and reductions to appropriations for the fiscal year ending June 30, 2006, are effective the day following final enactment.

SUMMARY BY FUND

	<u>2006</u>	<u>2007</u>	<u>BIENNIAL TOTAL</u>
<u>General</u>	\$35,250,000	\$53,402,000	\$88,652,000
<u>State Government Special Revenue Fund</u>	514,000	679,000	1,193,000
<u>Health Care Access Fund</u>	-0-	1,689,000	1,689,000
<u>TOTAL</u>	<u>\$35,764,000</u>	<u>\$55,770,000</u>	<u>\$91,534,000</u>

APPROPRIATIONS
Available for the Year
Ending June 30

2006 2007

Sec. 2. COMMISSIONER OF HUMAN SERVICES**Subdivision 1. Total Appropriation**

\$35,250,000 \$53,256,000

Summary by Fund

<u>General</u>	<u>35,250,000</u>	<u>51,527,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>1,729,000</u>

Subd. 2. Children and Economic Assistance ManagementSummary by Fund

<u>General</u>	<u>-0-</u>	<u>8,000</u>
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(a) Children and Economic Assistance Operations

<u>-0-</u>	<u>8,000</u>
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CHILDREN AND ECONOMIC ASSISTANCE OPERATIONS
BASE ADJUSTMENT. The general fund base for children and economic assistance operations shall be decreased by \$8,000 in fiscal year 2008 and \$8,000 in fiscal year 2009.

Subd. 3. Health Care GrantsSummary by Fund

<u>General</u>	<u>-0-</u>	<u>(2,950,000)</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>-0-</u>

APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

(a) MinnesotaCare Grants Health Care Access

-0- -0-

(b) Medical Assistance Basic Health Care - Families and Children

General -0- (2,625,000)

(c) Medical Assistance Basic Health Care - Elderly and Disabled

General -0- (325,000)

(d) General Assistance Medical Care

General -0- -0-

Subd. 4. Health Care ManagementSummary by Fund

General -0- 2,120,000

Health Care Access -0- 1,729,000

(a) Health Care Administration

General -0- 2,015,000

HEALTH CARE ADMINISTRATION BASE ADJUSTMENT.

The general fund base for health care administration shall be decreased by \$312,000 in fiscal year 2008 and decreased by \$859,000 in fiscal year 2009.

INCREASED STAFF FOR ENROLLING PERSONS WITH DISABILITIES IN MANAGED CARE. \$124,000 is appropriated from the general fund to the commissioner of human services in fiscal year 2007 to increase staff for the development and management of contract requirements associated with enrolling persons with disabilities in managed care.

(b) Health Care Operations

General -0- 105,000

Health Care Access -0- 1,729,000

HEALTH CARE OPERATIONS BASE ADJUSTMENT. The general fund base for health care operations shall be decreased by \$81,000 in fiscal year 2008 and increased by \$7,000 in fiscal year 2009.

APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

HEALTH CARE OPERATIONS BASE ADJUSTMENT. The health care access fund base for health care operations shall be decreased by \$1,094,000 in fiscal year 2008 and \$1,094,000 in fiscal year 2009.

Subd. 5. Continuing Care Grants

Summary by Fund

<u>General</u>	<u>250,000</u>	<u>(573,000)</u>
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(a) Medical Assistance Long-term Care Facilities

<u>General</u>	<u>-0-</u>	<u>(1,409,000)</u>
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(b) Medical Assistance Long-term Care Waivers

<u>General</u>	<u>-0-</u>	<u>(414,000)</u>
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ADDITIONAL WAIVER ALLOCATIONS. Notwithstanding the waiver growth limits in Laws 2005, First Special Session chapter 4, article 9, section 2, paragraph (d), the commissioner may allocate an additional waiver allocation under Minnesota Statutes, section 256B.49, for a recipient of personal care assistant services who is eligible for and chooses waived services and received personal care assistant services from a provider who was billing for a service delivery model for that recipient other than individual or shared care on March 1, 2006.

(c) Adult and Aging Services Grants

<u>General</u>	<u>250,000</u>	<u>1,250,000</u>
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AGING AND ADULT SERVICES GRANTS FOR MEDICARE PART D. \$250,000 in fiscal year 2006 and \$1,250,000 in fiscal year 2007 is appropriated from the general fund to the commissioner of human services for grants awarded through the Minnesota Board on Aging to area Agencies on Aging to provide information and enrollment assistance for the Medicare Part D program.

MEDICARE PART D INFORMATION AND ASSISTANCE REIMBURSEMENT. Federal administrative reimbursement obtained from information and assistance services provided by the Senior Linkage or Disability Linkage lines to people who are identified as eligible for medical assistance shall be appropriated to the commissioner for this activity.

APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

AGING AND ADULT SERVICES GRANTS BASE ADJUSTMENT. The general fund base for aging and adult services grants is decreased by \$250,000 in fiscal year 2008 and \$250,000 in fiscal year 2009 for information and assistance grants to area agencies on aging for assisting with Medicare Part D.

Subd. 6. Continuing Care Management

<u>General</u>	<u>-0-</u>	<u>113,000</u>
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CONTINUING CARE MANAGEMENT BASE ADJUSTMENT. The general fund base for continuing care management shall be decreased by \$30,000 in fiscal year 2009.

Subd. 7. State-Operated Services

<u>General</u>	<u>35,508,000</u>	<u>53,909,000</u>
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MINNESOTA SECURITY HOSPITAL. For the purposes of enhancing the safety of the public, improving supervision, and enhancing community-based mental health treatment, state-operated services may establish additional community capacity for providing treatment and supervision of clients who have been ordered into a less restrictive alternative of care from the state-operated services transition services program consistent with Minnesota Statutes, section 246.014.

STATE-OPERATED SERVICES BASE ADJUSTMENT. The general fund base for state-operated services is increased by \$11,403,000 in fiscal year 2008 and increased by \$1,779,000 in fiscal year 2009.

Sec. 3. COMMISSIONER OF HEALTH

<u>Subdivision 1. Total Appropriation</u>	<u>-0-</u>	<u>1,133,000</u>
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Summary by Fund

<u>General</u>	<u>-0-</u>	<u>1,116,000</u>
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<u>State Government Special Revenue</u>	<u>-0-</u>	<u>57,000</u>
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<u>Health Care Access</u>	<u>-0-</u>	<u>(40,000)</u>
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APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

Subd. 2. Policy Quality and Compliance

Summary by Fund

<u>General</u>	<u>-0-</u>	<u>116,000</u>
<u>State Government Special Revenue</u>		
	<u>-0-</u>	<u>140,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>(40,000)</u>

POLICY QUALITY AND COMPLIANCE BASE ADJUSTMENT. The general fund base for Policy Quality and Compliance is decreased by \$20,000 in fiscal year 2009.

ASSISTED LIVING. (a) \$140,000 is appropriated from the state government special revenue fund to the commissioner of health for the biennium ending June 30, 2007, for costs related to bringing actions for injunctive relief under Minnesota Statutes, section 144G.02, subdivision 2, paragraph (b).

(b) The state government special revenue base is increased by \$140,000 in fiscal year 2008 and \$140,000 in fiscal year 2009.

Subd. 3. Health Protection

Summary by Fund

<u>General</u>	<u>-0-</u>	<u>1,000,000</u>
<u>State Government Special Revenue</u>		
	<u>-0-</u>	<u>(83,000)</u>

PANDEMIC INFLUENZA PREPAREDNESS. \$1,000,000 from the general fund is for preparation, planning, and response to an outbreak of influenza. The base for this is \$1,000,000 in fiscal years 2008 and 2009 and \$0 in 2010 and thereafter.

Sec. 4. VETERANS NURSING HOMES BOARD

<u>General</u>	<u>-0-</u>	<u>759,000</u>
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This appropriation is added to appropriations in Laws 2005, First Special Session chapter 4, article 9, section 4.

APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

BASE ADJUSTMENT. The general fund base is increased by \$3,945,000 in fiscal year 2008 and \$3,945,000 in fiscal year 2009 for the Veterans Homes Board.

Sec. 5. **HEALTH-RELATED BOARDS**

State Government Special Revenue

514,000 572,000

Subdivision 1. **Board of Chiropractic Examiners**

5,000 5,000

BOARD OF CHIROPRACTIC EXAMINERS APPROPRIATION INCREASE. (a) This appropriation is added to appropriations in Laws 2005, First Special Session chapter 4, article 9, section 5, subdivision 3. This is a onetime appropriation.

(b) This increase is to correct programming difficulties incurred during implementation of payment processing changes.

Subd. 2. **Board of Dentistry**

-0- 67,000

BOARD OF DENTISTRY APPROPRIATION INCREASE. (a) This appropriation is added to appropriations in Laws 2005, First Special Session chapter 4, article 9, section 5, subdivision 4.

(b) This increase is to retain a legal analyst as part of the board staff.

Subd. 3. **Board of Medical Practice**

500,000 500,000

BOARD OF MEDICAL PRACTICE INCREASE. (a) This appropriation is added to appropriations in Laws 2005, First Special Session chapter 4, article 9, section 5, subdivision 7. This is a onetime appropriation.

(b) This increase is to cover higher than expected costs of investigation and legal action.

Subd. 4. **Board of Physical Therapy**

9,000 -0-

BOARD OF PHYSICAL THERAPY APPROPRIATION INCREASE. (a) This appropriation is added to appropriations in Laws 2005, First Special Session chapter 4, article 9, section 5, subdivision 12. This is a onetime appropriation.

APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

(b) This increase is to correct programming difficulties incurred during implementation of payment processing changes.

Sec. 6. **EMERGENCY MEDICAL SERVICES BOARD**

State Government Special Revenue

-0- 50,000

EMERGENCY MEDICAL SERVICES BOARD APPROPRIATION INCREASE. (a) This appropriation is added to appropriations in Laws 2005, First Special Session chapter 4, article 9, section 5, subdivision 12.

(b) This increase is to be spent by the health professional service program from the state government special revenue fund.

Sec. 7. **TRANSFER.**

On June 30, 2006, the commissioner of finance shall transfer the balances in the tobacco use prevention and local public health endowment fund and the medical education endowment fund to the general fund. These balances result from investment income credited to the funds after the transfer of balances on July 1, 2003. The amount transferred under this section is estimated to be \$2,933,000.

Sec. 8. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall correct internal cross-references to sections that are affected by section 9, the repealer section of this article. The revisor may make changes necessary to correct the punctuation, grammar, or structure of the remaining text and preserve its meaning.

Sec. 9. **REPEALER.**

Minnesota Statutes 2004, sections 62J.694; and 144.395, are repealed."

Delete the title and insert:

"A bill for an act relating to government operations; making changes to health and human services programs; modifying human service policy; modifying health policy; modifying health care cost containment provisions; changing provisions for federal health care compliance; changing provisions in state health care programs; modifying long-term care and mental health provisions; establishing community electronic health collaboratives; requiring a description of annuities for medical assistance payments for long-term care; amending the assisted living bill of rights; establishing the pharmacy payment reform advisory committee; requiring certain abortion notification data; providing penalties; prohibiting pharmacists from refusing to dispense a prescription drug; modifying provisions of the Women's Right to Know Act; prohibiting the use of state funds for abortions; requiring reports; appropriating money; making forecast adjustments; amending Minnesota Statutes 2004, sections 13.3806, by adding a subdivision; 62A.045; 62D.02, subdivision 4, by adding a subdivision; 62D.03, subdivision 1; 62D.05, subdivision

1; 62D.095, subdivisions 3, 4, by adding a subdivision; 62E.11, subdivision 13; 62J.81, subdivision 1; 62S.05, by adding a subdivision; 62S.08, subdivision 3; 62S.081, subdivision 4; 62S.10, subdivision 2; 62S.13, by adding a subdivision; 62S.14, subdivision 2; 62S.15; 62S.20, subdivision 1; 62S.24, subdivisions 1, 3, 4, by adding subdivisions; 62S.25, subdivision 6, by adding a subdivision; 62S.26; 62S.266, subdivision 2; 62S.29, subdivision 1; 62S.30; 72A.20, by adding a subdivision; 123A.21, subdivision 7; 144.0724, subdivision 4; 144.6501, subdivision 6; 144.698, by adding a subdivision; 144A.071, subdivisions 4a, 4c; 144A.4605; 144D.01, by adding a subdivision; 144D.015; 144D.02; 144D.03, subdivision 2, by adding a subdivision; 144D.04; 144D.05; 144D.065; 145.4241, by adding subdivisions; 151.214, subdivision 1; 256.01, subdivision 18, by adding a subdivision; 256B.02, subdivision 9; 256B.056, subdivision 2, by adding subdivisions; 256B.0595, subdivisions 1, 3, 4; 256B.431, by adding a subdivision; 256B.434, by adding a subdivision; 256B.438, subdivision 4; 256B.69, subdivision 9, by adding a subdivision; 256B.692, subdivision 6; 256B.76; 256D.03, by adding a subdivision; 256L.04, subdivision 10; 256L.17, subdivision 3; 295.52, by adding a subdivision; Minnesota Statutes 2005 Supplement, sections 62J.052; 145.4242; 157.16, subdivision 3a; 214.071; 256B.0571; 256B.0595, subdivision 2; 256B.06, subdivision 4; 256B.434, subdivision 4; 256B.69, subdivision 23; 256D.03, subdivision 3; 256L.05, subdivision 2; Laws 2003, First Special Session chapter 14, article 12, section 93, as amended; Laws 2005, First Special Session chapter 4, article 8, section 84; proposing coding for new law in Minnesota Statutes, chapters 62J; 62M; 62Q; 62S; 144; 144A; 144D; 145; 151; 214; 245; 256B; proposing coding for new law as Minnesota Statutes, chapter 144G; repealing Minnesota Statutes 2004, sections 62J.17; 62J.694; 144.395; 256B.692, subdivision 10; Minnesota Statutes 2005 Supplement, sections 62Q.251; 256B.0571, subdivisions 2, 5, 11; Minnesota Rules, part 4668.0215."

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

The report was adopted.

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

H. F. No. 3810, A bill for an act relating to agriculture; appropriating money to the Board of Animal Health for tuberculosis testing in cattle.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **SUPPLEMENTAL APPROPRIATIONS.**

The appropriations in this act are added to or, if shown in parentheses, subtracted from the appropriations enacted into law by the legislature in 2005, or other specified law, to the named agencies and for the specified programs or activities. The sums shown are appropriated from the general fund, or another named fund, to be available for the fiscal years indicated; 2006 is the fiscal year ending June 30, 2006, 2007 is the fiscal year ending June 30, 2007, and the biennium is fiscal years 2006 and 2007. Supplementary appropriations and reductions to appropriations for the fiscal year ending June 30, 2006, are effective the day following final enactment.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
<u>2006</u>	<u>2007</u>	

Sec. 2. **DEPARTMENT OF AGRICULTURE**

<u>Subdivision 1. Total Appropriations</u>	<u>\$27,000</u>	<u>\$360,000</u>
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APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

Summary by Fund

<u>General Fund</u>	<u>27,000</u>	<u>360,000</u>
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The amounts that may be spent for each activity are specified in the following subdivisions.

Subd. 2. **Invasive species control**

\$105,000 in 2007 is for invasive species control activities.

Subd. 3. **Livestock depredation and crop damage**

\$40,000 in 2006 and \$53,000 in 2007 is to make compensation payments for livestock depredation and crop damage.

Subd. 4. **Biofuels**

\$75,000 in 2007 is for promotion of greater public and private use of biofuels and other renewable energy products that can be made in Minnesota to replace petroleum sources.

Subd. 5. **Plant pathology**

\$140,000 in 2007 is for plant pathology and biological control facility operations.

Subd. 6. **Apiary registration**

(\$13,000) in 2006 and (\$13,000) in 2007 is reduced from the appropriation for apiary registration.

Sec. 3. **BOARD OF ANIMAL HEALTH**

\$277,000 in 2006 and \$360,000 in 2007 is to eliminate bovine tuberculosis from cattle herds in Minnesota. This is a onetime appropriation.

Sec. 4. Minnesota Statutes 2004, section 3.737, subdivision 1, is amended to read:

Subdivision 1. **Compensation required.** (a) Notwithstanding section 3.736, subdivision 3, paragraph (e), or any other law, a livestock owner shall be compensated by the commissioner of agriculture for livestock that is destroyed by a gray wolf or is so crippled by a gray wolf that it must be destroyed. Except as provided in this section, the owner is entitled to the fair market value of the destroyed livestock as determined by the commissioner, upon recommendation of a university extension agent or a conservation officer. In any calendar year, a livestock owner may not be compensated for a destroyed animal claim that is less than \$100 in value and may be compensated up to \$20,000 per claim, as determined under this section. In any calendar year, the commissioner may provide compensation for claims filed pursuant to this section and section 3.7371 to a total of \$100,000 for both programs combined.

(b) Either the agent or the conservation officer must make a personal inspection of the site. The agent or the conservation officer must take into account factors in addition to a visual identification of a carcass when making a recommendation to the commissioner. The commissioner, upon recommendation of the agent or conservation officer, shall determine whether the livestock was destroyed by a gray wolf and any deficiencies in the owner's adoption of the best management practices developed in subdivision 5. The commissioner may authorize payment of claims only if the agent or the conservation officer has recommended payment. The owner shall file a claim on forms provided by the commissioner and available at the university extension agent's office.

Sec. 5. Minnesota Statutes 2004, section 3.7371, subdivision 3, is amended to read:

Subd. 3. **Compensation.** The crop owner is entitled to the target price or the market price, whichever is greater, of the damaged or destroyed crop plus adjustments for yield loss determined according to agricultural stabilization and conservation service programs for individual farms, adjusted annually, as determined by the commissioner, upon recommendation of the county extension agent for the owner's county. The commissioner, upon recommendation of the agent, shall determine whether the crop damage or destruction is caused by elk and, if so, the amount of the crop that is damaged or destroyed. In any calendar year, a crop owner may not be compensated for a damaged or destroyed crop that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section, if normal harvest procedures for the area are followed. In any calendar year, the commissioner may provide compensation for claims filed pursuant to this section and section 3.737 to a total of \$100,000 for both programs combined.

Sec. 6. **[17.445] INSPECTIONS AND SERVICES; FEES.**

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision have the meanings given them.

(a) "Apiary" means a place where a collection of one or more hives or colonies of bees or the nuclei of bees are kept.

(b) "Bees" means any stage of the common honey bee, *Apis mellifera* (L).

(c) "Bee equipment" means hives, supers, frames, veils, gloves, and any apparatus, tool, machine, vehicle, or other device used in the handling, moving, or manipulating of bees, honey, wax, or hives, including containers of honey or wax, which may be used in an apiary or in transporting bees and their products and apiary supplies.

(d) "Commissioner" means the commissioner of agriculture or the commissioner's designees or authorized agents.

Subd. 2. **Purpose.** To ensure continued access to foreign and domestic markets, the commissioner shall provide requested bee inspections and other necessary services.

Subd. 3. **Inspections and other services.** On request, the commissioner may make inspections for sale of bees, bee equipment, or appliances or perform other necessary services.

Subd. 4. **Fees.** The commissioner shall charge a fee or charge for expenses so as to recover the cost of performing the inspections and services in subdivision 3. If a person for whom these inspections or services are to be performed requests it, the commissioner shall provide to the person in advance an estimate of the fees or expenses that will be charged. All fees and charges collected under this section shall be deposited in the state treasury and credited to the general fund.

Sec. 7. Minnesota Statutes 2004, section 18C.305, is amended by adding a subdivision to read:

Subd. 3. **Exemption.** A permit and safeguard is not required for a person who stores on the person's own property and for the person's own use no more than 6,000 gallons of liquid commercial fertilizer.

Sec. 8. **[18C.70] MINNESOTA AGRICULTURAL FERTILIZER RESEARCH AND EDUCATION COUNCIL.**

Subdivision 1. **Establishment; membership.** (a) The Minnesota Agricultural Fertilizer Research and Education Council is established. The council is composed of 12 voting members as follows:

(1) two members of the Minnesota Crop Production Retailers;

(2) one member of the Minnesota Corn Growers Association;

(3) one member of the Minnesota Soybean Growers Association;

(4) one member of the sugar beet growers industry;

(5) one member of the Minnesota Association of Wheat Growers;

(6) one member of the potato growers industry;

(7) one member of the Minnesota Farm Bureau;

(8) one member of the Minnesota Farmers Union;

(9) one member from the Minnesota Irrigators Association;

(10) one member of the Minnesota Grain and Feed Association; and

(11) one member of the Minnesota Independent Crop Consultant Association or the Minnesota certified crop advisor program.

(b) Council members shall serve three-year terms. After the initial council is appointed, subsequent appointments must be staggered so that one-third of council membership is replaced each year. Council members must be nominated by their organizations and appointed by the commissioner. The council may add ex-officio members at its discretion. The council shall meet at least once per year, with all related expenses reimbursed by members' sponsoring organizations or by the members themselves.

Subd. 2. **Powers and duties.** The council shall review applications and select projects to receive agricultural fertilizer research and education program grants, as authorized in section 18C.71. The council shall establish a program to provide grants to research, education, and technology transfer projects related to agricultural fertilizer, soil amendments, and plant amendments. For the purpose of this section, "fertilizer" includes soil amendments and plant amendments. The commissioner shall have authority over all deposits to and withdrawals from the program account authorized in subdivision 4, but after January 1, 2008, the council may select the commissioner or any other person it deems fit to perform all other administrative duties related to the program. The commissioner shall be responsible for all fiscal and administrative duties in the first year and may use up to eight percent of program revenue to offset costs incurred. No later than October 1, 2007, the commissioner shall provide the council with an estimate of the annual costs the Department of Agriculture would incur in administering the program.

Subd. 3. **Checkoff fees.** Any person, whether in Minnesota or elsewhere, that sells fertilizer to producers must collect a checkoff of 40 cents per ton of fertilizer sold and forward the checkoff funds at least semiannually to the commissioner along with forms provided by the commissioner. For the purposes of this section, a producer means any person who owns or operates an agricultural producing or growing facility for an agricultural commodity and shares in the profits and risk of loss from such operation and who grows, raises, feeds, or produces the agricultural commodity in Minnesota during the current or preceding calendar year.

Subd. 4. **Program account.** There is established in the state treasury an agricultural fertilizer research and education program account in the agricultural fund. The checkoff funds raised under this section must be deposited in the account. Money in the account, including interest earned, is appropriated to the commissioner to carry out the program and to refund checkoff funds as described in subdivision 5.

Subd. 5. **Refunds.** Any producer may, by use of forms provided by the commissioner, and upon presentation of such proof as the commissioner requires, have the checkoff fee refunded, provided the checkoff fee was remitted on a timely basis. The producer must submit refund requests to the commissioner by February 28 each year for checkoff fees paid in the previous calendar year. For checkoff fees paid between January 1, 2007, and January 1, 2008, refunds shall not be issued until January 15, 2008.

Subd. 6. **Rules.** The commissioner's duties under this section and section 18C.71 are not subject to the provisions of chapter 14.

Subd. 7. **Expiration.** This section expires on January 8, 2017.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 9. **[18C.71] MINNESOTA AGRICULTURAL FERTILIZER RESEARCH AND EDUCATION PROGRAM.**

Subdivision 1. **Eligible projects.** Eligible project activities include research, education, and technology transfer related to the production and application of fertilizer, soil amendments, and other plant amendments. Chosen projects must contain a component of outreach that achieves a timely dissemination of findings and their applicability to the production agricultural community.

Subd. 2. **Awarding grants.** Applications for program grants shall be submitted in the form prescribed by the Minnesota Agricultural Fertilizer Research and Education Council. Applications must be submitted on or before the deadline prescribed by the council. All applications are subject to a thorough in-state review by a peer committee established and approved by the council. Each project meeting the basic qualifications is subject to a yes or no vote by each council member. Projects chosen to receive funding must achieve an affirmative vote from at least eight of the 12 council members or two-thirds of voting members present. Projects awarded program funds must submit an annual progress report in the form prescribed by the council.

Subd. 3. **Annual audit.** The program must have an annual audit of financial activities, which the council must file with the commissioner on or before June 1 for the immediately preceding year ending December 31.

Subd. 4. **Expiration.** This section expires January 8, 2017.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 10. Minnesota Statutes 2004, section 28A.15, subdivision 4, is amended to read:

Subd. 4. **Chapter 19 or 221 licensees permittees; warehouse operators.** ~~Any persons required to be licensed under chapter 19 or~~ Trucks operating under a certificate or permit issued pursuant to chapter 221 or warehouse operators, other than cold storage warehouse operators, offering storage or warehouse facilities for compensation.

Sec. 11. Minnesota Statutes 2005 Supplement, section 35.05, is amended to read:

35.05 AUTHORITY OF STATE BOARD.

(a) The state board may quarantine or kill any domestic animal infected with, or which has been exposed to, a contagious or infectious dangerous disease if it is necessary to protect the health of the domestic animals of the state.

(b) The board may regulate or prohibit the arrival in and departure from the state of infected or exposed animals and, in case of violation of any rule or prohibition, may detain any animal at its owner's expense. The board may regulate or prohibit the importation of domestic animals which, in its opinion, may injure the health of Minnesota livestock.

(c) When the governor declares an emergency under section 35.0661, the board, through its executive director, may assume control of such resources within the University of Minnesota's Veterinary Diagnostic Laboratory as necessary to effectively address the disease outbreak. The director of the laboratory and other laboratory personnel must cooperate fully in performing necessary functions related to the outbreak or threatened outbreak.

(d) The board may test or require tests of any bovine or cervidae in the state when the board deems it necessary to achieve or maintain bovine tuberculosis accredited free state or zone status under the regulations and laws administered by the United States Department of Agriculture.

(e) Rules adopted by the board under authority of this chapter must be published in the State Register.

Sec. 12. Minnesota Statutes 2005 Supplement, section 327.201, is amended to read:

327.201 STATE FAIR CAMPING AREA.

Notwithstanding sections 327.14 to 327.28 or any rule adopted by the commissioner of health, the State Agricultural Society must operate and maintain a camping area on the State Fairgrounds during the State Fair and the Minnesota Street Rod Association's "Back to the 50s" event, subject to the following conditions:

(1) recreational camping vehicles and tents, including their attachments, must be separated from each other and from other structures by at least seven feet;

(2) a minimum area of 300 square feet per site must be provided and the total number of sites must not exceed one site for every 300 square feet of usable land area; and

(3) each site must face a driveway at least 16 feet in width and each driveway must have unobstructed access to a public roadway.

Sec. 13. **[604.17] PERSONAL RESPONSIBILITY IN FOOD CONSUMPTION ACT.**

Subdivision 1. Title. This section may be cited as the Personal Responsibility in Food Consumption Act.

Subd. 2. Definitions. (a) For purposes of this section, the following terms have the meanings given.

(b) "Long-term consumption" means the cumulative effect of the consumption of food or nonalcoholic beverages, and not the effect of a single instance of consumption.

(c) "Party" means an individual, corporation, company, association, firm, partnership, society, joint stock company, or any other entity, including any governmental entity.

Subd. 3. **Immunity from civil liability.** A producer, grower, manufacturer, packer, distributor, carrier, holder, marketer, or seller of a food or nonalcoholic beverage intended for human consumption, or an association of one or more of such entities, shall not be subject to civil liability based on any individual's or group of individuals' purchase or consumption of food or nonalcoholic beverages in cases where liability arises from weight gain or obesity resulting from the individual's or group of individuals' long-term purchase or consumption of a food or nonalcoholic beverage.

Subd. 4. **Actions permitted.** Subdivision 3 does not apply to a claim of weight gain or obesity that is based on:

(1) a material violation of an adulteration or misbranding requirement prescribed by state or federal statute, rule, or regulation and the claimed injury was proximately caused by the violation; or

(2) any other material violation of federal or state law applicable to the manufacturing, marketing, distribution, advertising, labeling, or sale of food and the claimed injury was proximately caused by the violation.

EFFECTIVE DATE. This section is effective the day after final enactment and applies to any action brought by any party on or after the effective date.

Sec. 14. **ENERGY AND CONSERVATION; STUDY.**

The commissioner of agriculture, in consultation with the Minnesota Resource Conservation and Development Council, the Board of Water and Soil Resources, and the commissioner of natural resources, shall study the feasibility of developing energy sources as they relate to land enrolled under federal farm programs or under state easement programs in Minnesota. The commissioner shall submit a report, with findings and recommendations, to the governor and the legislature by February 15, 2007.

Sec. 15. **MILK VOLUME PRODUCTION LOAN PROGRAM FUNDING STUDY.**

Subdivision 1. **Study.** The commissioners of agriculture and employment and economic development must study the feasibility of a public and private partnership to fund a milk volume production loan program that would make low-interest loans to dairy producers of \$500 per cow, up to 100 cows per producer, as part of the producers' dairy capital improvement projects designed to increase milk production in Minnesota. The study must determine whether there is sufficient interest among agricultural lenders, private agribusiness, and the dairy industry to establish an adequate revolving loan fund for the program, consisting of private donations matched by public funding from existing economic development funds, rural development funds, or additional legislative appropriations.

Subd. 2. **Report.** By January 2, 2007, the commissioners of agriculture and employment and economic development must report on the results of the study required in subdivision 1 to the chairs of the committees of the house of representatives and the senate with jurisdiction over agricultural policy. The report must include recommendations on the following items:

(1) estimated program administration costs;

(2) the terms of a milk volume production loan including, but not limited to, amortization options and the rate of interest required only to cover program administration costs;

(3) producer loan eligibility criteria; and

(4) the amount of annual private contributions and public matching funds needed to establish a sustainable and effective revolving loan program for milk volume production loans.

Sec. 16. **REPEALER.**

Minnesota Statutes 2004, sections 17.10; 19.50, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 12a, 13, 14, 15, 17, and 18; 19.51, subdivisions 1 and 2; 19.52; 19.53; 19.55; 19.56; 19.561; 19.57; 19.58, subdivisions 1, 2, 4, 5, and 9; 19.59; 19.61, subdivision 1; 19.63; and 19.65, and Minnesota Statutes 2005 Supplement, section 19.64, subdivision 1, are repealed.

Sec. 17. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to appropriations; appropriating money and supplementing and reducing appropriations for agriculture; modifying certain programs; establishing the Minnesota Agricultural Fertilizer Research and Education Council and grant program; providing for apiary inspections; modifying State Fair camping provisions; creating the Personal Responsibility in Food Consumption Act; requiring studies; repealing regulation of beekeeping; amending Minnesota Statutes 2004, sections 3.737, subdivision 1; 3.7371, subdivision 3; 18C.305, by adding a subdivision; 28A.15, subdivision 4; Minnesota Statutes 2005 Supplement, sections 35.05; 327.201; proposing coding for new law in Minnesota Statutes, chapters 17; 18C; 604; repealing Minnesota Statutes 2004, sections 17.10; 19.50, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 12a, 13, 14, 15, 17, 18; 19.51, subdivisions 1, 2; 19.52; 19.53; 19.55; 19.56; 19.561; 19.57; 19.58, subdivisions 1, 2, 4, 5, 9; 19.59; 19.61, subdivision 1; 19.63; 19.65; Minnesota Statutes 2005 Supplement, section 19.64, subdivision 1."

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

The report was adopted.

Gunther from the Committee on Jobs and Economic Opportunity Policy and Finance to which was referred:

H. F. No. 3944, A bill for an act relating to human services; modifying child care assistance parent fees; amending Minnesota Statutes 2004, section 119B.12, subdivision 2.

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

The report was adopted.

Gunther from the Committee on Jobs and Economic Opportunity Policy and Finance to which was referred:

H. F. No. 4062, A bill for an act relating to appropriations; appropriating money and supplementing or reducing appropriations for various economic development and human services programs or activities; making forecast adjustments; amending Minnesota Statutes 2004, sections 16B.61, subdivision 1a; 16B.65, subdivisions 1, 5a; 16B.70, subdivision 2; 119B.03, subdivision 4; 256J.021; 256J.626, subdivision 2; 326.105; 326.992; 327.33, subdivisions 2, 6; 327B.04, subdivision 7; 446A.12, subdivision 1; 471.471, subdivision 4; 518.551, subdivision 7; Minnesota Statutes 2005 Supplement, section 446A.073; proposing coding for new law in Minnesota Statutes, chapters 116J; 341; proposing coding for new law as Minnesota Statutes, chapter 326B; repealing Minnesota Statutes 2004, sections 16B.747, subdivision 4; 183.375, subdivision 5; 326.241, subdivision 3; 326.44; 326.52; 326.64; Minnesota Statutes 2005 Supplement, section 183.545, subdivision 9.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

SUPPLEMENTAL APPROPRIATIONS

Section 1. **SUPPLEMENTAL APPROPRIATIONS.**

The appropriations in this act are added to or, if shown in parentheses, subtracted from the appropriations enacted into law by the legislature in 2005, or other specified law, to the named agencies and for the specified programs or activities. The sums shown are appropriated from the general fund, or another named fund, to be available for the fiscal years indicated: 2006 is the fiscal year ending June 30, 2006; 2007 is the fiscal year ending June 30, 2007; and the biennium is fiscal years 2006 and 2007. Supplementary appropriations and reductions to appropriations for the fiscal year ending June 30, 2006, are effective the day following final enactment.

SUMMARY BY FUND

	<u>2006</u>	<u>2007</u>	<u>TOTAL</u>
<u>GENERAL</u>	<u>\$(7,484,000)</u>	<u>\$(16,641,000)</u>	<u>\$(24,125,000)</u>
<u>HEALTH CARE ACCESS</u>	<u>-0-</u>	<u>18,000,000</u>	<u>18,000,000</u>
<u>WORKFORCE DEVELOPMENT</u>	<u>-0-</u>	<u>450,000</u>	<u>450,000</u>
<u>SPECIAL REVENUE</u>	<u>-0-</u>	<u>1,325,000</u>	<u>1,325,000</u>
<u>PETROLEUM TANK RELEASE CLEANUP</u>	<u>477,000</u>	<u>478,000</u>	<u>955,000</u>
<u>STATE GOVERNMENT SPECIAL REVENUE</u>	<u>-0-</u>	<u>(1,831,000)</u>	<u>(1,831,000)</u>
<u>FEDERAL TANF</u>	<u>7,484,000</u>	<u>20,111,000</u>	<u>27,595,000</u>
<u>TOTAL</u>	<u>\$477,000</u>	<u>\$21,892,000</u>	<u>\$22,369,000</u>

ARTICLE 2

ECONOMIC DEVELOPMENT

Section 1. ECONOMIC DEVELOPMENT APPROPRIATIONS.

The appropriations in this article are added to or, if shown in parentheses, subtracted from the appropriations enacted into law by the legislature in 2005, or other specified law, to the named agencies and for the specified programs or activities. The sums shown are appropriated from the general fund, or another named fund, to be available for the fiscal years indicated: 2006 is the fiscal year ending June 30, 2006; 2007 is the fiscal year ending June 30, 2007; and the biennium is fiscal years 2006 and 2007. Supplementary appropriations and reductions to appropriations for the fiscal year ending June 30, 2006, are effective the day following final enactment.

SUMMARY BY FUND

	<u>2006</u>	<u>2007</u>	<u>TOTAL</u>
<u>GENERAL</u>	<u>\$-0-</u>	<u>\$(1,789,000)</u>	<u>\$(1,789,000)</u>
<u>HEALTH CARE ACCESS</u>	<u>-0-</u>	<u>18,000,000</u>	<u>18,000,000</u>
<u>WORKFORCE DEVELOPMENT</u>	<u>-0-</u>	<u>450,000</u>	<u>450,000</u>
<u>SPECIAL REVENUE</u>	<u>-0-</u>	<u>1,150,000</u>	<u>1,150,000</u>
<u>PETROLEUM TANK RELEASE CLEANUP</u>	<u>477,000</u>	<u>478,000</u>	<u>955,000</u>
<u>STATE GOVERNMENT SPECIAL REVENUE</u>	<u>-0-</u>	<u>(1,831,000)</u>	<u>(1,831,000)</u>
<u>TOTAL</u>	<u>\$477,000</u>	<u>\$16,458,000</u>	<u>\$16,935,000</u>

APPROPRIATIONSAvailable for the YearEnding June 3020062007Sec. 2. EMPLOYMENT AND ECONOMIC DEVELOPMENTSummary by Fund

<u>General</u>	<u>-0-</u>	<u>587,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>18,000,000</u>
<u>Workforce Development</u>	<u>-0-</u>	<u>450,000</u>
<u>Special Revenue</u>	<u>-0-</u>	<u>1,150,000</u>

APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

Subdivision 1. **Business and Community Development**

\$467,000 is appropriated from the general fund for a grant to the BioBusiness Alliance of Minnesota, a nonprofit organization representing Minnesota companies, colleges and universities, state government, and health care institutions, for bioscience business development programs that will grow and create bioscience jobs in the state and position Minnesota as a global biobusiness leader. This is a onetime appropriation.

\$120,000 is appropriated from the general fund for the Office of Entrepreneurship, created in section 17. This amount shall be added to the agency's base.

Subd. 2. **Biotech Partnership**

Notwithstanding Minnesota Statutes, section 295.581, in fiscal year 2007, \$18,000,000 from the health care access fund is appropriated to the commissioner of employment and economic development for the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. The is a onetime appropriation.

An annual report on the expenditure of this appropriation must be submitted to the governor and the chairs of the senate Higher Education Budget Division, the house of representatives Higher Education Finance Committee, the senate Environment, Agriculture, and Economic Development Budget Division, and the house of representatives Jobs and Economic Opportunity Policy and Finance Committee by June 30 of each fiscal year until the appropriation is expended. This appropriation is available until expended.

Subd. 3. **Pilot Project; Greater Minnesota Business Development Investments**

Of the unobligated balance in the rural rehabilitation revolving account, established under Minnesota Statutes, section 116J.955, \$1,150,000 in fiscal year 2007 is appropriated for the Greater Minnesota Business Development Investments Pilot Project established in section 64. This is a onetime appropriation.

APPROPRIATIONS
Available for the Year
Ending June 30

2006 2007

Subd. 4. Workforce Partnerships

\$450,000 in fiscal year 2007 is appropriated from the workforce development fund for a pilot project to encourage the licensure in Minnesota of foreign-trained health care professionals, including physicians, nurses, dentists, pharmacists, veterinarians, and other allied health care professionals. The commissioner must work with local workforce boards to award grants to foreign-trained health care professionals that are sufficient to cover the actual costs of taking a course intended to prepare health care professionals for required licensing examinations and the fee for taking required licensing examinations. When awarding grants, the commissioner must consider whether the recipient's training involves a medical specialty that is in demand in one or more Minnesota communities. The commissioner also must establish additional criteria for the award of grants. The program will begin on July 1, 2006, and end on June 30, 2007. The commissioner must submit a report evaluating the effectiveness of the pilot program to the legislative committees with jurisdiction over employment by October 1, 2007. This is a onetime appropriation.

Sec. 3. DEPARTMENT OF COMMERCE

<u>General</u>	<u>-0-</u>	<u>(548,000)</u>
<u>Petroleum Tank Release</u>	<u>477,000</u>	<u>478,000</u>

Subdivision 1. Petroleum Tank Release Cleanup

Notwithstanding Minnesota Statutes, section 115C.09, subdivision 2a, \$477,000 in fiscal year 2006 and \$478,000 in fiscal year 2007 are appropriated from the petroleum tank release cleanup fund to the commissioner of transportation for reimbursable costs under Minnesota Statutes, section 115C.09, that were incurred before January 1, 2004. This is a onetime appropriation.

Subd. 2. Construction Codes Consolidation

The fiscal year 2007 appropriation from the general fund for the Department of Commerce administrative services made under Laws 2005, First Special Session chapter 1, article 3, section 4, subdivision 4, is reduced by \$89,000 and the fiscal year 2007 appropriation from the general fund for the Department of Commerce market assurance made under Laws 2005, First Special Session chapter 1, article 3, section 4, subdivision 5, is reduced by \$459,000 to reflect the transfer of the residential contractor and remodeling unit to the construction code fund.

APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

Sec. 4. **BOXING COMMISSION**

<u>General Fund</u>	<u>-0-</u>	<u>50,000</u>
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\$50,000 is appropriated from the general fund to the Minnesota Boxing Commission established in sections 37 to 52 for the purposes of operating and administering the commission. This is a onetime appropriation. The budget base for the Boxing Commission shall be \$50,000 in fiscal year 2008 and \$50,000 in fiscal year 2009. These appropriations are from the special revenue fund.

Sec. 5. **LABOR AND INDUSTRY**

<u>General Fund</u>	<u>-0-</u>	<u>(1,878,000)</u>
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Subdivision 1. **One-Stop Licensing System**

\$300,000 in fiscal year 2007 is appropriated from the general fund to the Department of Labor and Industry for staffing, design, and first phase of development of a statewide license system. The base budget for this program is increased by \$1,700,000 in fiscal year 2008 and \$6,440,000 in fiscal year 2009.

Subd. 2. **Construction Codes Consolidation**

The fiscal year 2007 appropriation from the general fund for the Department of Labor and Industry workplace services made under Laws 2005, First Special Session chapter 1, article 3, section 7, subdivision 3, is reduced by \$2,178,000 to reflect the transfer of the boiler and high-pressure piping unit to the construction code fund.

The Department of Labor and Industry must perform an analysis of all fees collected by the Construction Codes and Licensing Division and submit recommendations for fee adjustments to the 2007 legislature.

On or before June 30, 2007, the commissioner of labor and industry shall transfer \$1,759,000 from the construction code fund, created in article 3, section 6, to the general fund.

APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

Sec. 6. **DEPARTMENT OF HEALTH**

State Government Special Revenue

-0- (1,831,000)

The fiscal year 2007 appropriation from the state government special revenue fund for the Department of Health health protection made under Laws 2005, First Special Session chapter 4, article 9, section 3, subdivision 4, is reduced by \$1,831,000 to reflect the transfer of the plumbing and engineering unit to the construction code fund.

Sec. 7. Minnesota Statutes 2004, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. **Additional unclassified positions.** Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the Departments of Administration; Agriculture; Commerce; Corrections; Education; Employee Relations; Employment and Economic Development; Explore Minnesota Tourism; Finance; Health; Human Rights; Labor and Industry; Natural Resources; Public Safety; Human Services; Revenue; Transportation; and Veterans Affairs; the Housing Finance and Pollution Control Agencies; the State Lottery; the state Board of Investment; the Office of Administrative Hearings; the Office of Environmental Assistance; the Offices of the Attorney General, Secretary of State, and State Auditor; the Minnesota State Colleges and Universities; the Higher Education Services Office; the Perpich Center for Arts Education; and the Minnesota Zoological Board.

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

- (1) the designation of the position would not be contrary to other law relating specifically to that agency;
- (2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;
- (3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;
- (4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;
- (5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with, the governor and the agency head, the employing statutory board or commission, or the employing constitutional officer;
- (6) the position would be at the level of division or bureau director or assistant to the agency head; and

(7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

Sec. 8. Minnesota Statutes 2005 Supplement, section 115C.09, subdivision 3j, is amended to read:

Subd. 3j. **Retail locations and transport vehicles.** (a) As used in this subdivision, "retail location" means a facility located in the metropolitan area as defined in section 473.121, subdivision 2, where gasoline is offered for sale to the general public for use in automobiles and trucks. "Transport vehicle" means a liquid fuel cargo tank used to deliver gasoline into underground storage tanks during 2002 ~~and~~ or 2003 at a retail location.

(b) Notwithstanding any other provision in this chapter, and any rules adopted under this chapter, the board shall reimburse 90 percent of an applicant's cost for retrofits of retail locations and transport vehicles completed between January 1, 2001, and ~~January~~ September 1, 2006, to comply with section 116.49, subdivisions 3 and 4, provided that the board determines the costs were incurred and reasonable. The reimbursement may not exceed \$3,000 per retail location and \$3,000 per transport vehicle.

EFFECTIVE DATE. This section is effective retroactively from August 1, 2003.

Sec. 9. Minnesota Statutes 2004, section 116J.421, is amended by adding a subdivision to read:

Subd. 8. **Report on status of rural Minnesota.** The center must report to the chairs of the senate and house of representatives committees with primary jurisdiction over economic development and agriculture on the status of rural Minnesota by January 15 of each odd-numbered year.

Sec. 10. Minnesota Statutes 2004, section 116J.431, is amended by adding a subdivision to read:

Subd. 9. **Annual report.** The commissioner shall prepare and submit to the legislature an annual report on the Greater Minnesota Business Infrastructure Account. The report must include information on the amount of money in the account, the amount distributed, to whom the grants were distributed and for what purposes, and an evaluation of the effectiveness of the projects funded in meeting the policies and goals of the program, including jobs created and wages and benefits paid.

Sec. 11. Minnesota Statutes 2005 Supplement, section 116J.551, subdivision 1, is amended to read:

Subdivision 1. **Grant account.** A contaminated site cleanup and development grant account is created in the general fund. Money in the account may be used, as appropriated by law, to make grants as provided in section 116J.554 and to pay for the commissioner's costs in reviewing applications and making grants. Notwithstanding section 16A.28, grant money appropriated to the account for this program, from any source, is available for four years until spent.

Sec. 12. Minnesota Statutes 2005 Supplement, section 116J.575, subdivision 1, is amended to read:

Subdivision 1. **Commissioner discretion.** The commissioner may make a grant for up to 50 percent of the eligible costs of a project. The determination of whether to make a grant for a site is within the discretion of the commissioner, subject to this section and sections 116J.571 to 116J.574 and available unencumbered money in the redevelopment account. Notwithstanding ~~section 116J.573 subdivision 1a~~, if the commissioner determines that the applications for grants for projects in greater Minnesota are less than the amount of grant funds available, the commissioner may make grants for projects anywhere in Minnesota. The commissioner's decisions and application of the priorities under this section are not subject to judicial review, except for abuse of discretion.

Sec. 13. Minnesota Statutes 2005 Supplement, section 116J.575, is amended by adding a subdivision to read:

Subd. 4. **Annual report.** The commissioner shall prepare and submit to the legislature an annual report on the redevelopment account. The report must include information on the amount of money in the account, the amount distributed, to whom the grants were distributed and for what purposes, and an evaluation of the effectiveness of the projects funded in meeting the policies and goals of the program, including jobs created and wages and benefits paid.

Sec. 14. **[116J.656] SMALL BUSINESS ACCESS TO FEDERAL RESEARCH FUNDS.**

(a) The commissioner shall assist small businesses to access federal funds through the federal Small Business Innovation Research Program and the federal Small Business Technology Transfer Program. In providing this assistance, the commissioner shall maintain connections to eligible federal programs, access specific funding opportunities, review funding proposals, provide referrals to specific consulting services, and hold training workshops throughout the state.

(b) Unless prohibited by federal law, the commissioner must implement fees for services that help companies seek federal Phase II Small Business Innovation Research grants. The fees must be deposited in a special revenue account and are annually appropriated to the commissioner for the federal Small Business Innovation Research and federal Small Business Technology Transfer Programs.

Sec. 15. Minnesota Statutes 2004, section 116J.8731, subdivision 1, is amended to read:

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

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

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

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

(4) improving the quality of existing jobs, based on increases in wages or improvements in the job duties, training, or education associated with those jobs;

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

(6) stimulation of productivity growth through improved manufacturing or new technologies, including cold weather testing; and

(7) promoting businesses that convert to manufacturing environmentally safe products.

Sec. 16. Minnesota Statutes 2004, section 116J.8731, subdivision 4, is amended to read:

Subd. 4. **Eligible projects.** Assistance must be evaluated on the existence of the following conditions:

- (1) creation of new jobs, retention of existing jobs, or improvements in the quality of existing jobs as measured by the wages, skills, or education associated with those jobs;
- (2) increase in the tax base;
- (3) the project can demonstrate that investment of public dollars induces private funds;
- (4) the project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project;
- (5) the project provides higher wage levels to the community or will add value to current workforce skills;
- (6) the project encourages environmentally safe production and products;
- (7) whether assistance is necessary to retain existing business; and
- ~~(7)~~ (8) whether assistance is necessary to attract out-of-state business.

A grant or loan cannot be made based solely on a finding that the conditions in clause ~~(6) or~~ (7) or (8) exist. A finding must be made that a condition in clause (1), (2), (3), (4), or (5) also exists.

Applications recommended for funding shall be submitted to the commissioner.

Sec. 17. **[116J.8743] OFFICE OF ENTREPRENEURSHIP.**

The Office of Entrepreneurship is established in the Department of Employment and Economic Development. The objective of the Office of Entrepreneurship is to develop and implement strategies to foster entrepreneurial activity. In furtherance of this objective, the Office of Entrepreneurship shall do the following:

- (1) measure and report to the governor and the legislature, by no later than March 1 of odd-numbered years, on the status of entrepreneurial activity in Minnesota, including small business formation, survival, and growth;
- (2) form an entrepreneurial advisory board with public and private representatives to make recommendations on strategies and programs and to develop specific goals for statewide entrepreneurial outcomes;
- (3) identify barriers to entrepreneurial development and conduct an inventory assessment of existing entrepreneurial resources in order to develop a one-stop information and referral service that is responsive to the needs of the entrepreneurial community;
- (4) advance alternatives for the promotion of private capital to provide better access to early stage funding for small businesses;
- (5) work with secondary and higher education institutions, businesses, nonprofit organizations, and state and federal agencies to provide education, training, and technical assistance which increase entrepreneurial literacy, skills, and experiences; and
- (6) coordinate the state's direct services of small business assistance and the small business development center network.

Members of the advisory board may include representatives from: higher education institutions, small business development centers, small business incubators, nonprofit organizations, economic development authorities, commercial banks and other lending institutions, and state and federal agencies.

Sec. 18. **[116J.996] BIOSCIENCE AND BIOTECHNOLOGY SUBSIDIES.**

Subdivision 1. **Reporting by subsidy recipients.** Each recipient of a state subsidy for bioscience or biotechnology must provide to the commissioner of employment and economic development a written report by January 15 of each year. The report must address (1) the projected and actual impact, if any, of the subsidy on reducing the unit cost to consumers of pharmaceuticals, medical devices, and other bioengineered products, including, but not limited to, agricultural products; and (2) the projected and actual jobs created, including information about wage levels and benefits of all employees and consultants, as a result of the subsidy.

Subd. 2. **Compilation and summary report.** By March 1 of each year, the commissioner of employment and economic development must provide to the legislature a compilation and summary report of the reports received from all recipients of state subsidies for bioscience and biotechnology in compliance with sections 3.195 and 3.197.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all state subsidies awarded on or after January 1, 2006.

Sec. 19. Minnesota Statutes 2004, section 116L.04, subdivision 1, is amended to read:

Subdivision 1. **Partnership program.** (a) The partnership program may provide grants-in-aid to educational or other nonprofit educational institutions using the following guidelines:

(1) the educational or other nonprofit educational institution is a provider of training within the state in either the public or private sector;

(2) the program involves skills training that is an area of employment need; and

(3) preference will be given to educational or other nonprofit training institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.

(b) A single grant to any one institution shall not exceed \$400,000. ~~Up to 25 percent~~ A portion of a grant may be used for preemployment training.

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

Sec. 20. Minnesota Statutes 2004, section 116L.04, subdivision 1a, is amended to read:

Subd. 1a. **Pathways program.** The pathways program may provide grants-in-aid for developing programs which assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines. The program is to be operated by the board. The board shall consult and coordinate with program administrators at the Department of Employment and Economic Development to design and provide services for temporary assistance for needy families recipients.

Pathways grants-in-aid may be awarded to educational or other nonprofit training institutions for education and training programs and services supporting education and training programs that serve eligible recipients.

Preference shall be given to projects that:

- (1) provide employment with benefits paid to employees;
- (2) provide employment where there are defined career paths for trainees;
- (3) pilot the development of an educational pathway that can be used on a continuing basis for transitioning persons from welfare to work; and
- (4) demonstrate the active participation of Department of Employment and Economic Development workforce centers, Minnesota State College and University institutions and other educational institutions, and local welfare agencies.

Pathways projects must demonstrate the active involvement and financial commitment of private business. Pathways projects must be matched with cash or in-kind contributions on at least a one-to-one ratio by participating private business.

A single grant to any one institution shall not exceed \$400,000. ~~Up to 25 percent of~~ A portion of a grant may be used for preemployment training.

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

Sec. 21. Minnesota Statutes 2004, section 116L.12, subdivision 4, is amended to read:

Subd. 4. **Grants.** Within the limits of available appropriations, the board shall make grants not to exceed \$400,000 each to qualifying consortia to operate local, regional, or statewide training and retention programs. Grants may be made from TANF funds, general fund appropriations, and any other funding sources available to the board, provided the requirements of those funding sources are satisfied. ~~Up to 25 percent of~~ A portion of a grant may be used for preemployment training. Grant awards must establish specific, measurable outcomes and timelines for achieving those outcomes.

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

Sec. 22. Minnesota Statutes 2004, section 178.02, subdivision 2, is amended to read:

Subd. 2. **Terms.** The council shall expire and the terms, compensation, and removal of appointed members shall be as provided in section 15.059, ~~except that the council shall not expire before June 30, 2003.~~

Sec. 23. Minnesota Statutes 2004, section 181.032, is amended to read:

181.032 REQUIRED STATEMENT OF EARNINGS BY EMPLOYER.

At the end of each pay period, the employer shall ~~give~~ provide each employee an earnings statement, either in writing or by electronic means, covering that pay period. An employer who chooses to provide an earnings statement by electronic means must provide employee access to an employer-owned computer during an employee's regular working hours to review and print earnings statements. The earnings statement may be in any form determined by the employer but must include:

- (a) the name of the employee;
- (b) the hourly rate of pay (if applicable);

- (c) the total number of hours worked by the employee unless exempt from chapter 177;
- (d) the total amount of gross pay earned by the employee during that period;
- (e) a list of deductions made from the employee's pay;
- (f) the net amount of pay after all deductions are made;
- (g) the date on which the pay period ends; and
- (h) the legal name of the employer and the operating name of the employer if different from the legal name.

An employer must provide earnings statements to an employee in writing, rather than by electronic means, if the employer has received at least 24 hours notice from an employee that the employee would like to receive earnings statements in written form. Once an employer has received notice from an employee that the employee would like to receive earnings statements in written form, the employer must comply with that request on an ongoing basis.

Sec. 24. **[216B.0951] PREPURCHASE PROPANE FUEL PROGRAM.**

Subdivision 1. **Created.** The commissioner shall operate, or contract to operate, a prepurchase propane fuel program.

The commissioner shall each July and August purchase the lesser of one-third of the liquid propane fuel consumed by low-income home energy assistance program recipients during the previous heating season or the amount that can be purchased with available funds. The prepurchase propane fuel program must be available statewide through each local agency that administers the energy assistance program. The commissioner may decide to limit or not engage in prepurchasing if the commissioner finds that there is a reasonable likelihood that prepurchasing will not provide fuel-cost savings.

Subd. 2. **Hedge account.** The commissioner may establish a hedge account with realized program savings due to prepurchasing. The account must be used to compensate program recipients an amount up to the difference in cost for fuel provided to the recipient if winter-delivered fuel prices are lower than the prepurchase or summer-fill price. No more than ten percent of the aggregate prepurchase program savings may be used to establish the hedge account.

Subd. 3. **Report.** The department shall issue an annual report, made available electronically on its Web site and in print upon request, which contains the following information:

- (1) the cost per gallon of the prepurchased fuel;
- (2) the total gallons of fuel prepurchased;
- (3) the average cost of propane by month between October and the following April;
- (4) the number of energy assistance program households receiving prepurchased fuel; and
- (5) the average savings accruing or benefit increase provided to energy assistance households.

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

Sec. 25. Minnesota Statutes 2004, section 298.22, subdivision 1, is amended to read:

Subdivision 1. **The office of the commissioner of Iron Range resources and rehabilitation.** (1) The office of the commissioner of Iron Range resources and rehabilitation is created as an agency in the executive branch of state government. The governor shall appoint the commissioner of Iron Range resources and rehabilitation under section 15.06.

(2) The commissioner may hold other positions or appointments that are not incompatible with duties as commissioner of Iron Range resources and rehabilitation. The commissioner may appoint a deputy commissioner. All expenses of the commissioner, including the payment of such staff and other assistance as may be necessary, must be paid out of the amounts appropriated by section 298.28 or otherwise made available by law to the commissioner.

(3) When the commissioner determines that distress and unemployment exists or may exist in the future in any county by reason of the removal of natural resources or a possibly limited use of natural resources in the future and any resulting decrease in employment, the commissioner may use whatever amounts of the appropriation made to the commissioner of revenue in section 298.28 that are determined to be necessary and proper in the development of the remaining resources of the county and in the vocational training and rehabilitation of its residents, except that the amount needed to cover cost overruns awarded to a contractor by an arbitrator in relation to a contract awarded by the commissioner or in effect after July 1, 1985, is appropriated from the general fund. For the purposes of this section, "development of remaining resources" includes, but is not limited to, the promotion of tourism.

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

Sec. 26. Minnesota Statutes 2004, section 298.22, subdivision 8, is amended to read:

Subd. 8. **Spending priority.** In making or approving any expenditures on programs or projects, the commissioner and the board shall give the highest priority to programs and projects that target relief to those areas of the taconite assistance area as defined in section 273.1341, that have the largest percentages of job losses and population losses directly attributable to the economic downturn in the taconite industry since the 1980s. The commissioner and the board shall compare the 1980 population and employment figures with the 2000 population and employment figures, and shall specifically consider the job losses in 2000 and 2001 resulting from the closure of LTV Steel Mining Company, in making or approving expenditures consistent with this subdivision, as well as the areas of residence of persons who suffered job loss for which relief is to be targeted under this subdivision. The commissioner may lease, for a term not exceeding 50 years and upon the terms determined by the commissioner and approved by the board, surface and mineral interests owned or acquired by the state of Minnesota acting by and through the office of the commissioner of Iron Range resources and rehabilitation within those portions of the taconite assistance area impacted by the closure of the LTV Steel Mining Company facility near Hoyt Lakes. The payments and royalties from such leases must be deposited into the fund established in section 298.292. This subdivision supersedes any other conflicting provisions of law and does not preclude the commissioner and the board from making expenditures for programs and projects in other areas.

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

Sec. 27. Minnesota Statutes 2004, section 298.22, is amended by adding a subdivision to read:

Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation shall annually prepare a budget of operational expenditures, programs, and projects, and submit it to the Iron Range Resources and Rehabilitation Board and the governor for approval. The commissioner is authorized to expend available funds approved in the budget for operational expenditures, projects, and programs.

Sec. 28. Minnesota Statutes 2004, section 298.2213, subdivision 4, is amended to read:

Subd. 4. **Project approval.** The board and commissioner shall by August 1 each year prepare a list of projects to be funded from the money appropriated in this section with necessary supporting information including descriptions of the projects, plans, and cost estimates. A project must not be approved by the board unless it finds that:

(1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(2) the prospective benefits of the expenditure exceed the anticipated costs; and

(3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

~~To be proposed by the board, a~~ Each project must be approved by a majority of the Iron Range Resources and Rehabilitation Board members and the commissioner of Iron Range resources and rehabilitation. The list of projects must be submitted to the governor, who shall, by November 15 of each year, approve, disapprove, or return for further consideration, each project. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.

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

Sec. 29. Minnesota Statutes 2004, section 298.223, subdivision 2, is amended to read:

Subd. 2. **Administration.** The taconite area environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation Board. The commissioner shall by September 1 of each year submit to the board a list of projects to be funded from the taconite area environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary. Upon approval by a majority of the members of the Iron Range Resources and Rehabilitation Board, this list shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the board and governor. The commissioner may submit supplemental projects to the board and governor for approval at any time.

Sec. 30. Minnesota Statutes 2004, section 298.223, subdivision 3, is amended to read:

Subd. 3. **Appropriation.** There is hereby annually appropriated to the commissioner of Iron Range resources and rehabilitation such taconite area environmental protection funds as are necessary to carry out the projects and programs approved and such funds as are necessary for administration of this section. Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the amount annually expended from the fund.

Funds for the purposes of this section are provided by section 298.28, subdivision 11, relating to the taconite area environmental protection fund.

Sec. 31. Minnesota Statutes 2005 Supplement, section 298.296, subdivision 1, is amended to read:

Subdivision 1. **Project approval.** The board and commissioner shall by August 1 of each year prepare a list of projects to be funded from the Douglas J. Johnson economic protection trust with necessary supporting information including description of the projects, plans, and cost estimates. These projects shall be consistent with the priorities established in section 298.292 and shall not be approved by the board unless it finds that:

(a) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(b) the prospective benefits of the expenditure exceed the anticipated costs; and

(c) in the case of assistance to private enterprise, the project will serve a sound business purpose.

~~To be proposed by the board, a~~ Each project must be approved by at least eight Iron Range Resources and Rehabilitation Board members and the commissioner of Iron Range resources and rehabilitation. The list of projects shall be submitted to the governor, who shall, by November 15 of each year, approve or disapprove, or return for further consideration, each project. The money for a project may be expended only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.

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

Sec. 32. Minnesota Statutes 2005 Supplement, section 298.298, is amended to read:

298.298 LONG-RANGE PLAN.

Consistent with the policy established in sections 298.291 to 298.298, the Iron Range Resources and Rehabilitation Board and commissioner shall prepare and present to the governor and the legislature by January 1, 1984 December 31, 2006, a long-range plan for the use of the Douglas J. Johnson economic protection trust fund for the economic development and diversification of the taconite assistance area defined in section 273.1341. ~~The Iron Range Resources and Rehabilitation Board shall, before November 15 of each even numbered year, prepare a report to the governor and legislature updating and revising this long range plan and reporting on the Iron Range Resources and Rehabilitation Board's progress on those matters assigned to it by law. After January 1, 1984, No~~ project shall be approved by the Iron Range Resources and Rehabilitation Board which is not consistent with the goals and objectives established in the long-range plan.

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

Sec. 33. **[299F.50] DEFINITIONS.**

Subdivision 1. **Scope.** As used in sections 299F.50 to 299F.52, the terms defined in this section have the meanings given them.

Subd. 2. **Installed.** "Installed" means that an approved carbon monoxide alarm is hard-wired into the electrical wiring, directly plugged into an electrical outlet without a switch, or, if the alarm is battery-powered, attached to the wall of the dwelling.

Subd. 3. **Single- and multifamily dwelling.** "Single- and multifamily dwelling" means any building or structure which is wholly or partly used or intended to be used for living or sleeping by human occupants.

Subd. 4. **Dwelling unit.** "Dwelling unit" means an area meant for living or sleeping by human occupants.

Subd. 5. **Approved carbon monoxide alarm.** "Approved carbon monoxide alarm" means a device meant for the purpose of detecting carbon monoxide that is certified by a nationally recognized testing laboratory to conform to the latest Underwriters Laboratories Standards (known as UL2034 standards).

Subd. 6. **Operational.** "Operational" means working and in service.

EFFECTIVE DATE. This section is effective: January 1, 2007, for all newly constructed single-family and multifamily dwelling units for which building permits were issued on or after January 1, 2007; August 1, 2008, for all existing single-family dwelling units; and August 1, 2009, for all multifamily dwelling units.

Sec. 34. **[299F.51] REQUIREMENTS FOR CARBON MONOXIDE ALARMS.**

Subdivision 1. **Generally.** Every single-family dwelling and every dwelling unit in a multifamily dwelling must have an approved and operational carbon monoxide alarm installed within ten feet of each room lawfully used for sleeping purposes.

Subd. 2. **Owner's duties.** The owner of a multifamily unit which is required to be equipped with one or more approved carbon monoxide alarms must:

(1) provide and install one approved and operational carbon monoxide alarm within ten feet of each room lawfully used for sleeping; and

(2) replace any required carbon monoxide alarm that has been stolen, removed, found missing, or rendered inoperable during a prior occupancy of the dwelling unit and which has not been replaced by the prior occupant prior to the commencement of a new occupancy of a dwelling unit.

Subd. 3. **Occupant's duties.** The occupant of each dwelling unit in a multifamily dwelling in which an approved and operational carbon monoxide alarm has been provided and installed by the owner must:

(1) keep and maintain the device in good repair; and

(2) replace any device that is stolen, removed, missing, or rendered inoperable during the occupancy of the dwelling unit.

Subd. 4. **Battery removal prohibited.** No person shall remove batteries from, or in any way render inoperable, a required carbon monoxide alarm.

Subd. 5. **Exceptions; certain multifamily dwellings.** (a) In lieu of requirements of subdivision 1, multifamily dwellings may have approved and operational carbon monoxide alarms installed between 15 and 25 feet of carbon monoxide producing central fixtures and equipment provided there is a centralized alarm system or other mechanism for responsible parties to hear the alarm at all times.

(b) An owner of a multifamily dwelling that contains minimal or no sources of carbon monoxide may be exempted from the requirements of subdivision 1, provided that such owner certifies to the commissioner of public safety that such multifamily dwelling poses no foreseeable carbon monoxide risk to the health and safety to the dwelling units.

EFFECTIVE DATE. This section is effective: January 1, 2007, for all newly constructed single-family and multifamily dwelling units for which building permits were issued on or after January 1, 2007; August 1, 2008, for all existing single-family dwelling units; and August 1, 2009, for all multifamily dwelling units.

Sec. 35. **[299F.52] ENFORCEMENT.**

A violation of section 299F.50 or 299F.51 subjects the owner of the single-family dwelling, multifamily dwelling, or dwelling unit to the same penalty and enforcement mechanism provided for violations of the Uniform Fire Code provided in section 299F.011, subdivision 6.

EFFECTIVE DATE. This section is effective: January 1, 2007, for all newly constructed single-family and multifamily dwelling units for which building permits were issued on or after January 1, 2007; August 1, 2008, for all existing single-family dwelling units; and August 1, 2009, for all multifamily dwelling units.

Sec. 36. Minnesota Statutes 2004, section 326.105, is amended to read:

326.105 FEES.

The fee for licensure or renewal of licensure as an architect, professional engineer, land surveyor, landscape architect, or geoscience professional is \$120 per biennium. The fee for certification as a certified interior designer or for renewal of the certificate is \$120 per biennium. The fee for an architect applying for original certification as a certified interior designer is \$50 per biennium. The initial license or certification fee for all professions is \$120. The renewal fee shall be paid biennially on or before June 30 of each even-numbered year. The renewal fee, when paid by mail, is not timely paid unless it is postmarked on or before June 30 of each even-numbered year. The application fee is \$25 for in-training applicants and \$75 for professional license applicants.

~~The fee for monitoring licensing examinations for applicants is \$25, payable by the applicant.~~

Sec. 37. **[341.21] DEFINITIONS.**

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

Subd. 2. **Boxing.** "Boxing" means the act of attack and defense with the fists, using padded gloves, that is practiced as a sport under the rules of the World Boxing Association, the World Boxing Council, the International Boxing Federation, or equivalent. Boxing includes tough person contests.

Subd. 3. **Commission.** "Commission" means the Minnesota Boxing Commission.

Subd. 4. **Contest.** "Contest" means any boxing contest, match, or exhibition.

Subd. 5. **Professional.** "Professional" means any person who competes for any money prize or a prize that exceeds the value of \$50 or teaches, pursues, or assists in the practice of boxing as a means of obtaining a livelihood or pecuniary gain.

Subd. 6. **Director.** "Director" means the executive director of the commission.

Subd. 7. **Tough person contest.** "Tough person contest" means any boxing match consisting of one-minute rounds between two or more persons who use their hands or their feet, or both, in any manner. Tough person contest does not include kick boxing, any recognized martial arts competition, or boxing as defined in subdivision 2.

Sec. 38. **[341.22] BOXING COMMISSION.**

There is hereby created the Minnesota Boxing Commission, consisting of five members who are citizens of this state. The members shall be appointed by the governor and subject to the advice and consent of the senate. One member of the commission shall be a retired judge of the Minnesota District Court, Minnesota Court of Appeals,

Minnesota Supreme Court, the United States District Court for the District of Minnesota, or the Eighth Circuit Court of Appeals; one member shall be a public member; and three members shall be involved in the boxing industry. At least two of the members must be women, if possible. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements shall be as provided in sections 214.07 to 214.09. The provision of staff, administrative services, and office space; the review and processing of complaints; the setting of fees; and other provisions relating to commission operations shall be as provided in chapter 214. The purpose of the commission is to protect health, promote safety, and ensure fair events.

Sec. 39. **[341.23] LIMITATIONS.**

No member of the boxing commission shall directly or indirectly promote any boxing or directly or indirectly engage in the managing of any boxer or fighter or be interested in any manner in the proceeds from any boxing match.

Sec. 40. **[341.24] EXECUTIVE DIRECTOR.**

The governor may appoint, and at pleasure remove, an executive director and prescribe the powers and duties of the office. The executive director shall not be a member of the commission. The commission may employ personnel necessary to the performance of its duties.

Sec. 41. **[341.25] RULES.**

(a) The commission may adopt rules that include standards for the physical examination and condition of boxers and referees.

(b) The commission may adopt other rules necessary to carry out the purposes of this chapter, including, but not limited to, the conduct of boxing exhibitions, bouts, and fights, and their manner, supervision, time, and place.

Sec. 42. **[341.26] MEETINGS.**

The commission shall hold a regular meeting quarterly and in addition may hold special meetings. Except as otherwise provided in law, all meetings of the commission shall be open to the public and reasonable notice of the meetings shall be given under chapter 13D.

Sec. 43. **[341.27] COMMISSION DUTIES.**

The commission shall:

- (1) issue, deny, renew, suspend, or revoke licenses;
- (2) make and maintain records of its acts and proceedings including the issuance, denial, renewal, suspension, or revocation of licenses;
- (3) keep public records of the commission open to inspection at all reasonable times;
- (4) assist the director in the development of rules to be implemented under this chapter; and
- (5) conform to the rules adopted under this chapter.

Sec. 44. **[341.28] REGULATION OF BOXING CONTESTS.**

Subdivision 1. **Regulatory authority; boxing.** All boxing contests are subject to this chapter. Every contestant in a boxing contest shall wear padded gloves that weigh at least eight ounces. The commission shall, for every boxing contest:

- (1) direct a commission member to be present; and
- (2) direct the attending commission member to make a written report of the contest.

All boxing contests within this state shall be conducted according to the requirements of this chapter.

Subd. 2. **Regulatory authority; tough person contests.** All tough person contests, including amateur tough person contests, are subject to this chapter. Every contestant in a tough person contest shall wear padded gloves that weigh at least 12 ounces.

Sec. 45. **[341.29] JURISDICTION OF COMMISSION.**

The commission shall:

(1) have sole direction, supervision, regulation, control, and jurisdiction over all boxing contests and tough person contests held within this state unless a contest is exempt from the application of this chapter under federal law;

(2) have sole control, authority, and jurisdiction over all licenses required by this chapter; and

(3) grant a license to an applicant if, in the judgment of the commission, the financial responsibility, experience, character, and general fitness of the applicant are consistent with the public interest, convenience, or necessity and the best interests of boxing and conforms with this chapter and the commission's rules.

Sec. 46. **[341.30] LICENSURE; PERSONS REQUIRED TO OBTAIN LICENSES; REQUIREMENTS; BACKGROUND INFORMATION; FEE; BOND.**

Subdivision 1. **Licensure; individuals.** All referees, judges, matchmakers, promoters, trainers, ring announcers, timekeepers, ringside physicians, boxers, boxers' managers, and boxers' seconds are required to be licensed by the commission. The commission shall not permit any of these persons to participate in the holding or conduct of any boxing contest unless the commission has first issued the person a license.

Subd. 2. **Entity licensure.** Before participating in the holding or conduct of any boxing contest, a corporation, partnership, limited liability company, or other business entity organized and existing under law, its officers and directors, and any person holding 25 percent or more of the ownership of the corporation shall obtain a license from the commission and must be authorized to do business under the laws of this state.

Subd. 3. **Background investigation.** The commission shall require referees, judges, matchmakers, promoters, and boxers to furnish fingerprints and background information under commission rules before licensure. The commission shall charge a fee for receiving fingerprints and background information in an amount determined by the commission. The commission may require referees, judges, matchmakers, promoters, and boxers to furnish fingerprints and background information before license renewal if the commission determines that the fingerprints and background information are desirable or necessary. The fee may include a reasonable charge for expenses incurred by the commission and, if the commission requests a criminal history background check from the superintendent of the Bureau of Criminal Apprehension, must be sufficient to recover the cost to the bureau of a background check. The portion of a fee that is collected to recover the cost to the bureau of a background check is appropriated to the commission for the purpose of reimbursing the bureau for the cost of the background check.

Subd. 4. **Prelicensure requirements.** (a) Before the commission issues a license to a promoter, matchmaker, corporation, or other business entity, the applicant shall:

(1) provide the commission with a copy of any agreement between a contestant and the applicant which binds the applicant to pay the contestant a certain fixed fee or percentage of the gate receipts;

(2) show on the application the owner or owners of the applicant entity and the percentage of interest held by each owner holding a 25 percent or more interest in the applicant;

(3) provide the commission with a copy of the latest financial statement of the entity; and

(4) provide the commission with a copy or other proof acceptable to the commission of the insurance contract or policy required by this chapter.

(b) Before the commission issues a license to a promoter, the applicant shall deposit with the commission a cash bond or surety bond in an amount set by the commission. The bond shall be executed in favor of this state and shall be conditioned on the faithful performance by the promoter of the promoter's obligations under this chapter and the rules adopted under it.

(c) Before the commission issues a license to a boxer, the applicant shall submit to the commission the results of a current medical examination on forms furnished or approved by the commission. The medical examination must include an ophthalmological and neurological examination. The ophthalmological exam must be designed to detect any retinal defects or other damage or condition of the eye that could be aggravated by boxing. The neurological examination must include an electroencephalogram or medically superior test if the boxer has been knocked unconscious in a previous boxing or other athletic competition. The commission may also order an electroencephalogram or other appropriate neurological or physical exam before any contest, match, or exhibition if it determines that the examination is desirable to protect the health of the boxer.

Sec. 47. **[341.31] SIMULCAST LICENSES.**

The commission shall issue a license to a person or organization holding, showing, or exhibiting a simultaneous telecast of any live, current, or spontaneous boxing or sparring match on a closed circuit telecast or subscription television program viewed within the state, whether originating in this state or elsewhere, and for which a charge is made. Each person or organization shall apply for such a license in advance of each showing. No showing may be licensed unless the person or organization applying for the license:

(1) certifies that the match is subject to the jurisdiction and regulation of a boxing or athletic regulatory authority in another state or country;

(2) certifies the match is in compliance with the requirements of the authority;

(3) identifies the authority; and

(4) provides any information the commission may require.

Sec. 48. **[341.32] LICENSE FEES; EXPIRATION; RENEWAL.**

Subdivision 1. **Annual licensure.** The commission may establish and issue annual licenses subject to the collection of advance fees by the commission for: promoters, matchmakers, managers, judges, referees, ring announcers, ringside physicians, timekeepers, boxers, boxers' trainers, boxers' seconds, business entities filing for a license to participate in the holding of any boxing contest, and officers, directors, or other persons affiliated with the business entity.

Subd. 2. **Expiration and renewal.** A license expires December 31 at midnight in the year of its issuance and may be renewed on filing an application for renewal of a license with the commission and payment of the license fee required in subdivision 1. An application for a license and renewal of a license shall be on a form provided by the commission. There is a 30-day grace period during which a license may be renewed if a late filing penalty fee equal to the license fee is submitted with the regular license fee. A licensee that files late shall not conduct any activity regulated by this chapter until the commission has renewed the license. If the licensee fails to apply to the commission within the 30-day grace period, the licensee must apply for a new license under subdivision 1.

Sec. 49. **[341.321] FEE SCHEDULE.**

The fee schedule for licenses issued by the Minnesota Boxing Commission is as follows:

- (1) referees, \$35 for each initial license and each renewal;
- (2) promoters, \$400 for each initial license and each renewal;
- (3) judges, \$25 for each initial license and each renewal;
- (4) trainers, \$35 for each initial license and each renewal;
- (5) ring announcers, \$25 for each initial license and each renewal;
- (6) boxers' seconds, \$25 for each initial license and each renewal;
- (7) timekeepers, \$25 for each initial license and each renewal; and
- (8) boxers, \$35 for each initial license and each renewal.

The commissioner shall also collect a promoter fee of \$1,500 per event.

Sec. 50. **[341.33] CONTESTANTS AND REFEREES; PHYSICAL EXAMINATION; ATTENDANCE OF PHYSICIAN; PAYMENT OF FEES.**

Subdivision 1. **Examination by physician.** All boxers and referees shall be examined by a physician licensed by this state within three hours before entering the ring, and the examining physician shall immediately file with the commission a written report of the examination. The physician's examination shall report on the condition of the boxer's heart and general physical and neurological condition. The physician's report may record the condition of the boxer's nervous system and brain as required by the commission. The physician may prohibit the boxer from entering the ring if, in the physician's professional opinion, it is in the best interest of the boxer's health. The cost of the examination is payable by the person or entity conducting the contest or exhibition.

Subd. 2. **Attendance of physician.** Every person holding or sponsoring any boxing contest shall have in attendance at every boxing contest a physician licensed by this state. The commission may establish a schedule of fees to be paid to each attending physician by the person holding or sponsoring the contest.

Sec. 51. **[341.34] INSURANCE.**

Subdivision 1. **Required insurance.** The commission shall:

(1) require insurance coverage for a boxer to provide for medical, surgical, and hospital care for injuries sustained in the ring in an amount of at least \$100,000 with \$25 deductible and payable to the boxer as beneficiary; and

(2) require life insurance for a boxer in the amount of at least \$50,000 payable in case of accidental death resulting from injuries sustained in the ring.

Subd. 2. **Payment for insurance.** The cost of the insurance required by this section is payable by the promoter.

Sec. 52. **[341.35] PENALTIES FOR NONLICENSED EXHIBITIONS.**

Any person or persons who send or cause to be sent, published, or otherwise made known, any challenge to fight what is commonly known as a prize fight, or engage in any public boxing or sparring match, with or without gloves, for any prize, reward or compensation, or for which any admission fee is charged directly or indirectly, or go into training preparatory for such fight, exhibition, or contest, or act as a trainer, aider, abettor, backer, umpire, referee, second, surgeon, assistant, or attendant at such fight, exhibition, or contest, or in any preparation for same, and any owner or lessee of any ground, building, or structure of any kind permitting the same to be used for any fight, exhibition, or contest, is guilty of a misdemeanor unless a license for the holding of the fight, exhibition, or contest has been issued by the commission in compliance with the rules adopted by it.

Sec. 53. Minnesota Statutes 2004, section 446A.03, subdivision 5, is amended to read:

Subd. 5. **Executive director.** The commissioner shall employ, with the concurrence of the authority, an executive director in the unclassified service. The director shall perform duties that the authority may require in carrying out its responsibilities.

Sec. 54. Minnesota Statutes 2005 Supplement, section 446A.073, is amended to read:

446A.073 TOTAL MAXIMUM DAILY LOAD GRANTS.

Subdivision 1. **Program established.** When money is appropriated for grants under this program, the authority must make grants to municipalities to cover up to ~~one-half~~ 50 percent of the cost of wastewater treatment or storm water projects made necessary by wasteload reductions under total maximum daily load plans required by section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313(d), or up to 50 percent of the additional project costs described in subdivision 3, paragraph (b).

Subd. 2. **Grant application.** Application for a grant must be made to the authority on forms prescribed by the authority for the total maximum daily load grant program, with additional information as required by the authority, including a project schedule and cost estimate for the work necessary to comply with the point source wasteload allocation. In accordance with section 116.182, the Pollution Control Agency shall:

(1) calculate the essential project component percentage, which must be multiplied by the total project cost to determine the eligible project cost; and

(2) review and certify approved projects to the authority.

Subd. 3. **Project priorities.** (a) When money is appropriated for grants under this program, the authority shall reserve money for projects expected to start construction in the next 12 months in the order that:

(1) their total maximum daily load plan was approved by the United States Environmental Protection Agency and in an amount based on their most recent cost estimates submitted to the authority or the as-bid costs, whichever is less;

(2) their grant application is received by the authority; and

(3) have the greatest load reduction as determined by the Pollution Control Agency.

(b) Any balances remaining after money is reserved for projects in paragraph (a) may be reserved for projects on the Pollution Control Agency's project priority list to cover additional costs associated with wastewater disposal methods not requiring a National Pollutant Discharge Elimination System permit where a new discharge to an impaired water is prohibited due to the lack of total maximum daily load approval by the United States Environmental Protection Agency.

(c) The authority shall reserve money for projects in an amount based on the most recent cost estimates submitted to the authority or the as-bid costs, whichever is less.

Subd. 4. **Grant approval.** The authority must make a grant to a municipality, as defined in section 116.182, subdivision 1, only after:

(1) the commissioner of the Minnesota Pollution Control Agency has certified to the United States Environmental Protection Agency a total maximum daily load plan for identified waters of this state that includes a point source wasteload allocation, except for projects described in subdivision 3, paragraph (b);

(2) the Environmental Protection Agency has approved the ~~plan~~ total maximum daily load, except for projects described in subdivision 3, paragraph (b);

(3) ~~a municipality affected by the plan has estimated the cost to it of wastewater treatment projects necessary to comply with the point source wasteload allocation for which money is reserved has submitted the as-bid costs for its wastewater treatment or stormwater projects to the authority;~~

(4) the Pollution Control Agency has ~~approved the cost estimate~~ reviewed and certified the project to the authority; and

(5) the authority has determined that the additional financing necessary to complete the project has been committed from other sources.

Subd. 5. **Grant disbursement.** Disbursement of a grant must be made for eligible project costs as incurred by the municipality and in accordance with a project financing agreement and applicable state and federal laws and rules governing the payments.

Subd. 6. **Fees.** The authority may charge the grant recipient a fee for its administrative costs not to exceed one-half of one percent of the grant amount, to be paid upon execution of the grant agreement.

Sec. 55. Minnesota Statutes 2004, section 446A.12, subdivision 1, is amended to read:

Subdivision 1. **Bonding authority.** The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other

expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers, but not including the making of grants. Bonds of the authority may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed ~~\$1,250,000,000~~ \$1,500,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

Sec. 56. Minnesota Statutes 2004, section 469.334, subdivision 1, is amended to read:

Subdivision 1. **Commissioner to designate.** (a) The commissioner, in consultation with the commissioner of revenue and the director of the Office of Strategic and Long-Range Planning, shall designate ~~not more than one or~~ more biotechnology and health sciences industry zone. Priority must be given to applicants with a development plan that links a higher education/research institution with a biotechnology and health sciences industry facility.

(b) The commissioner may consult with the applicant prior to the designation of the zone. The commissioner may modify the development plan, including the boundaries of the zone or subzones, if in the commissioner's opinion a modified plan would better meet the objectives of the biotechnology and health sciences industry zone program. The commissioner shall notify the applicant of the modifications and provide a statement of the reasons for the modifications.

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

Sec. 57. Minnesota Statutes 2004, section 469.334, subdivision 4, is amended to read:

Subd. 4. **Designation schedule.** (a) The schedule in paragraphs (b) to (e) applies to the designation of the first biotechnology and health sciences industry zone.

(b) The commissioner shall publish the form for applications and any procedural, form, or content requirements for applications by no later than August 1, 2003. The commissioner may publish these requirements on the Internet, in the State Register, or by any other means the commissioner determines appropriate to disseminate the information to potential applicants for designation.

(c) Applications must be submitted by October 15, 2003.

(d) The commissioner shall designate the zones by no later than December 31, 2003.

(e) The designation of the zones takes effect January 1, 2004.

(f) Additional zones may be designated in later years, following substantially the same application and designation process as provided in paragraphs (b) to (e).

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

Sec. 58. Laws 2004, chapter 188, section 1, as amended by Laws 2005, chapter 134, section 3, is amended to read:

Section 1. **PILOT PROJECT.**

The commissioner of employment and economic development shall conduct an extended employment pilot project to study an industrial model for employment for individuals with severe disabilities in Thief River Falls, Minnesota.

Employment is to be provided by Custom Products, a division of Occupational Development Center. During the pilot, employment outcomes for individuals with severe disabilities will be assumed to be community employment as defined under Minnesota Rules, part 3300.2005. The pilot project will begin July 1, 2004, and end June 30, ~~2006~~ 2007. Evaluation of the pilot project must be completed by October 1, ~~2006~~ 2007, by the commissioner.

The pilot project must maintain a minimum ratio of 60 percent of nondisabled persons, must pay minimum wages or better to all employees with severe disabilities, and must provide them a level of benefits equal to those provided to nondisabled employees. All work teams must be integrated.

The pilot project must provide the extended employment program with useful information to clarify the distinction between center-based and community employment subprograms. The commissioner shall consider the findings of the pilot project in adopting rules.

Sec. 59. Laws 2005, First Special Session chapter 1, article 3, section 17, is amended to read:

Sec. 17. **FUND TRANSFER.**

By June 30, 2007, ~~the commissioner of the Pollution Control Agency shall transfer \$4,000,000 is appropriated~~ from the metropolitan landfill contingency action trust account within the remediation fund to the commissioner of finance for transfer to the renewable development account, under Minnesota Statutes, section 116C.779. This is a onetime ~~transfer from the metropolitan landfill contingency action trust account to the renewable development account~~ appropriation. It is the intent of the legislature to restore these funds to the metropolitan landfill contingency action trust account as revenues become available in the future to ensure the state meets future financial obligations under Minnesota Statutes, section 473.845. The funds provided for in this ~~transfer~~ appropriation may only be used to make the incentive payments for wind energy conversion systems authorized under Minnesota Statutes, section 116C.779, subdivision 2.

Sec. 60. **OLYMPICS BID TASK FORCE.**

Subdivision 1. **Task force; purpose.** A task force is created to study the feasibility of Minnesota submitting a bid to host the summer Olympics. The task force shall consist of 17 members, appointed as follows:

(1) 13 members appointed by the governor, representing the amateur sports community and segments of the corporate, nonprofit, and public sectors that would be involved in preparing an Olympic bid and making preparations for the summer Olympics if the bid were successful;

(2) one member appointed by the speaker of the house of representatives;

(3) one member appointed by the minority leader of the house of representatives; and

(4) one member from the majority party and one member from the minority party in the senate, appointed according to the rules of the senate.

Subd. 2. **Duties.** The task force shall investigate and report to the legislature and the governor on the feasibility of Minnesota submitting a bid to host the summer Olympics. The report shall include at least the following:

(1) an overview of the process for submitting a bid and an assessment of the costs and steps required to complete that process;

(2) an assessment of the likely roles of the public and private sectors in preparing a bid and in preparing to host the summer Olympic games if the bid were successful; and

(3) a preliminary assessment of the operational and capital costs and the short-term and long-term benefits to Minnesota citizens, government, and private sector businesses from hosting the summer Olympic games.

Subd. 3. **Administrative matters.** The commissioner of employment and economic development must provide administrative and staff support for the task force. Members serve without compensation. Members serve as long as the task force is in existence. The task force expires upon submitting the report required by this section.

Sec. 61. **GEOTHERMAL HEAT PUMP STUDY.**

(a) From the money available to the Public Utilities Commission for purposes of studies and technical assistance by the reliability administrator under Minnesota Statutes, section 216C.052, and in conformity with the goals and directives of section 16B.325, the reliability administrator shall perform a comprehensive technical, economic, and environmental analysis of the benefits to be derived from greater use in this state of geothermal heat pump systems for heating and cooling air and heating water. The analysis must:

(1) estimate the extent of geothermal heat pump systems currently installed in this state in residential, commercial, and institutional buildings;

(2) estimate energy and economic savings of geothermal heat pump systems in comparison with fossil fuel-based heating and cooling systems, including electricity use, on a capital cost and life-cycle cost basis, for residential, commercial, and institutional buildings;

(3) compare the emission of pollutants and greenhouse gases from geothermal heat pump systems and fossil fuel-based heating and cooling systems;

(4) identify financial assistance available from state and federal sources and Minnesota utilities to defray the costs of installing geothermal heat pump systems;

(5) identify Minnesota firms currently manufacturing or installing the physical components of geothermal heat pump systems and estimate the economic development potential in this state if demand for such systems increases significantly;

(6) identify the barriers to more widespread adoption of geothermal heat pump systems in this state and suggest strategies to overcome those barriers; and

(7) make recommendations for legislative action.

No more than \$50,000 may be expended on the analysis.

(b) Not later than March 15, 2007, the reliability administrator shall submit the results of the analysis in a report to the chairs of the senate and house of representatives committees with primary jurisdiction over energy policy.

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

Sec. 62. **INCREASED JOB TRAINING AND WAGES FOR MINORITIES.**

Subdivision 1. **Initiative.** The commissioner of employment and economic development shall develop an initiative to promote employment opportunities for minorities, including Native Americans. The initiative shall have a particular focus on employment opportunities for African Americans. At a minimum, the initiative should significantly expand the job training available to minorities and promote substantial increases in the wages paid to minorities, within several years to equality.

Subd. 2. **Report.** The commissioner, in consultation with the Governor's Workforce Development Council, shall prepare and submit a report detailing the parameters of a proposed initiative to the governor and the chair of the finance committee in each house of the legislature that has jurisdiction over employment by January 10, 2007.

Sec. 63. LABOR DISPUTE; OVERPAYMENTS.

If an unemployment law judge decision in 2005 or 2006 awards unemployment benefits in a case involving a labor dispute in the airline industry, any unemployment benefits paid to the applicant shall not be considered an overpayment under Minnesota Statutes, section 268.18, subdivision 1, if the unemployment law judge's award of unemployment benefits is reversed by the Minnesota Court of Appeals or the Supreme Court of Minnesota. A reversal of an award of unemployment benefits by the Minnesota Court of Appeals or the Supreme Court of Minnesota shall not result in any unemployment benefits that have been paid being used in computing the experience rating of the employer under Minnesota Statutes, section 268.047.

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

Sec. 64. LABOR DISPUTE; BENEFITS.

(a) Notwithstanding Minnesota Statutes, section 268.035, subdivision 6, and any other provision of law to the contrary, an applicant for unemployment benefits in a case involving a labor dispute whose case was ordered to hearing by the commissioner in 2005 without an initial determination who (1) has a benefit account date of August 2005 or September 2005, and (2) was initially denied unemployment benefits by an unemployment law judge, shall have a "benefit year" that lasts until December 30, 2006.

(b) The "waiting week" requirement of Minnesota Statutes, section 268.085, subdivision 1, clause (5), shall not apply to applicants covered by paragraph (a).

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

Sec. 65. DISLOCATED WORKER PROGRAM; ELIGIBILITY.

(a) An individual whose claim for unemployment benefits is subject to section 64 is deemed a dislocated worker for purposes of the dislocated worker program contained in Minnesota Statutes, section 116L.17. This paragraph is in addition to any other law providing a basis for eligibility for dislocated worker program benefits.

(b) The commissioner of employment and economic development may waive dislocated worker program requirements for individuals described in paragraph (a) if the commissioner determines that the unique facts of an employee's work cessation justifies a waiver. The waiver includes the authority to make retroactive payments for training expenses incurred or obligated for prior to the time the individual was eligible for the program. The waivers shall be granted on an individual basis.

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

Sec. 66. PLUG-IN HYBRID ELECTRIC VEHICLE TASK FORCE.

Subdivision 1. **Establishment; membership.** The plug-in hybrid electric vehicle task force is established. The task force shall consist of 13 members as follows:

(1) one representative each from Xcel Energy and Great River Energy;

(2) one representative each from the Minnesota Department of Commerce, the Minnesota Department of Transportation, and the Minnesota Pollution Control Agency;

(3) the director of the Travel Management Division of the Minnesota Department of Administration, or the director's designee;

(4) a representative from the University of Minnesota Department of Electrical Engineering;

(5) one representative each from Minnesota-based manufacturers of electric batteries, automotive parts, and power electronics;

(6) a representative from an environmental advocacy organization active in electricity issues;

(7) a representative of United Auto Workers Local 879; and

(8) a representative of the Ford Motor Company.

Subd. 2. **Appointment.** The chairs of the senate and house of representatives committees with primary jurisdiction over energy policy shall jointly appoint the task force members.

Subd. 3. **Cochairs.** The task force shall have two cochairs, one appointed by each of the appointing authorities established in subdivision 2.

Subd. 4. **Charge.** (a) The plug-in hybrid electric vehicle task force shall identify barriers to the adoption of plug-in hybrid electric vehicles by state agencies, small and large private fleets, and Minnesota drivers at-large and develop strategies to be implemented over one-, three-, and five-year time frames to overcome those barriers. Included in the analysis should be possible financial incentives to encourage Ford Motor Company to produce plug-in hybrid, flexible-fueled vehicles at its St. Paul plant.

(b) The task force shall consider and evaluate the data and information presented to it under subdivision 5 in presenting its findings and recommendations.

Subd. 5. **Data and analysis.** The commissioner of the Pollution Control Agency shall analyze and report to the task force the environmental impacts of purchasing plug-in hybrid electric vehicles for the state-owned vehicle fleet and at penetration rates of ten percent, 25 percent, and 50 percent of all motor vehicles registered in this state. The analysis must compare, for plug-in hybrid electric vehicles and current fleet vehicles, air emissions of sulfur dioxide, nitrogen oxides, particulate matter less than 2.5 microns in width, volatile organic compounds, and carbon dioxide.

Subd. 6. **Expenses.** Members of the task force are entitled to reimbursement for expenses under section 15.059, subdivision 6. Member reimbursements shall be paid for by the commissioner of commerce.

Subd. 7. **Staff.** The state agencies represented on the commission shall provide staff support.

Subd. 8. **Report.** The task force shall present its findings and recommendations in a report to the chairs of the senate and house of representatives committees with primary jurisdiction over energy policy and state government operations by April 1, 2007.

Subd. 9. **Definitions.** As used in this section, "plug-in hybrid electric vehicles" means a vehicle containing an internal combustion engine that also allows power to be delivered to the drive wheels by a battery-powered electric motor, and that meets applicable federal motor vehicle safety standards. When connected to the electrical grid via an electric outlet, the vehicle must be able to recharge its battery. The vehicle must have the ability to travel at least 30 miles powered substantially by electricity.

Subd. 10. **Expiration.** The task force expires on June 30, 2008.

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

Sec. 67. **PILOT PROJECT; GREATER MINNESOTA BUSINESS DEVELOPMENT INVESTMENTS.**

Subdivision 1. **Investment fund.** The commissioner shall establish an investment fund from which two investments must be made in qualified organizations under this section. The commissioner shall return to the investment fund all funds repaid by qualifying organizations under subdivision 4 and shall use these funds for subsequent reinvestment in qualified organizations.

Subd. 2. **Qualified organizations.** The commissioner is authorized to make investments in organizations that: (1) are established pursuant to Minnesota Statutes, section 116J.415; (2) provide business financing to Greater Minnesota businesses; and (3) had applied to the commissioner for initiative funds as of April 1, 2006.

Subd. 3. **Authorized investments.** The commissioner shall invest funds in the form of two loans to qualified organizations for the purpose of providing capital to new and expanding businesses in the form of debt and/or equity.

Subd. 4. **Investment authorized.** The commissioner may make an investment in a qualified organization only if the investment conforms to the following terms:

(1) the qualified organization provides collateral or security which guarantees repayment of not less than 100 percent of the funds invested in the organization.

(2) the investment is made in the form of a loan to the qualifying organization for a term of ten years, at an interest rate of one percent.

(3) during the ten-year term of a loan, the qualified organization shall make annual interest-only payments.

(4) at the end of the ten-year term of the loan, the qualified organization is required to make a payment of the entire principal amount of the initial loan.

(5) the state investment by the commissioner in a single qualified organization may not exceed \$575,000.

Subd. 5. **Requirements for state investments.** All investments are subject to an investment agreement which must include:

(1) a description of the qualifying organization, including business finance experience, qualifications and investment history;

(2) a description of the use(s) of investment proceeds by the qualifying organization;

(3) an explanation of the investment objectives;

(4) a description of accounting and reporting standards to be used by the qualifying organization; and

(5) a copy of the most recent audited financial statements of the qualifying organization.

Sec. 68. **DEPOSIT OF FEES; REPORT.**

All fees collected by the Minnesota Boxing Commission must be deposited in the special revenue fund. Other than initial startup costs, the commission must be funded only from proceeds of these fees. By December 15, 2006, the commission must submit a report to the governor and the legislature setting forth a fee schedule that raises sufficient revenues to make the commission self-supporting beginning July 1, 2007.

ARTICLE 3

LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2004, 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, and surcharges~~ 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 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 jurisdiction by the applicant seeking authorization to construct a public building or a state licensed facility. The commissioner shall 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 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. 2. Minnesota Statutes 2004, section 16B.65, subdivision 1, is amended to read:

Subdivision 1. **Designation.** ~~By January 1, 2002,~~ Each municipality shall designate a building official to administer the code. A municipality may designate no more than one building official responsible for code administration defined by each certification category established in rule. Two or more municipalities may combine in the designation of a building official for the purpose of administering the provisions of the code within their communities. In those municipalities for which no building officials have been designated, the state building official may use whichever state employees are necessary to perform the duties of the building official until the municipality makes a temporary or permanent designation. All costs incurred by virtue of these services rendered by state employees must be borne by the involved municipality and receipts arising from these services must be paid ~~into the state treasury and credited to the special revenue fund~~ to the commissioner.

Sec. 3. Minnesota Statutes 2004, section 16B.65, subdivision 5a, is amended to read:

Subd. 5a. **Administrative action and penalties.** The commissioner shall, by rule, establish a graduated schedule of administrative actions for violations of sections 16B.59 to 16B.75 and rules adopted under those sections. The schedule must be based on and reflect the culpability, frequency, and severity of the violator's actions. The commissioner may impose a penalty from the schedule on a certification holder for a violation of sections 16B.59 to 16B.75 and rules adopted under those sections. The penalty is in addition to any criminal penalty imposed for the same violation. ~~Administrative monetary penalties imposed by the commissioner must be paid to the special revenue fund.~~

Sec. 4. Minnesota Statutes 2004, section 16B.70, subdivision 2, is amended to read:

Subd. 2. **Collection and reports.** All permit surcharges must be collected by each municipality and a portion of them remitted to the state. Each municipality having a population greater than 20,000 people shall prepare and submit to the commissioner once a month a report of fees and surcharges on fees collected during the previous month but shall retain the greater of two percent or that amount collected up to \$25 to apply against the administrative expenses the municipality incurs in collecting the surcharges. All other municipalities shall submit the report and surcharges on fees once a quarter but shall retain the greater of four percent or that amount collected up to \$25 to apply against the administrative expenses the municipalities incur in collecting the surcharges. The report, which must be in a form prescribed by the commissioner, must be submitted together with a remittance covering the surcharges collected by the 15th day following the month or quarter in which the surcharges are collected. ~~All money collected by the commissioner through surcharges and other fees prescribed by sections 16B.59 to 16B.75 shall be deposited in the state government special revenue fund and is appropriated to the commissioner for the purpose of administering and enforcing the State Building Code under sections 16B.59 to 16B.75.~~

Sec. 5. Minnesota Statutes 2004, section 326.01, is amended by adding a subdivision to read:

Subd. 6n. **Electric sign and outline lighting.** The term "electric sign and outline lighting" means electrically illuminated utilization equipment with words or symbols designed to convey information, or light sources intended to call or attract attention to objects, consisting of a single assembly, or two or more subassemblies, listed and labeled by a Nationally Recognized Testing Laboratory (NRTL); and skeleton tubing installations consisting of a transformer or power supply listed by a Nationally Recognized Testing Laboratory and its connected neon tubing.

Sec. 6. Minnesota Statutes 2004, section 326.01, is amended by adding a subdivision to read:

Subd. 6o. **Sign installer.** The term "sign installer" means a person having the necessary qualifications, training, experience, and technical knowledge to install, alter, repair, plan, lay out, and supervise the installing, altering, and repairing of electrical wiring, apparatus, and equipment for electric signs and outline lighting who is licensed as such by the Department of Labor and Industry.

Sec. 7. Minnesota Statutes 2004, section 326.242, subdivision 3c, is amended to read:

Subd. 3c. **Bond.** Every Class A and Class B installer, as a condition of licensure, shall give bond to the state in the sum of \$1,000 conditioned upon the faithful and lawful performance of all work contracted for or entered upon by the installer within the state of Minnesota, and such bond shall be for the benefit of persons injured or suffering financial loss by reason of failure of such performance. Such bond shall be in lieu of all other license bonds to any political subdivision of the state. Such bond shall be written by a corporate surety licensed to do business in the state of Minnesota.

Sec. 8. Minnesota Statutes 2004, section 326.242, is amended by adding a subdivision to read:

Subd. 3e. **Sign installer.** (a) Except as otherwise provided by law, no person shall install, alter, repair, plan, lay out, or supervise the installing, altering, or repairing of electrical wiring, apparatus, or equipment for electric signs and outline lighting unless:

(1) the person is licensed by the Department of Labor and Industry as a sign installer; and

(2) the electrical work is for a licensed contractor and the person is an employee, partner, or officer of, or is the licensed contractor.

(b) The installation of circuitry supplying and interconnecting electric sign and outline lighting assemblies by a sign installer is limited to the following:

(1) extension of circuits rated not more than 30 amperes from a sign disconnect or sign outlet box to electric sign and outline lighting assemblies, transformers, or power supplies, provided the extension of the branch circuit is not longer than 50 feet; and

(2) interconnection of electric sign and outline lighting subassemblies, provided the interconnection circuits are not longer than 50 feet.

(c) An applicant for a sign installer license shall:

(1) be a graduate of a four-year electrical course in an accredited college or university; or

(2) have had at least 24 months experience, acceptable to the Department of Labor and Industry, in planning for, laying out, supervising, and installing wiring, apparatus, or equipment for electric sign and outline lighting installations, provided that the Department of Labor and Industry may by rule provide for up to 12 months (2,000 hours) of experience credit for successful completion of a two-year post high school electrical course or other technical training approved by the Department of Labor and Industry.

(d) All applicants for a sign installer license shall successfully complete a sign installer training course consisting of not less than 40 hours of classroom instruction provided or approved by the Department of Labor and Industry.

(e) The Department of Labor and Industry may initially set experience requirements without rulemaking, but must adopt rules before January 1, 2008.

(f) Licensees must attain eight hours of continuing education acceptable to the Department of Labor and Industry every renewal period.

Sec. 9. Minnesota Statutes 2004, section 326.242, subdivision 5, is amended to read:

Subd. 5. Unlicensed persons. (a) An unlicensed person shall not perform electrical work unless the work is performed under the personal supervision of a person actually licensed to perform such work and the licensed electrician and unlicensed persons are employed by the same employer. Licensed persons shall not permit unlicensed persons to perform electrical work except under the personal supervision of a person actually licensed to perform such work. Unlicensed persons shall not supervise the performance of electrical work or make assignments of electrical work to unlicensed persons. Except for technology circuit or system work, licensed persons shall supervise no more than two unlicensed persons. For technology circuit or system work, licensed persons shall supervise no more than three unlicensed persons.

(b) Notwithstanding any other provision of this section, no person other than a master electrician, sign installer, or power limited technician shall plan or lay out electrical wiring, apparatus, or equipment for light, heat, power, or other purposes, except circuits or systems exempted from personal licensing by subdivision 12, paragraph (b).

(c) Contractors employing unlicensed persons performing electrical work shall maintain records establishing compliance with this subdivision, which shall designate all unlicensed persons performing electrical work, except for persons working on circuits or systems exempted from personal licensing by subdivision 12, paragraph (b), and shall permit the board to examine and copy all such records as provided for in section 326.244, subdivision 6.

Sec. 10. Minnesota Statutes 2004, section 326.242, subdivision 6a, is amended to read:

Subd. 6a. **Bond required.** Each contractor shall give and maintain bond to the state in the penal sum of \$5,000 conditioned upon the faithful and lawful performance of all work entered upon by the contractor within the state of Minnesota and such bond shall be for the benefit of persons injured or suffering financial loss by reason of failure of such performance. The bond shall be filed with the ~~board~~ Department of Labor and Industry and shall be in lieu of all other license bonds to any political subdivision. Such bond shall be written by a corporate surety licensed to do business in the state of Minnesota.

Sec. 11. Minnesota Statutes 2004, section 326.242, subdivision 6b, is amended to read:

Subd. 6b. **Insurance required.** Each contractor shall have and maintain in effect general liability insurance, which includes premises and operations insurance and products and completed operations insurance, with limits of at least \$100,000 per occurrence, \$300,000 aggregate limit for bodily injury, and property damage insurance with limits of at least \$25,000 or a policy with a single limit for bodily injury and property damage of \$300,000 per occurrence and \$300,000 aggregate limits. Such insurance shall be written by an insurer licensed to do business in the state of Minnesota and each contractor shall maintain on file with the ~~board~~ Department of Labor and Industry a certificate evidencing such insurance which provides that such insurance shall not be canceled without the insurer first giving 15 days written notice to the ~~board~~ Department of Labor and Industry of such cancellation.

Sec. 12. Minnesota Statutes 2004, section 326.242, subdivision 6c, is amended to read:

Subd. 6c. **Employment of master electrician, sign installer, or power limited technician.** (a) No contractor shall engage in business of electrical contracting unless the contractor employs a licensed Class A master or Class B master electrician, sign installer, or power limited technician, who shall be responsible for the performance of all electrical work in accordance with the requirements of sections 326.241 to 326.248 or any rule or order adopted or issued under these sections. The classes of work for which the licensed contractor is authorized shall be limited to those for which such Class A master electrician, Class B master electrician, sign installer, or power limited technician employed by the contractor is licensed.

(b) When a contractor's license is held by an individual, partnership, limited liability company, or corporation and the individual, one of the partners, one of the members, or an officer of the corporation, respectively, is not the responsible master electrician, sign installer, or power limited technician of record, all requests for inspection shall be signed by the responsible master electrician, sign installer, or power limited technician of record. The designated responsible master electrician, sign installer, or power limited technician of record shall be employed by the individual, partnership, limited liability company, or corporation which is applying for a contractor's license and shall not be employed in any capacity as a licensed electrician, licensed sign installer, or licensed technician by any other contractor or employer designated in subdivision 12.

(c) All applications for contractor's licenses and all renewals shall include a verified statement that the applicant or licensee has complied with this subdivision.

Sec. 13. Minnesota Statutes 2004, section 326.242, subdivision 7, is amended to read:

Subd. 7. **Examination.** In addition to the requirements imposed herein and except as herein otherwise provided, as a precondition to issuance of a personal license, each applicant must pass a written or oral examination given by the board to insure the competence of each applicant for license. An oral examination shall be administered only to an applicant who furnishes a written statement from a certified teacher or other professional, trained in the area of reading disabilities stating that the applicant has a specific reading disability which would prevent the applicant from performing satisfactorily on a written test. The oral examination shall be structured so that an applicant who passes the examination will not impair the applicant's own safety or that of others while acting as a licensed person. No person failing an examination may retake it for six months thereafter, but within such six months the person may take an examination for a lesser grade of license. Any licensee failing to renew a license for two years or more after its expiration shall be required to retake the examination before being issued a new license.

An applicant for a personal license shall submit to the ~~board~~ Department of Labor and Industry an application and examination fee at the time of application. Upon approval of the application, the ~~board~~ Department of Labor and Industry shall schedule the applicant for the next available examination, which shall be held within 60 days. The applicant shall be allowed one opportunity to reschedule an examination without being required to submit another application and examination fee. Additionally, an applicant who fails an examination, or whose application has been disapproved, must submit another application and examination fee.

Sec. 14. Minnesota Statutes 2004, section 326.242, subdivision 8, is amended to read:

Subd. 8. **License and renewal fees.** All licenses issued hereunder shall expire in a manner as provided by the ~~board~~ Department of Labor and Industry. ~~Fees, as set by the board, shall be payable for examination, issuance and renewal of the following for application and examination, and issuance of original license and renewal are:~~

(1) For ~~each personal license application and examination:~~ \$35.

~~Class A Master.~~

~~Class B Master.~~

~~Class A Journeyman, Class B Journeyman, Installer, Power Limited Technician, or Special Electrician.~~

(2) For issuance of original license and renewal:

~~Class A Master-: \$40 per year, prorated quarterly;~~

~~Class B Master-: \$25 per year;~~

~~Power Limited Technician-: 15 per year;~~

~~Class A Journeyman, Class B Journeyman, Installer, Sign Installer, or Special Electrician-: \$15 per year;~~

~~Electrical contractor-: \$100 per year, prorated quarterly;~~

~~Technology Systems Contractor-: \$100 per year, prorated quarterly.~~

(3) An individual or contractor who fails to renew a license before 30 days after the expiration of the license must submit a late fee equal to one year's license fee in addition to the full renewal fee. Fees for renewed licenses are not prorated. An individual or contractor that fails to renew a license by the expiration date is unlicensed until the license is renewed.

Sec. 15. Minnesota Statutes 2004, section 326.992, is amended to read:

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~~ of labor and industry 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~~ of labor and industry may charge each person giving bond under this section an annual bond filing fee of \$15. ~~The money must be deposited in a special revenue fund and is appropriated to the commissioner to cover the cost of administering the bond program.~~

Sec. 16. **[326B.04] DEPOSIT OF MONEY.**

Subdivision 1. Construction code fund. There is created in the state treasury a construction code fund as a special revenue fund for the purpose of administering this chapter, sections 327.31 to 327.36, and chapter 327B. All money collected under those sections, except penalties, is credited to the construction code fund unless otherwise specifically designated by law. Any interest or profit accruing from investment of these sums is credited to the construction code fund. All money collected in the construction code fund is appropriated to the commissioner of labor and industry to administer and enforce the provisions of the laws identified in this section.

Unless otherwise provided by law, all penalties assessed under this chapter, section 327.35, and chapter 327B are credited to the assigned risk safety account established by section 79.253.

Subd. 2. Deposits. All remaining balances as of June 30, 2006, in the state government special revenue fund and special revenue fund accounts maintained for the Building Codes and Standards Division, Board of Electricity, and plumbing and engineering unit are transferred to the construction code fund. Unless otherwise specifically designated by law: (1) all money collected under chapter 183 and sections 16B.59 to 16B.76; 144.122, paragraph (f); 326.241 to 326.248; 326.37 to 326.521; 326.57 to 326.65; 326.83 to 326.992; 327.31 to 327.36; and 327B.01 to 327B.12, except penalties, is credited to the construction code fund; (2) all fees collected under section 45.23 in connection with continuing education for residential contractors, residential remodelers, and residential roofers are credited to the construction code fund; and (3) all penalties assessed under the sections set forth in clauses (1) and (2) and all penalties assessed under sections 144.99 to 144.993 in connection with any violation of sections 326.37 to 326.45 or 326.57 to 326.65 or the rules adopted under those sections are credited to the assigned risk safety account established by section 79.253.

Sec. 17. Minnesota Statutes 2004, section 327.33, subdivision 2, is amended to read:

Subd. 2. **Fees.** The commissioner shall by rule establish reasonable fees for seals, installation seals and inspections which are sufficient to cover all costs incurred in the administration of sections 327.31 to 327.35. The commissioner shall also establish by rule a monitoring inspection fee in an amount that will comply with the secretary's fee distribution program. This monitoring inspection fee shall be an amount paid by the manufacturer for each manufactured home produced in Minnesota. The monitoring inspection fee shall be paid by the manufacturer to the secretary. The rules of the fee distribution program require the secretary to distribute the fees collected from all manufactured home manufacturers among states approved and conditionally approved based on the number of new manufactured homes whose first location after leaving the manufacturer is on the premises of a distributor, dealer or purchaser in that state. ~~All money collected by the commissioner through fees prescribed by sections 327.31 to 327.36 shall be deposited in the state government special revenue fund and is appropriated to the commissioner for the purpose of administering and enforcing the Manufactured Home Building Code under sections 327.31 to 327.36.~~

Sec. 18. Minnesota Statutes 2004, section 327.33, subdivision 6, is amended to read:

Subd. 6. **Authorization as agency.** The commissioner shall apply to the secretary for approval of the commissioner as the administrative agency for the regulation of manufactured homes under the rules of the secretary. The commissioner may make rules for the administration and enforcement of department responsibilities as a state administrative agency including, but not limited to, rules for the handling of citizen's complaints. All money received for services provided by the commissioner or the department's authorized agents as a state administrative agency shall be deposited in the general construction code fund. The commissioner is charged with the adoption, administration, and enforcement of the Manufactured Home Construction and Safety Standards, consistent with rules and regulations promulgated by the United States Department of Housing and Urban Development. The commissioner may adopt the rules, codes, and standards necessary to enforce the standards promulgated under this section. The commissioner is authorized to conduct hearings and presentations of views consistent with regulations adopted by the United States Department of Housing and Urban Development and to adopt rules in order to carry out this function.

Sec. 19. Minnesota Statutes 2004, section 327B.04, subdivision 7, is amended to read:

Subd. 7. **Fees; licenses; when granted.** Each application for a license or license renewal must be accompanied by a fee in an amount established by the commissioner by rule pursuant to section 327B.10. The fees shall be set in an amount which over the fiscal biennium will produce revenues approximately equal to the expenses which the commissioner expects to incur during that fiscal biennium while administering and enforcing sections 327B.01 to 327B.12. ~~All money collected by the commissioner through fees prescribed in sections 327B.01 to 327B.12 shall be deposited in the state government special revenue fund and is appropriated to the commissioner for purposes of administering and enforcing the provisions of this chapter.~~ The commissioner shall grant or deny a license application or a renewal application within 60 days of its filing. If the license is granted, the commissioner shall license the applicant as a dealer or manufacturer for the remainder of the calendar year. Upon application by the licensee, the commissioner shall renew the license for a two year period, if:

- (a) the renewal application satisfies the requirements of subdivisions 3 and 4;
- (b) the renewal applicant has made all listings, registrations, notices and reports required by the commissioner during the preceding year; and
- (c) the renewal applicant has paid all fees owed pursuant to sections 327B.01 to 327B.12 and all taxes, arrearages, and penalties owed to the state.

Sec. 20. Minnesota Statutes 2004, section 471.471, subdivision 4, is amended to read:

Subd. 4. **Application process.** A person seeking a waiver shall apply to the ~~Building Code and Standards Division of the~~ Department of ~~Administration~~ Labor and Industry on a form prescribed by the board and pay a \$70 fee to the construction code fund. The division shall review the application to determine whether it appears to be meritorious, using the standards set out in subdivision 3. The division shall forward applications it considers meritorious to the board, along with a list and summary of applications considered not to be meritorious. The board may require the division to forward to it an application the division has considered not to be meritorious. The board shall issue a decision on an application within 90 days of its receipt. A board decision to approve an application must be unanimous. An application that contains false or misleading information must be rejected.

Sec. 21. **REPEALER.**

Minnesota Statutes 2004, sections 16B.747, subdivision 4; 183.375, subdivision 5; 326.241, subdivision 3; 326.44; 326.52; and 326.64, and Minnesota Statutes 2005 Supplement, section 183.545, subdivision 9, are repealed.

ARTICLE 4

HUMAN SERVICES

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2006</u>	<u>2007</u>

Section 1. **COMMISSIONER OF HUMAN SERVICES**

Subdivision 1. **Total Appropriation** \$-0- \$5,434,000

Summary by Fund

<u>General</u>	<u>(7,484,000)</u>	<u>(14,852,000)</u>
<u>Federal TANF</u>	<u>7,484,000</u>	<u>20,111,000</u>
<u>Special Revenue</u>	<u>-0-</u>	<u>175,000</u>

TANF MAINTENANCE OF EFFORT. Notwithstanding Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 1, the commissioner shall ensure that for fiscal year 2007, the maintenance of effort used by the commissioner of finance for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under the TANF/MOE rider in Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 1, equal to at least 21 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

INCREASE WORKING FAMILY CREDIT EXPENDITURES TO BE CLAIMED FOR TANF/MOE. In addition to the amounts provided in Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 1, the commissioner may count the following amounts of working family credit expenditures as TANF/MOE:

- (1) fiscal year 2006, \$9,858,000;
- (2) fiscal year 2007, \$5,785,000;
- (3) fiscal year 2008, \$24,936,000; and
- (4) fiscal year 2009, \$23,653,000.

APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

Notwithstanding any section to the contrary, this section sunsets June 30, 2009.

TANF APPROPRIATION FOR WORKING FAMILY CREDIT. \$5,151,000 in fiscal year 2007 is appropriated from federal TANF funds to the commissioner of human services. These funds shall be transferred to the commissioner of revenue to deposit into the general fund for the working family credit under Minnesota Statutes, section 290.0671. This is a onetime appropriation.

Subd. 2. Children and Economic Assistance Grants

Summary by Fund

<u>General</u>	<u>(7,484,000)</u>	<u>(14,852,000)</u>
<u>Federal TANF</u>	<u>7,484,000</u>	<u>14,960,000</u>
<u>Special Revenue</u>	<u>-0-</u>	<u>175,000</u>
<u>(a) MFIP-DWP Grants</u>		
<u>General</u>	<u>(7,484,000)</u>	<u>7,484,000</u>
<u>Federal TANF</u>	<u>7,484,000</u>	<u>(7,484,000)</u>
<u>(b) MFIP Child Care Assistance Grants</u>		
<u>General</u>	<u>-0-</u>	<u>62,000</u>
<u>Federal TANF</u>	<u>-0-</u>	<u>-0-</u>

CHILD CARE ABSENT DAY LIMITS. \$62,000 in fiscal year 2007 is appropriated from the general fund to the commissioner of human services for the MFIP/transition year child care program for the purposes of Minnesota Statutes, section 119B.13, subdivision 7. The general fund base for MFIP child care assistance grants under Minnesota Statutes, section 119B.05, is increased by \$103,000 in fiscal year 2008 and by \$102,000 in fiscal year 2009.

INCREASE TANF TRANSFER TO FEDERAL CHILD CARE AND DEVELOPMENT FUND. In addition to the TANF amounts provided in Laws 2005, First Special Session chapter 4, article 9, section 2, subdivisions 3 and 4, \$2,317,000 in fiscal year 2008 and \$1,027,000 in fiscal year 2009 is appropriated to the

APPROPRIATIONS
Available for the Year
Ending June 30

<u>2006</u>	<u>2007</u>
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commissioner for the purposes of MFIP/transition year child care under Minnesota Statutes, section 119B.05, and shall be added to the base for fiscal years 2008 and 2009. The commissioner shall authorize transfer of sufficient TANF funds to the federal child care and development fund to meet this appropriation and shall ensure that all transferred funds are expended according to the federal child care and development fund regulations. Notwithstanding any law to the contrary, this paragraph shall not sunset.

(c) Basic Sliding Fee Child Care Assistance Grants

<u>General</u>	<u>-0-</u>	<u>46,000</u>
<u>Federal TANF</u>	<u>-0-</u>	<u>-0-</u>

CHILD CARE ABSENT DAY LIMITS. \$46,000 in fiscal year 2007 is appropriated from the general fund to the commissioner of human services for the basic sliding fee child care program for the purposes of Minnesota Statutes, section 119B.13, subdivision 7. The general fund base for basic sliding fee child care grants under Minnesota Statutes, section 119B.03, is increased by \$76,000 in fiscal year 2008 and by \$78,000 in fiscal year 2009.

BASIC SLIDING FEE ALLOCATIONS; CONVERSION TO AUTOMATED SYSTEM. As determined by the commissioner, counties may use up to six percent of either calendar year 2008 or 2009 allocations under Minnesota Statutes, section 119B.03, to fund accelerated payments that may occur during the preceding calendar year during conversion to the automated child care assistance program system. If conversion occurs over two calendar years, counties may use up to three percent of the combined calendar year allocations to fund accelerated payments. Funding advanced under this paragraph shall be considered part of the allocation from which it was originally advanced for purposes of setting future allocations under Minnesota Statutes, section 119B.03, subdivisions 6, 6a, 6b, and 8, and shall include funding for administrative costs under Minnesota Statutes, section 119B.15. Notwithstanding the provisions of any law to the contrary, this paragraph sunsets December 31, 2009.

CHILD CARE AND DEVELOPMENT FUND; FEDERAL DEFICIT REDUCTION ACT OF 2005. Increased child care funds from the federal Deficit Reduction Act of 2005 may be allocated by the commissioner for the basic sliding fee child care program.

APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

(d) Children and Community Services Grants

<u>General</u>	<u>-0-</u>	<u>(22,444,000)</u>
<u>Federal TANF</u>	<u>-0-</u>	<u>22,444,000</u>

TANF TRANSFER TO SOCIAL SERVICES BLOCK GRANT. \$22,444,000 in fiscal year 2007 is appropriated to the commissioner to be transferred to the state's federal social services block grant for the purposes of providing services for families with children whose incomes are at or below 200 percent of the federal poverty guidelines. The funds shall be distributed to counties for the children and community services grant according to the formula for the state appropriations in Minnesota Statutes, chapter 256M. This is a onetime appropriation. Notwithstanding any law to the contrary, this paragraph sunsets June 30, 2007.

The fiscal year 2007 children and community services grant general fund appropriation under Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 4, paragraph (h), is reduced by \$22,444,000. The general fund base for children and community services grants is increased by \$22,444,000 in fiscal year 2008 and \$22,444,000 in fiscal year 2009.

CHILDREN AND COMMUNITY SERVICES GRANTS. Notwithstanding Minnesota Statutes, section 256M.50, supplemental social service block grant funds of \$153,936 appropriated under the federal 2005 Department of Defense Appropriations Act, Public Law 109-148, shall be allocated proportionately to those counties that served hurricane evacuees and reported those services on the Social Service Information System (SSIS).

(e) Other Children and Economic Assistance Grants

<u>Special Revenue</u>	<u>-0-</u>	<u>175,000</u>
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COMMISSION SERVING DEAF AND HARD-OF-HEARING PEOPLE. \$175,000 is appropriated from the telecommunications access Minnesota fund under Minnesota Statutes, section 237.52, to the commissioner of human services for fiscal year 2007, to supplement the ongoing operational expenses of the Minnesota Commission Serving Deaf and Hard-of-Hearing People. This appropriation shall be added to the commission's base.

ARTICLE 5

HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. **DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT.**

The dollar amounts shown are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2005, First Special Session chapter 4, and are appropriated from the general fund, or any other fund named, to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figures "2006" and "2007" used in this article means that the appropriation or appropriations listed are available for the respective fiscal year ending June 30, 2006 or June 30, 2007.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2006</u>	<u>2007</u>

Sec. 2. **COMMISSIONER OF HUMAN SERVICES**

<u>Subdivision 1. Total Appropriation</u>	<u>\$(16,830,000)</u>	<u>\$(904,000)</u>
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Summary by Fund

<u>General</u>	<u>(4,469,000)</u>	<u>1,785,000</u>
<u>TANF</u>	<u>(12,361,000)</u>	<u>(2,689,000)</u>

Subd. 2. **Children and Economic Assistance Grants**Summary by Fund

<u>General</u>	<u>(4,469,000)</u>	<u>1,785,000</u>
<u>TANF</u>	<u>(12,361,000)</u>	<u>(2,689,000)</u>

The amount that may be spent from this appropriation for each purpose is as follows:

(a) Minnesota Family Investment Program

<u>General</u>	<u>6,048,000</u>	<u>(393,000)</u>
<u>TANF</u>	<u>(12,361,000)</u>	<u>(2,689,000)</u>

(b) MFIP Child Care Assistance Grants

<u>General Fund</u>	<u>(5,090,000)</u>	<u>2,751,000</u>
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<u>(c) General Assistance</u>	<u>2,540,000</u>	<u>3,947,000</u>
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<u>(d) Minnesota Supplemental Aid</u>	<u>(285,000)</u>	<u>551,000</u>
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<u>(e) Group Residential Housing</u>	<u>(7,682,000)</u>	<u>(5,071,000)</u>
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ARTICLE 6

CHILDREN AND FAMILIES

Section 1. Minnesota Statutes 2004, section 119B.03, subdivision 4, is amended to read:

Subd. 4. **Funding priority.** (a) First priority for child care assistance under the basic sliding fee program must be given to eligible non-MFIP families who do not have a high school or general equivalency diploma or who need remedial and basic skill courses in order to pursue employment or to pursue education leading to employment and who need child care assistance to participate in the education program. Within this priority, the following subpriorities must be used:

- (1) child care needs of minor parents;
- (2) child care needs of parents under 21 years of age; and
- (3) child care needs of other parents within the priority group described in this paragraph.

(b) Second priority must be given to parents who have completed their MFIP or DWP transition year, or parents who are no longer receiving or eligible for diversionary work program supports.

(c) Third priority must be given to families who are eligible for portable basic sliding fee assistance through the portability pool under subdivision 9.

(d) Fourth priority must be given to families in which at least one parent is a veteran as defined under section 197.447.

~~(d)~~ (e) Families under paragraph (b) must be added to the basic sliding fee waiting list on the date they begin the transition year under section 119B.011, subdivision 20, and must be moved into the basic sliding fee program as soon as possible after they complete their transition year.

Sec. 2. Minnesota Statutes 2005 Supplement, section 119B.13, subdivision 7, is amended to read:

Subd. 7. **Absent days.** (a) Child care providers may not be reimbursed for more than 25 full-day absent days per child, excluding holidays, in a fiscal year, or for more than ten consecutive full-day absent days, unless the child has a documented medical condition that causes more frequent absences. Documentation of medical conditions must be on the forms and submitted according to the timelines established by the commissioner. If a child attends for part of the time authorized to be in care in a day, but is absent for part of the time authorized to be in care in that same day, the absent time will be reimbursed but the time will not count toward the ten consecutive or 25 cumulative absent day limits. If a child attends part of an authorized day, payment to the provider must be for the full amount of care authorized for that day. Child care providers may only be reimbursed for absent days if the provider has a written policy for child absences and charges all other families in care for similar absences.

(b) Child care providers must be reimbursed for up to ten federal or state holidays or designated holidays per year when the provider charges all families for these days and the holiday or designated holiday falls on a day when the child is authorized to be in attendance. Parents may substitute other cultural or religious holidays for the ten recognized state and federal holidays. Holidays do not count toward the ten consecutive or 25 cumulative absent day limits.

(c) A family or child care provider may not be assessed an overpayment for an absent day payment unless (1) there was an error in the amount of care authorized for the family, (2) all of the allowed full-day absent payments for the child have been paid, or (3) the family or provider did not timely report a change as required under law.

(d) The provider and family must receive notification upon initial authorization for services and ongoing notification of the number of absent days used as of the date of the notification.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 3. Minnesota Statutes 2004, section 245A.023, is amended to read:

245A.023 IN-SERVICE TRAINING.

(a) For purposes of child care centers, in-service training must be completed within the license period for which it is required. In-service training completed by staff persons as required must be transferable upon a staff person's change in employment to another child care program. License holders shall record all staff in-service training on forms prescribed by the commissioner of human services.

(b) For purposes of family and group family child care, the license holder and each primary caregiver must complete 12 hours of training each year. For purposes of this section, a primary caregiver is an adult caregiver who provides services in the licensed setting more than 30 days in any 12-month period.

Sec. 4. Minnesota Statutes 2004, section 245A.14, is amended by adding a subdivision to read:

Subd. 9a. **Early childhood development training.** (a) For purposes of child care centers, the director and all staff, after July 1, 2006, shall complete and document at least two hours of early childhood development training within the first year of employment. Training completed under this subdivision may be used to meet the requirements of Minnesota Rules, part 9503.0035, subparts 1 and 4.

(b) For purposes of family and group family child care, the license holder and each adult caregiver who provide care in the licensed setting more than 30 days in any 12-month period shall complete and document at least two hours of early childhood development training within the first year of licensure or employment. Training completed under this subdivision may be used to meet the requirements of Minnesota Rules, part 9502.0385, subparts 2 and 3.

(c) Notwithstanding paragraphs (a) and (b), individuals are exempt from this requirement if they:

(1) have taken a three-credit course on early childhood development within the past five years;

(2) have received a baccalaureate or masters degree in early childhood education or school age child care within the past five years;

(3) are licensed in Minnesota as a prekindergarten teacher, an early childhood educator, a kindergarten to grade 6 teacher with a prekindergarten specialty, an early childhood special education teacher, or an elementary teacher with a kindergarten endorsement; or

(4) have received a baccalaureate degree with a Montessori certificate within the past five years.

Sec. 5. Minnesota Statutes 2005 Supplement, section 245A.146, subdivision 3, is amended to read:

Subd. 3. **License holder documentation of cribs.** (a) Annually, from the date printed on the license, all license holders shall check all their cribs' brand names and model numbers against the United States Consumer Product Safety Commission Web site listing of unsafe cribs.

(b) The license holder shall maintain written documentation to be reviewed on site for each crib showing that the review required in paragraph (a) has been completed, and which of the following conditions applies:

(1) the crib was not identified as unsafe on the United States Consumer Product Safety Commission Web site;

(2) the crib was identified as unsafe on the United States Consumer Product Safety Commission Web site, but the license holder has taken the action directed by the United States Consumer Product Safety Commission to make the crib safe; or

(3) the crib was identified as unsafe on the United States Consumer Product Safety Commission Web site, and the license holder has removed the crib so that it is no longer used by or accessible to children in care.

(c) Documentation of the review completed under this subdivision shall be maintained by the license holder on site and made available to parents of children in care and the commissioner.

(d) Notwithstanding Minnesota Rules, part 9502.0425, a family child care provider that complies with this section may use a mesh sided playpen or crib that has not been identified as unsafe on the United States Consumer Product Safety Commission Web site for the care or sleeping of infants.

Sec. 6. Minnesota Statutes 2004, section 256J.021, is amended to read:

256J.021 SEPARATE STATE PROGRAM FOR USE OF STATE MONEY.

~~Beginning~~ (a) Until October 1, 2001, ~~and each year thereafter 2006~~, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household as expenditures under a separately funded state program and report those expenditures to the federal Department of Health and Human Services as separate state program expenditures under Code of Federal Regulations, title 45, section 263.5.

(b) Beginning October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household as expenditures under a separately funded state program. These expenditures shall not count toward the state's maintenance of effort (MOE) requirements under the federal Temporary Assistance to Needy Families (TANF) program except if counting certain families would allow the commissioner to avoid a federal penalty. Families receiving assistance under this section must comply with all applicable requirements in this chapter.

Sec. 7. Minnesota Statutes 2004, section 256J.626, subdivision 2, is amended to read:

Subd. 2. **Allowable expenditures.** (a) The commissioner must restrict expenditures under the consolidated fund to benefits and services allowed under title IV-A of the federal Social Security Act. Allowable expenditures under the consolidated fund may include, but are not limited to:

(1) short-term, nonrecurring shelter and utility needs that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31, for families who meet the residency requirement in section 256J.12, subdivisions 1 and 1a. Payments under this subdivision are not considered TANF cash assistance and are not counted towards the 60-month time limit;

(2) transportation needed to obtain or retain employment or to participate in other approved work activities;

(3) direct and administrative costs of staff to deliver employment services for MFIP or the diversionary work program, to administer financial assistance, and to provide specialized services intended to assist hard-to-employ participants to transition to work;

(4) costs of education and training including functional work literacy and English as a second language;

(5) cost of work supports including tools, clothing, boots, and other work-related expenses;

(6) county administrative expenses as defined in Code of Federal Regulations, title 45, section 260(b);

(7) services to parenting and pregnant teens;

(8) supported work;

(9) wage subsidies;

(10) child care needed for MFIP or diversionary work program participants to participate in social services;

(11) child care to ensure that families leaving MFIP or diversionary work program will continue to receive child care assistance from the time the family no longer qualifies for transition year child care until an opening occurs under the basic sliding fee child care program; and

(12) services to help noncustodial parents who live in Minnesota and have minor children receiving MFIP or DWP assistance, but do not live in the same household as the child, obtain or retain employment.

(b) Administrative costs that are not matched with county funds as provided in subdivision 8 may not exceed 7.5 percent of a county's or 15 percent of a tribe's allocation under this section. The commissioner shall define administrative costs for purposes of this subdivision.

(c) The commissioner may waive the cap on administrative costs for a county or tribe that elects to provide an approved supported employment, unpaid work, or community work experience program for a major segment of the county's or tribe's MFIP population. The county or tribe must apply for the waiver on forms provided by the commissioner. In no case shall total administrative costs exceed the TANF limits.

Sec. 8. **[256K.60] RUNAWAY AND HOMELESS YOUTH ACT.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Commissioner" means the commissioner of human services.

(c) "Homeless youth" means a person 21 years or younger who is unaccompanied by a parent or guardian and is without shelter where appropriate care and supervision are available, whose parent or legal guardian is unable or unwilling to provide shelter and care, or who lacks a fixed, regular, and adequate nighttime residence. The following are not fixed, regular, or adequate nighttime residences:

- (1) a supervised publicly or privately operated shelter designed to provide temporary living accommodations;
- (2) an institution publicly or privately operated shelter designed to provide temporary living accommodations;
- (3) transitional housing;
- (4) a temporary placement with a peer, friend, or family member that has not offered permanent residence, a residential lease, or temporary lodging for more than 30 days; or
- (5) a public or private place not designed for, nor ordinarily used as, a regular sleeping accommodation for human beings.

Homeless youth does not include persons incarcerated or otherwise detained under federal or state law.

(d) "Youth at risk of homelessness" means a person 21 years or younger whose status or circumstances indicate a significant danger of experiencing homelessness in the near future. Status or circumstances that indicate a significant danger may include youth exiting out-of-home placements, youth who previously were homeless, youth whose parents or primary caregivers are or were previously homeless, youth who are exposed to abuse and neglect in their homes, youth who experience conflict with parents due to chemical or alcohol dependency, mental health disabilities, or other disabilities, and runaways.

(e) "Runaway" means an unmarried child under the age of 18 years who is absent from the home of a parent or guardian or other lawful placement without the consent of the parent, guardian, or lawful custodian.

Subd. 2. Homeless and runaway youth report. The commissioner shall develop a report for homeless youth, youth at risk of homelessness, and runaways. The report shall include coordination of services as defined under subdivisions 3 to 5.

Subd. 3. Street and community outreach and drop-in program. Youth drop-in centers must provide walk-in access to crisis intervention and ongoing supportive services including one-to-one case management services on a self-referral basis. Street and community outreach programs must locate, contact, and provide information, referrals, and services to homeless youth, youth at risk of homelessness, and runaways. Information, referrals, and services provided may include, but are not limited to:

- (1) family reunification services;
- (2) conflict resolution or mediation counseling;
- (3) assistance in obtaining temporary emergency shelter;
- (4) assistance in obtaining food, clothing, medical care, or mental health counseling;
- (5) counseling regarding violence, prostitution, substance abuse, sexually transmitted diseases, and pregnancy;
- (6) referrals to other agencies that provide support to services to homeless youth, youth at risk of homelessness, and runaways;
- (7) assistance with education, employment, and independent living skills;
- (8) aftercare services;

(9) specialized services for highly vulnerable runaways and homeless youth, including teen parents, emotionally disturbed and mentally ill youth, and sexually exploited youth; and

(10) homelessness prevention.

Subd. 4. Emergency shelter program. (a) Emergency shelter programs must provide homeless youth and runaways with referral and walk-in access to emergency, short-term residential care. The program shall provide homeless youth and runaways with safe, dignified shelter, including private shower facilities, beds, and at least one meal each day, and shall assist a runaway with reunification with the family or legal guardian when required or appropriate.

(b) The services provided at emergency shelters may include, but are not limited to:

(1) family reunification services;

(2) individual, family, and group counseling;

(3) assistance obtaining clothing;

(4) access to medical and dental care and mental health counseling;

(5) education and employment services;

(6) recreational activities;

(7) advocacy and referral services;

(8) independent living skills training;

(9) aftercare and follow-up services;

(10) transportation; and

(11) homelessness prevention.

Subd. 5. Supportive housing and transitional living programs. Transitional living programs must help homeless youth and youth at risk of homelessness to find and maintain safe, dignified housing. The program may also provide rental assistance and related supportive services, or refer youth to other organizations or agencies that provide such services. Services provided may include, but are not limited to:

(1) educational assessment and referrals to educational programs;

(2) career planning, employment, work skill training, and independent living skills training;

(3) job placement;

(4) budgeting and money management;

(5) assistance in securing housing appropriate to needs and income;

(6) counseling regarding violence, prostitution, substance abuse, sexually transmitted diseases, and pregnancy;

(7) referral for medical services or chemical dependency treatment;

(8) parenting skills;

(9) self-sufficiency support services or life skill training;

(10) aftercare and follow-up services; and

(11) homelessness prevention.

Sec. 9. **[259.86] POSTADOPTION SEARCH SERVICES.**

(a) The commissioner of human services shall apply for and accept grant funds and donations to offset the costs for developing and implementing a specialized curriculum to train department, county agency, and social service agency staff in performing and complying with the postadoption search services developed in the best practices guidelines reported to the legislature in 2006. The commissioner shall develop the curriculum and provide the training if sufficient funds are obtained to offset the costs.

(b) All department and county social service agency staff providing postadoption search services shall complete six hours of postadoption search services training as a component of the child welfare training.

(c) All private agency staff providing postadoption search services shall complete at least six hours of postadoption search services training.

Sec. 10. Minnesota Statutes 2004, section 259.87, is amended to read:

259.87 RULES.

The commissioner of human services shall make rules as necessary to administer sections 259.79 ~~and~~ 259.83, and 259.86.

Sec. 11. Minnesota Statutes 2004, section 518.551, subdivision 7, is amended to read:

Subd. 7. ~~Fees and cost recovery fees for IV-D services.~~ (a) When a recipient of IV-D services is no longer receiving assistance under the state's title IV-A, IV-E foster care, medical assistance, or MinnesotaCare programs, the public authority responsible for child support enforcement must notify the recipient, within five working days of the notification of ineligibility, that IV-D services will be continued unless the public authority is notified to the contrary by the recipient. The notice must include the implications of continuing to receive IV-D services, including the available services and fees, cost recovery fees, and distribution policies relating to fees.

(b) An application fee of \$25 shall be paid by the person who applies for child support and maintenance collection services, except persons who are receiving public assistance as defined in section 256.741 and, ~~if enacted,~~ the diversionary work program under section 256J.95, persons who transfer from public assistance to nonpublic assistance status, and minor parents and parents enrolled in a public secondary school, area learning center, or alternative learning program approved by the commissioner of education.

(c) In the case of an individual who has never received assistance under a state program funded under Title IV-A of the Social Security Act and for whom the public authority has collected at least \$500 of support, the public authority must impose an annual federal collections fee of \$25 for each case in which services are furnished. This fee must be retained by the public authority from support collected on behalf of the individual, but not from the first \$500 collected.

(d) When the public authority provides full IV-D services to an obligee who has applied for those services, upon written notice to the obligee, the public authority must charge a cost recovery fee of one percent of the amount collected. This fee must be deducted from the amount of the child support and maintenance collected and not assigned under section 256.741 before disbursement to the obligee. This fee does not apply to an obligee who:

(1) is currently receiving assistance under the state's title IV-A, IV-E foster care, medical assistance, or MinnesotaCare programs; or

(2) has received assistance under the state's title IV-A or IV-E foster care programs, until the person has not received this assistance for 24 consecutive months.

~~(d)~~ (e) When the public authority provides full IV-D services to an obligor who has applied for such services, upon written notice to the obligor, the public authority must charge a cost recovery fee of one percent of the monthly court-ordered child support and maintenance obligation. The fee may be collected through income withholding, as well as by any other enforcement remedy available to the public authority responsible for child support enforcement.

~~(e)~~ (f) Fees assessed by state and federal tax agencies for collection of overdue support owed to or on behalf of a person not receiving public assistance must be imposed on the person for whom these services are provided. The public authority upon written notice to the obligee shall assess a fee of \$25 to the person not receiving public assistance for each successful federal tax interception. The fee must be withheld prior to the release of the funds received from each interception and deposited in the general fund.

~~(f)~~ (g) Federal collections fees collected under paragraph (c) and cost recovery fees collected under paragraphs ~~(e) and~~ (d) and (e) shall be considered child support program income according to Code of Federal Regulations, title 45, section 304.50, and shall be deposited in the ~~cost recovery fee~~ special revenue fund account established under paragraph ~~(h)~~ (i). The commissioner of human services must elect to recover costs based on either actual or standardized costs.

~~(g)~~ (h) The limitations of this subdivision on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under Title IV-A and Title IV-D of the Social Security Act, United States Code, title 42, sections 601 to 613 and United States Code, title 42, sections 651 to 662.

~~(h)~~ (i) The commissioner of human services is authorized to establish a special revenue fund account to receive ~~child support~~ the federal collections fees collected under paragraph (c) and cost recovery fees collected under paragraphs (d) and (e). A portion of the nonfederal share of these fees may be retained for expenditures necessary to administer the ~~fee fees~~ and must be transferred to the child support system special revenue account. The remaining nonfederal share of the federal collections fees and cost recovery ~~fee fees~~ must be retained by the commissioner and dedicated to the child support general fund county performance-based grant account authorized under sections 256.979 and 256.9791.

EFFECTIVE DATE. This section is effective October 1, 2006, or later, if the commissioner determines that a later implementation will not result in federal financial penalties.

Sec. 12. Laws 2005, First Special Session chapter 4, article 7, section 59, is amended to read:

Sec. 59. **REPORT TO LEGISLATURE.**

The commissioner shall report to the legislature by December 15, 2006, on the redesign of case management services. In preparing the report, the commissioner shall consult with representatives for consumers, consumer advocates, counties, labor organizations representing county social service workers, and service providers. The report shall include draft legislation for case management changes that will:

- (1) streamline administration;
- (2) improve consumer access to case management services;
- (3) address the use of a comprehensive universal assessment protocol for persons seeking community supports;
- (4) establish case management performance measures;
- (5) provide for consumer choice of the case management service vendor; and
- (6) provide a method of payment for case management services that is cost-effective and best supports the draft legislation in clauses (1) to (5).

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

Sec. 13. **RAMSEY COUNTY CHILD CARE PILOT PROJECT.**

Subdivision 1. Authorization for pilot project. The commissioner of human services shall approve a pilot project in Ramsey County that will help teen parents remain in school and complete the student's education while providing child care assistance for the student's child. The pilot project shall increase coordination between services from the Minnesota family investment program, the child care assistance program, and area public schools with the goal of removing barriers that prevent teen parents from pursuing educational goals.

Subd. 2. Program design and implementation. The Ramsey County child care pilot project shall be established to improve the coordination of services to teen parents. The pilot project shall:

(1) provide a streamlined process for sharing information between the Minnesota family investment program under Minnesota Statutes, chapter 256J, the child care assistance program under Minnesota Statutes, chapter 119B, and public schools in Ramsey County;

(2) determine eligibility for child care assistance using the teen parent's eligibility for reduced-cost or free school lunches in place of income verification; and

(3) waive the child care parent fee under Minnesota Statutes, section 119B.12, subdivision 2, for teen parents whose income is below poverty level and whose children attend school-based child care centers.

Subd. 3. Costs. Increased costs incurred under this section shall not increase the basic sliding fee appropriation and shall not affect funds available for distribution under Minnesota Statutes, sections 119B.06 and 119B.08."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money and supplementing or reducing appropriations for various economic development, labor and industry, and human services programs and activities; establishing and modifying certain programs; providing for regulation of certain activities and practices; amending Minnesota Statutes 2004, sections 16B.61, subdivision 1a; 16B.65, subdivisions 1, 5a; 16B.70, subdivision 2; 43A.08, subdivision 1a; 116J.421, by adding a subdivision; 116J.431, by adding a subdivision; 116J.8731, subdivisions 1, 4; 116L.04, subdivisions 1, 1a; 116L.12, subdivision 4; 119B.03, subdivision 4; 178.02, subdivision 2; 181.032; 245A.023; 245A.14, by adding a subdivision; 256J.021; 256J.626, subdivision 2; 259.87; 298.22, subdivisions 1, 8, by adding a subdivision; 298.2213, subdivision 4; 298.223, subdivisions 2, 3; 326.01, by adding subdivisions; 326.105; 326.242, subdivisions 3c, 5, 6a, 6b, 6c, 7, 8, by adding a subdivision; 326.992; 327.33,

subdivisions 2, 6; 327B.04, subdivision 7; 446A.03, subdivision 5; 446A.12, subdivision 1; 469.334, subdivisions 1, 4; 471.471, subdivision 4; 518.551, subdivision 7; Minnesota Statutes 2005 Supplement, sections 115C.09, subdivision 3j; 116J.551, subdivision 1; 116J.575, subdivision 1, by adding a subdivision; 119B.13, subdivision 7; 245A.146, subdivision 3; 298.296, subdivision 1; 298.298; 446A.073; Laws 2004, chapter 188, section 1, as amended; Laws 2005, First Special Session chapter 1, article 3, section 17; Laws 2005, First Special Session chapter 4, article 7, section 59; proposing coding for new law in Minnesota Statutes, chapters 116J; 216B; 256K; 259; 299F; 341; proposing coding for new law as Minnesota Statutes, chapter 326B; repealing Minnesota Statutes 2004, sections 16B.747, subdivision 4; 183.375, subdivision 5; 326.241, subdivision 3; 326.44; 326.52; 326.64; Minnesota Statutes 2005 Supplement, section 183.545, subdivision 9."

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

The report was adopted.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Heidgerken introduced:

H. F. No. 4149, A bill for an act relating to the legislature; providing for an orientation tour of the state for new legislators; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Bernardy; Hortman; Dittrich; Ruud; Peterson, S.; Greiling; Sailer; Moe; Eken; Slawik; Lillie; Haws; Hosch; Simon; Latz; Scalze; Fritz; Atkins; Thissen; Lenczewski; Hansen; Nelson, M.; Hilstrom; Sieben and Loeffler introduced:

H. F. No. 4150, A bill for an act relating to education finance; reducing school district property taxes; eliminating the operating capital levy, reducing the equity levy; amending Minnesota Statutes 2004, section 126C.10, subdivisions 13b, 29; repealing Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 13a.

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

Simon introduced:

H. F. No. 4151, A bill for an act relating to utilities; regulating rate recovery for income taxes; amending Minnesota Statutes 2004, section 216B.16, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Regulated Industries.

Abeler; Gunther; Ellison; Peterson, N., and Hornstein introduced:

H. F. No. 4152, A bill for an act relating to poverty; creating a legislative commission to end poverty by 2020; appropriating money.

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

Brod; Samuelson; Urdahl; Kohls; Cybart; Demmer; Eastlund; Cornish; Nornes; Wilkin; Dean; Nelson, P.; Emmer; Gunther; Tingelstad; Westerberg; Garofalo; Gazelka; Anderson, B., and Soderstrom introduced:

H. F. No. 4153, A bill for an act relating to health; requiring reporting on notification that is required before an abortion is performed on a minor or certain other women; providing civil penalties; amending Minnesota Statutes 2004, section 13.3806, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 144; 145.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 2994, A bill for an act relating to natural resources; allowing for the replacement and repair of boat storage structures on public waters; amending Minnesota Statutes 2005 Supplement, section 103G.245, subdivision 4.

H. F. No. 3310, A bill for an act relating to state government; authorizing advance deposits or payments for boat slip rental; amending Minnesota Statutes 2004, section 16A.065.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2959, A bill for an act relating to capital improvements; authorizing spending to acquire and better public land and buildings and other public improvements of a capital nature with certain conditions; establishing new programs and modifying existing programs; authorizing sale of state bonds; appropriating money; amending Minnesota Statutes 2004, sections 16A.11, subdivision 1; 16A.86, subdivisions 2, 4; 85.013, by adding a subdivision; 123A.44; 123A.441; 123A.442; 123A.443; 136F.98, subdivision 1; 446A.12, subdivision 1; Minnesota

Statutes 2005 Supplement, sections 116.182, subdivision 2; 116J.575, subdivision 1; Laws 2000, chapter 492, article 1, section 7, subdivision 21, as amended; Laws 2002, chapter 393, section 19, subdivision 2; Laws 2005, chapter 20, article 1, sections 7, subdivisions 14, 21; 19, subdivision 6; 20, subdivisions 2, 3; 23, subdivisions 3, 12; 27; proposing coding for new law in Minnesota Statutes, chapters 16B; 85; 116J; 446A.

PATRICK E. FLAHAVEN, Secretary of the Senate

Hausman moved that the House refuse to concur in the Senate amendments to H. F. No. 2959, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 1459, 2646, 3216 and 3246.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1459, A bill for an act relating to insurance; creating a statewide health insurance pool for school district employees; appropriating money; amending Minnesota Statutes 2004, sections 62E.02, subdivision 23; 62E.10, subdivision 1; 62E.11, subdivision 5; Minnesota Statutes 2005 Supplement, section 297I.05, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 62A.

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

S. F. No. 2646, A bill for an act relating to drivers' licenses; requiring at least 30 minutes of driver education on organ and tissue donation; permanently suspending statute creating vehicle insurance sampling program; amending Minnesota Statutes 2004, section 171.0701; Laws 2005, First Special Session chapter 6, article 3, section 109.

The bill was read for the first time.

Paymar moved that S. F. No. 2646 and H. F. No. 3401, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3216, A bill for an act relating to housing; regulating condominium conversions; amending Minnesota Statutes 2005 Supplement, section 515B.1-106.

The bill was read for the first time.

Hornstein moved that S. F. No. 3216 and H. F. No. 3631, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3246, A bill for an act relating to transportation; commuter rail; authorizing the commissioner to contract for use of railroad right-of-way; regulating civil liability; amending Minnesota Statutes 2004, section 174.82.

The bill was read for the first time.

Tingelstad moved that S. F. No. 3246 and H. F. No. 3656, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

FISCAL CALENDAR

Pursuant to rule 1.22, Knoblach requested immediate consideration of H. F. No. 2833, the second engrossment, as amended.

H. F. No. 2833, the second engrossment, as amended on Wednesday, April 12, 2006, was reported to the House.

Hosch, Scalze, Marquart, Simon, Olson, Heidgerken and Urdahl moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 7, after line 23, insert:

"Sec. 3. **[3.051] RULES OF PROCEEDINGS.**

Subdivision 1. **Applicability.** The rules of each house and the joint rules of the legislature must conform to the provisions of this section.

Subd. 2. **Bills to be heard in committee.** Each member of the House or Senate may designate two bills each year, of which they are the chief author, which must be heard in all of the applicable committees the bills have been referred to for consideration. A committee chair may only deny a hearing request for these bills if the request comes less than 7 days prior to the first bill deadline as adopted by each house."

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 Hosch et al amendment and the roll was called. There were 41 yeas and 90 nays as follows:

Those who voted in the affirmative were:

Atkins	Davnie	Greiling	Heidgerken	Johnson, S.	Liebling
Bernardy	Dittrich	Hansen	Hilstrom	Larson	Loeffler
Brod	Dorn	Hausman	Hortman	Latz	Marquart
Clark	Eken	Haws	Hosch	Lenczewski	Moe

Mullery	Paymar	Peterson, S.	Sailer	Simon	Walker
Olson	Pelowski	Poppe	Scalze	Thissen	Walti
Otremba	Peterson, A.	Ruud	Sieben	Urdahl	

Those who voted in the negative were:

Abeler	DeLaForest	Goodwin	Kelliher	Murphy	Severson
Abrams	Demmer	Gunther	Klinzing	Nelson, M.	Simpson
Anderson, B.	Dempsey	Hackbarth	Knoblach	Nelson, P.	Slawik
Anderson, I.	Dill	Hamilton	Koenen	Newman	Smith
Beard	Dorman	Hilty	Kohls	Nornes	Soderstrom
Blaine	Eastlund	Holberg	Krinkie	Ozment	Solberg
Bradley	Ellison	Hoppe	Lanning	Paulsen	Sykora
Buesgens	Emmer	Hornstein	Lesch	Penas	Thao
Carlson	Entenza	Howes	Lieder	Peppin	Vandever
Charron	Erhardt	Huntley	Lillie	Powell	Wardlow
Cornish	Erickson	Jaros	Magnus	Rukavina	Westerberg
Cox	Finstad	Johnson, J.	Mahoney	Ruth	Westrom
Cybart	Fritz	Johnson, R.	Mariani	Samuelson	Wilkin
Davids	Garofalo	Juhnke	McNamara	Seifert	Zellers
Dean	Gazelka	Kahn	Meslow	Sertich	Spk. Sviggum

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

Loeffler; Peterson, S.; Samuelson; Sieben; Paymar; Sertich; Ellison; Cox; Hausman; Abeler; Kelliher; Ozment; Erhardt; Simon; Tingelstad; Scalze; Gunther; Kahn; Slawik; Hosch; Nelson, M.; Hilstrom; Lillie; Ruud; Thao; Hortman and Peterson, N., moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 34, after line 8, insert:

"Sec. 58. **[16A.1395] CONTINUING APPROPRIATIONS.**

Subdivision 1. Application. This section applies only to an appropriation enacted in a major finance or revenue bill. The house of representatives and the senate must adopt rules or resolutions specifying which bills are major finance or revenue bills. If the house and the senate fail to agree on which bills are major finance or revenue bills, "major finance or revenue bill" means the primary bill establishing state tax policy, and the primary bill making appropriations in each of the following areas: higher education, early childhood through high school education, agriculture and rural development, environment and natural resources, health and human services, state government finance, economic development, public safety, and transportation.

Subd. 2. Certain appropriations continue. (a) An appropriation from the general fund or any other fund enacted in a major finance or revenue bill for the fiscal year ending June 30 of an odd-numbered year remains in effect at the base level for future fiscal years unless a law is enacted eliminating or amending the appropriation. The appropriation base level is determined as provided in section 16A.11, subdivision 3, paragraph (b).

(b) The amounts needed to implement this section are appropriated from each fund covered by this section.

(c) This section does not apply to an appropriation in a fiscal year if a law is enacted appropriating money in that fiscal year for the purpose of the appropriation.

Subd. 3. **Exceptions and adjustments.** An appropriation remaining in effect under authority of subdivision 2 must be adjusted or discontinued as required by other law, by general policies of the commissioner of finance, and in the following circumstances:

(a) An appropriation for the fiscal year ending June 30 of the odd-numbered year does not remain in effect for the fiscal year starting on July 1 if the legislature specifically designated the appropriation as a onetime appropriation, if the commissioner of finance determines that the legislature clearly intended the appropriation to be onetime, or if the program for which the appropriation was made expires on or before July 1.

(b) If an appropriation remains in effect under authority of subdivision 2, but the program or activity that is the subject of the appropriation is scheduled to expire during a fiscal year, the commissioner of finance must pro rate the appropriation.

(c) The commissioner of finance may make technical adjustments to the amount of an appropriation to the extent the commissioner determines the technical adjustments are needed to accurately reflect the amount that constitutes the annual base level of the appropriation. The commissioner may make an adjustment under this clause only if one or more of the following conditions is met:

(1) the legislature previously appropriated money for a biennium, with the entire appropriation being allocated to one year of the biennium, and the commissioner determines an adjustment is necessary to accurately reflect the annual amount needed to maintain program operations at the same level;

(2) laws or policies under which revenues and expenditures are accounted for have changed to eliminate or consolidate certain funds or accounts, and adjustments in appropriations are necessary to implement these changes;

(3) duties have been transferred between agency programs, or between agencies, and adjustments in appropriations are needed to reflect these transfers; or

(4) a program, or changes to a program, were not fully operational in one fiscal year, but will be fully operational in the following year, and an adjustment to the appropriation is needed to accurately reflect the annual cost of the new or changed program.

The commissioner of finance must give the chairs of the senate finance and house ways and means committees written notice of any adjustments made under this subdivision."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The Speaker called Abrams to the Chair.

Dean moved to amend the Loeffler et al amendment to H. F. No. 2833, the second engrossment, as amended, as follows:

Page 2, after line 26, insert:

"Subd. 4. **Legislator compensation.** In the event the process described in subdivisions 1 to 3 applies, legislators shall forfeit all salary and compensation beginning on July 1 of any odd-numbered year. This forfeiture shall continue until all appropriation legislation has been adopted."

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 amendment to the amendment and the roll was called. There were 75 yeas and 57 nays as follows:

Those who voted in the affirmative were:

Abrams	Dempsey	Holberg	McNamara	Ruud	Tingelstad
Anderson, B.	Dittrich	Hoppe	Moe	Sailer	Urdahl
Atkins	Eastlund	Hortman	Nelson, P.	Samuelson	Vandev eer
Bernardy	Emmer	Hosch	Nornes	Scalze	Wardlow
Blaine	Entenza	Johnson, J.	Olson	Seifert	Welti
Brod	Erickson	Klinzing	Paulsen	Severson	Westerberg
Buesgens	Finstad	Knoblach	Pelowski	Sieben	Westrom
Charron	Garofalo	Kohls	Penas	Simon	Wilkin
Cornish	Gazelka	Krinkie	Peppin	Simpson	Zellers
Cox	Greiling	Lenczewski	Peterson, S.	Slawik	Spk. Sviggum
Cybart	Hamilton	Lillie	Poppe	Smith	
Dean	Haws	Magnus	Powell	Soderstrom	
DeLaForest	Heidgerken	Marquart	Ruth	Sykora	

Those who voted in the negative were:

Abeler	Dorman	Hausman	Kelliher	Mariani	Peterson, N.
Anderson, I.	Dorn	Hilstrom	Koenen	Meslow	Rukavina
Beard	Eken	Hilty	Lanning	Mullery	Sertich
Bradley	Ellison	Hornstein	Larson	Murphy	Solberg
Carlson	Erhardt	Howes	Latz	Nelson, M.	Thao
Clark	Fritz	Huntley	Lesch	Newman	Thissen
Davids	Goodwin	Jaros	Liebling	Otremba	Walker
Davnie	Gunther	Johnson, R.	Lieder	Ozment	
Demmer	Hackbarth	Johnson, S.	Loeffler	Paymar	
Dill	Hansen	Kahn	Mahoney	Peterson, A.	

The motion prevailed and the amendment to the amendment was adopted.

The Speaker resumed the Chair.

The question recurred on the Loeffler et al amendment, as amended, and the roll was called. There were 76 yeas and 56 nays as follows:

Those who voted in the affirmative were:

Abeler	Eken	Hornstein	Latz	Nelson, M.	Sertich
Atkins	Ellison	Hortman	Lenczewski	Otremba	Sieben
Bernardy	Entenza	Hosch	Lesch	Ozment	Simon
Carlson	Fritz	Howes	Liebling	Pelowski	Slawik
Clark	Goodwin	Huntley	Lieder	Peterson, A.	Soderstrom
Cornish	Greiling	Jaros	Lillie	Peterson, N.	Solberg
Cox	Gunther	Johnson, R.	Loeffler	Peterson, S.	Thissen
Davids	Hansen	Johnson, S.	Mahoney	Poppe	Tingelstad
Davnie	Hausman	Juhnke	Mariani	Rukavina	Walker
Dempsey	Haws	Kahn	Marquart	Ruud	Welti
Dittrich	Heidgerken	Kelliher	Moe	Sailer	Westrom
Dorman	Hilstrom	Koenen	Mullery	Scalze	
Dorn	Hilty	Larson	Murphy	Seifert	

Those who voted in the negative were:

Abrams	DeLaForest	Hackbarth	Magnus	Peppin	Vandevveer
Anderson, B.	Demmer	Hamilton	McNamara	Powell	Wardlow
Anderson, I.	Dill	Holberg	Meslow	Ruth	Westerberg
Beard	Eastlund	Hoppe	Nelson, P.	Samuelson	Wilkin
Blaine	Emmer	Johnson, J.	Newman	Severson	Zellers
Bradley	Erhardt	Klinzing	Nornes	Simpson	Spk. Sviggum
Buesgens	Erickson	Knoblach	Olson	Smith	
Charron	Finstad	Kohls	Paulsen	Sykora	
Cybart	Garofalo	Krinkie	Paymar	Thao	
Dean	Gazelka	Lanning	Penas	Urdahl	

The motion prevailed and the amendment, as amended, was adopted.

Howes moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 59, after line 31, insert:

"Sec. 118. Minnesota Statutes 2004, section 375.101, subdivision 1, is amended to read:

Subdivision 1. **Option for filling vacancies; election in 30 to 60 days.** Except as provided in subdivision 3, a vacancy in the office of county commissioner ~~shall~~ may be filled as provided in this subdivision and subdivision 2, or as provided in subdivision 4. If the vacancy is to be filled under this subdivision and subdivision 2, it must be filled at a special election not less than 30 nor more than 60 days after the vacancy occurs. The special primary or special election may be held on the same day as a regular primary or regular election but the special election shall be held not less than 14 days after the special primary. The person elected at the special election shall take office immediately after receipt of the certificate of election and upon filing the bond and taking the oath of office and shall serve the remainder of the unexpired term. If the county has been reapportioned since the commencement of the term of the vacant office, the election shall be based on the district as reapportioned.

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

Sec. 119. Minnesota Statutes 2004, section 375.101, is amended by adding a subdivision to read:

Subd. 4. Option for filling vacancies; appointment. Except as provided in subdivision 3, and as an alternative to the procedure provided in subdivisions 1 and 2, a vacancy due to death in the office of county commissioner may be filled by board appointment at a regular or special meeting. The appointment shall be evidenced by a resolution entered in the minutes and shall continue until an election is held under this subdivision. All elections to fill vacancies shall be for the unexpired term. If the vacancy occurs before the first day to file affidavits of candidacy for the next county general election and more than two years remain in the unexpired term, a special election shall be held in conjunction with the county general election. The appointed person shall serve until the qualification of the successor elected to fill the unexpired part of the term at that special election. If the vacancy occurs on or after the first day to file affidavits of candidacy for the county general election, or when less than two years remain in the unexpired term, there shall be no special election to fill the vacancy and the appointed person shall serve the remainder of the unexpired term and until a successor is elected and qualifies at the county general election.

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 Howes amendment and the roll was called. There were 93 yeas and 38 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hausman	Kelliher	Nelson, P.	Seifert
Anderson, I.	Dittrich	Haws	Kohls	Newman	Severson
Atkins	Dorman	Heidgerken	Latz	Nornes	Simon
Bernardy	Dorn	Hilty	Lenczewski	Ozment	Slawik
Blaine	Eastlund	Hoppe	Lesch	Pelowski	Soderstrom
Bradley	Eken	Hornstein	Liebling	Penas	Solberg
Brod	Ellison	Hortman	Lieder	Peterson, A.	Sykora
Charron	Entenza	Hosch	Lillie	Peterson, N.	Thao
Clark	Erhardt	Howes	Loeffler	Peterson, S.	Tingelstad
Cornish	Finstad	Huntley	Magnus	Poppe	Urdahl
Cox	Gazelka	Jaros	Mahoney	Powell	Welti
Cybart	Goodwin	Johnson, J.	Mariani	Rukavina	Westerberg
Davids	Greiling	Johnson, R.	McNamara	Ruth	Spk. Sviggum
Davnie	Gunther	Johnson, S.	Meslow	Sailer	
Demmer	Hamilton	Juhnke	Moe	Samuelson	
Dempsey	Hansen	Kahn	Murphy	Scalze	

Those who voted in the negative were:

Abrams	Erickson	Knoblach	Nelson, M.	Sieben	Westrom
Anderson, B.	Fritz	Koenen	Olson	Simpson	Wilkin
Buesgens	Garofalo	Krinkie	Otremba	Smith	Zellers
Carlson	Hackbarth	Lanning	Paulsen	Thissen	
Dean	Hilstrom	Larson	Paymar	Vandevveer	
DeLaForest	Holberg	Marquart	Peppin	Walker	
Emmer	Klinzing	Mullery	Ruud	Wardlow	

The motion prevailed and the amendment was adopted.

Emmer; Bradley; Garofalo; Vandev eer; Holberg; Olson; Anderson, B.; Severson; Erickson; Krinkie; Buesgens; Blaine; Gazelka; Wilkin; Zellers and Dean moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 69, after line 33, insert:

"Sec. 137. **PROHIBITION OF GAMBLING IN MINNESOTA.**

Notwithstanding any current law to the contrary, all forms of gambling are prohibited under Minnesota law. For the purposes of this section, "gambling" includes any game involving chance, consideration, and prize and includes, but is not limited to, pari-mutuel betting under Minnesota Statutes, chapter 240, lawful gambling under Minnesota Statutes, chapter 349, gambling authorized through any state-tribal compact, and the State Lottery under Minnesota Statutes, chapter 349A.

Sec. 138. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall prepare a bill for introduction in the 2009 legislative session that makes the changes necessary to conform to the prohibition of gambling set forth in section 137."

Page 70, after line 15, insert:

"Sec. 143. **EFFECTIVE DATE.**

Sections 137 and 138 are effective July 1, 2008."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Erickson, Cornish, Finstad, Soderstrom, Severson and Johnson, J., moved to amend the Emmer et al amendment to H. F. No. 2833, the second engrossment, as amended, as follows:

Page 1, line 5, delete "game" and insert "gambling classified as class III gambling under the federal Indian Gaming Regulatory Act, pari-mutuel betting under Minnesota Statutes, chapter 240,"

Page 1, delete lines 6 and 7

Page 1, line 8, delete "chapter 349,"

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

The question recurred on the Emmer et al amendment and the roll was called. There were 33 yeas and 100 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Dean	Gazelka	Knoblach	Newman	Vandever
Blaine	Eastlund	Gunther	Krinkie	Olson	Westerberg
Bradley	Emmer	Hackbarth	Lenczewski	Peppin	Zellers
Buesgens	Erickson	Hamilton	Lesch	Seifert	
Charron	Finstad	Holberg	Magnus	Severson	
Cybart	Garofalo	Hoppe	Nelson, M.	Soderstrom	

Those who voted in the negative were:

Abeler	Dittrich	Hortman	Liebling	Paymar	Simpson
Abrams	Dorman	Hosch	Lieder	Pelowski	Slawik
Anderson, I.	Dorn	Howes	Lillie	Penas	Smith
Atkins	Eken	Huntley	Loeffler	Peterson, A.	Solberg
Beard	Ellison	Jaros	Mahoney	Peterson, N.	Sykora
Bernardy	Entenza	Johnson, J.	Mariani	Peterson, S.	Thao
Brod	Erhardt	Johnson, R.	Marquart	Poppe	Thissen
Carlson	Fritz	Johnson, S.	McNamara	Powell	Tingelstad
Clark	Goodwin	Juhnke	Meslow	Rukavina	Urdahl
Cornish	Greiling	Kahn	Moe	Ruth	Walker
Cox	Hansen	Kelliher	Mullery	Ruud	Wardlow
Davids	Hausman	Klinzing	Murphy	Sailer	Welti
Davnie	Haws	Koenen	Nelson, P.	Samuelson	Westrom
DeLaForest	Heidgerken	Kohls	Nornes	Scalze	Wilkin
Demmer	Hilstrom	Lanning	Otremba	Sertich	Spk. Sviggum
Dempsey	Hilty	Larson	Ozment	Sieben	
Dill	Hornstein	Latz	Paulsen	Simon	

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

Olson; Haws; Greiling; Abeler; Buesgens; Hosch; Emmer; Anderson, B.; Powell; Hansen; Gazelka; Marquart; Juhnke; Heidgerken and Dill moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 7, after line 14, insert:

"Section 1. **[3.0062] CONFERENCE COMMITTEES.**

Subdivision 1. Deadline. The rules of each house and joint rules of the legislature shall be amended to require the establishment of a deadline for the completion of conference committee work. The deadline for conference committee reports on each omnibus budget bill to be reported to the floors of both houses must be at least five calendar days prior to the day of adjournment. This rule may be waived by a two-thirds vote of each house.

Subd. 2. Amendment by entire body. The rules of each house and joint rules of the legislature shall be written to allow conference committees to be discharged by a majority vote of either body at any time. Bills failing to meet the deadlines specified in subdivision 1 shall also be returned to the floor of each house. The rules for each house and the joint rules of the legislature shall allow for bills that have been returned from conference to be amended and re-passed multiple times, in order to resolve differences between the House and Senate without appointment of a further conference committee."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Pelowski, Buesgens, Hosch, Greiling, Olson, Powell, Haws, Marquart, Hansen, Juhnke, Heidgerken and Dill moved to amend the Olson et al amendment to H. F. No. 2833, the second engrossment, as amended, as follows:

Page 1, line 9, after the period, insert "Conferees on a bill that fails to meet this deadline must be discharged and new conferees may be appointed."

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Olson et al amendment, as amended, and the roll was called. There were 90 yeas and 40 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Hamilton	Johnson, S.	Moe	Scalze
Anderson, B.	Dorman	Hansen	Juhnke	Olson	Seifert
Atkins	Dorn	Haws	Klinzing	Otremba	Severson
Bernardy	Eastlund	Heidgerken	Knoblach	Paulsen	Sieben
Blaine	Eken	Hilstrom	Koenen	Pelowski	Simon
Brod	Ellison	Holberg	Kohls	Peterson, A.	Smith
Buesgens	Emmer	Hoppe	Larson	Peterson, N.	Soderstrom
Charron	Entenza	Hornstein	Latz	Peterson, S.	Thao
Clark	Erickson	Hortman	Lenczewski	Poppe	Tingelstad
Cornish	Finstad	Hosch	Liebling	Powell	Walker
Cox	Fritz	Howes	Lillie	Rukavina	Wardlow
Davnie	Garofalo	Huntley	Mahoney	Ruth	Welti
DeLaForest	Gazelka	Jaros	Mariani	Ruud	Westerberg
Demmer	Greiling	Johnson, J.	Marquart	Sailer	Westrom
Dill	Gunther	Johnson, R.	Meslow	Samuelson	Zellers

Those who voted in the negative were:

Abrams	Dean	Lanning	Murphy	Penas	Thissen
Anderson, I.	Dempsey	Lesch	Nelson, M.	Peppin	Urdahl
Beard	Erhardt	Lieder	Nelson, P.	Sertich	Vandever
Bradley	Hackbarth	Loeffler	Newman	Simpson	Wilkin
Carlson	Hilty	Magnus	Nornes	Slawik	Spk. Sviggum
Cybart	Kahn	McNamara	Ozment	Solberg	
Davids	Krinkie	Mullery	Paymar	Sykora	

The motion prevailed and the amendment, as amended, was adopted.

Anderson, B.; Eastlund; Gazelka; Demmer; Emmer; Lesch; Severson; Soderstrom and Nelson, P., moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 56, after line 6, insert:

"Sec. 110. Minnesota Statutes 2004, section 240.25, subdivision 8, is amended to read:

Subd. 8. **Age under ~~18~~ 19.** A person under the age of ~~18~~ 19 may not place a bet or present a pari-mutuel ticket for payment with an approved pari-mutuel system or participate in card playing at a card club at a licensed racetrack."

Page 57, after line 29, insert:

"Sec. 117. Minnesota Statutes 2004, section 349.2127, subdivision 8, is amended to read:

Subd. 8. **Minimum age.** (a) A person under the age of ~~18~~ 19 years may not buy a pull-tab, tipboard ticket, paddlewheel ticket, or raffle ticket, or a chance to participate in a bingo game other than (1) a bingo game exempt or excluded from licensing, or (2) one bingo occasion conducted by a licensed organization as part of an annual community event if the person under age 18 is accompanied by a parent or guardian. Violation of this paragraph is a misdemeanor.

(b) A licensed organization or employee may not allow a person under age ~~18~~ 19 to participate in lawful gambling in violation of paragraph (a). Violation of this paragraph is a misdemeanor.

(c) In a prosecution under paragraph (b), it is a defense for the defendant to prove by a preponderance of the evidence that the defendant reasonably and in good faith relied upon representations of proof of age authorized in section 340A.503, subdivision 6, paragraph (a).

Sec. 118. Minnesota Statutes 2004, section 349A.12, subdivision 1, is amended to read:

Subdivision 1. **Purchase by minors.** A person under the age of ~~18~~ 19 years may not buy or redeem for a prize a ticket in the state lottery.

Sec. 119. Minnesota Statutes 2004, section 349A.12, subdivision 2, is amended to read:

Subd. 2. **Sale to minors.** A lottery retailer may not sell and a lottery retailer or other person may not furnish or redeem for a prize a ticket in the state lottery to any person under the age of ~~18~~ 19 years. It is an affirmative defense to a charge under this subdivision for the lottery retailer or other person to prove by a preponderance of the evidence that the lottery retailer or other person reasonably and in good faith relied upon representation of proof of age described in section 340A.503, subdivision 6, in making the sale or furnishing or redeeming the ticket.

Sec. 120. Minnesota Statutes 2004, section 349A.12, subdivision 5, is amended to read:

Subd. 5. **Exceptions.** Nothing in this chapter prohibits giving a state lottery ticket as a gift, provided that a state lottery ticket may not be given to a person under the age of ~~18~~ 19.

Sec. 121. **INDIAN GAMBLING.**

Upon signature of this act, the governor shall request, in writing, to each of the 11 tribal governments in Minnesota, that those tribal governments change their legal gambling age to 19 years.

Sec. 122. **EFFECTIVE DATE.**

Sections 110 and 117 to 121 are effective the day following final agreement of the 11 tribal governments to change their legal gambling age to 19."

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 Anderson, B., et al amendment and the roll was called. There were 107 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Hausman	Lanning	Otremba	Sieben
Anderson, B.	Dittrich	Haws	Larson	Ozment	Simon
Anderson, I.	Dorman	Heidgerken	Latz	Paulsen	Simpson
Atkins	Eastlund	Holberg	Lenczewski	Pelowski	Slawik
Beard	Eken	Hoppe	Lesch	Penas	Smith
Bernardy	Ellison	Hornstein	Lieder	Peppin	Soderstrom
Blaine	Emmer	Hortman	Lillie	Peterson, A.	Sykora
Bradley	Entenza	Howes	Loeffler	Peterson, N.	Thissen
Brod	Erhardt	Huntley	Magnus	Peterson, S.	Tingelstad
Buesgens	Finstad	Johnson, J.	Mahoney	Poppe	Urdahl
Carlson	Fritz	Johnson, R.	Mariani	Powell	Walker
Charron	Garofalo	Juhnke	McNamara	Ruth	Wardlow
Clark	Gazelka	Kelliher	Meslow	Ruud	Westerberg
Cox	Greiling	Klinzing	Moe	Sailer	Westrom
Cybart	Gunther	Knoblach	Nelson, M.	Samuelson	Wilkin
Davnie	Hackbarth	Koenen	Nelson, P.	Scalze	Zellers
Dean	Hamilton	Kohls	Nornes	Seifert	Spk. Sviggum
Demmer	Hansen	Krinkie	Olson	Severson	

Those who voted in the negative were:

Abrams	Dorn	Hosch	Marquart	Rukavina	Welti
Cornish	Erickson	Jaros	Mullery	Sertich	
Davids	Goodwin	Johnson, S.	Murphy	Solberg	
DeLaForest	Hilstrom	Kahn	Newman	Thao	
Dill	Hilty	Liebling	Paymar	Vandevveer	

The motion prevailed and the amendment was adopted.

Sykora, Ruud, McNamara, Bradley, Demmer, Erickson, Buesgens, Abrams, Gunther and Lanning moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 54, after line 20, insert:

"Sec. 106. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 12. **Definitions.** For purposes of this section:

(1) "eligible employee" means a person who is insurance eligible under a collective bargaining agreement or under the personnel policy of an eligible employer; and

(2) "eligible employer" means a school district as defined in section 120A.05; a service cooperative as defined in section 123A.21; an intermediate district as defined in section 136D.01; a cooperative center for vocational education as defined in section 123A.22; a regional management information center as defined in section 123A.23; an education unit organized under section 471.59; or a charter school organized under section 124D.10.

Sec. 107. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 13. **Creation of board.** (a) The Minnesota School Employee Insurance Board is created as a public corporation subject to the provisions of chapter 317A, except as otherwise provided in this section. As provided in section 15.082, the state is not liable for obligations of this public corporation.

(b) The board shall create and administer the Minnesota School Employee Insurance Pool as described in this section.

(c) Insurance plans and offerings must be effective July 1, 2009.

(d) If the board does not offer coverage by December 15, 2010, the board expires and this section expires on that date.

Sec. 108. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 14. **Board of directors.** (a) The School Employee Insurance Board consists of:

(1) seven members representing exclusive representatives of eligible employees, appointed by exclusive representatives, as provided in paragraph (b); and

(2) seven members representing eligible employers, appointed by the Minnesota School Boards Association.

(b) The seven members of the board who represent statewide affiliates of exclusive representatives of eligible employees are appointed as follows: four members appointed by Education Minnesota and one member each appointed by the Service Employees International Union, the Minnesota School Employees Association, and American Federation of State, County, and Municipal Employees.

(c) Appointing authorities must make their initial appointments no later than August 1, 2006, by filing a notice of the appointment with the commissioner of commerce. Notices of subsequent appointments must be filed with the board. An entity entitled to appoint a board member may replace the board member at any time.

(d) Board members are eligible for compensation and expense reimbursement under section 15.0575, subdivision 3.

(e) The board must arrange for one or more methods of dispute resolution so as to minimize the possibility of deadlocks.

(f) The board shall establish governance requirements, including staggered terms, term limits, quorum, a plan of operation, and audit provisions.

Sec. 109. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 15. **Design and nature of plan.** (a) Health coverage offered through the Minnesota School Employee Insurance Pool shall be made available by the board to all eligible employers.

(b) Participation in health coverage offered by the board is voluntary on the part of eligible employers, subject to collective bargaining if applicable.

(c) Nothing in this section affects the right of each eligible employer to determine, through collective bargaining under the public employer labor relations act:

(1) the employer's eligibility requirements regarding the terms and conditions under which employees, dependents, retirees, and other persons are eligible for health coverage from the employer;

(2) how much of the premium charged for the insurance will be paid by the employer and how much will be paid by the eligible person; and

(3) which health plan or plans offered by the board will be made available by the eligible employer.

(d) The board must initially offer at least six health plans. One plan must provide coverage without a deductible and without other enrollee cost-sharing other than reasonable co-payments for nonpreventive care. One plan must be a high deductible health plan that qualifies under federal law for use with a health savings account. The other four plans must have levels of enrollee cost-sharing that are between the two plans just described. The board may establish more than one tier of premium rates for any specific plan. Plans and premium rates may vary across geographic regions established by the board. The health plans must comply with chapters 62A, 62J, 62M, and 62Q, and must provide the optimal combination of coverage, cost, choice, and stability in the judgment of the board. All health plans offered must be approved by the commissioner of commerce. The board shall investigate the feasibility of offering coverage through more than one health plan company or other network of health care providers.

(e) The board must include claims reserves, stabilization reserves, reinsurance, and other features that, in the judgment of the board, will result in long-term stability and solvency of the health plans offered.

(f) The board may determine whether the health plans should be fully insured through a health carrier licensed in this state, self-insured, or a combination of those two alternatives.

(g) The health plans must include disease management and consumer education, including wellness programs and measures encouraging the wise use of health coverage, to the extent determined to be appropriate by the board.

(h) Upon request of the board, health plans that are providing or have provided coverage to employees of eligible employers within two years before the effective date of this section, shall provide to the board at no charge nonidentifiable aggregate claims data for that coverage. The information must include data relating to employee group benefit sets, demographics, and claims experience. Notwithstanding section 13.203, Minnesota service cooperatives must also comply with this paragraph.

(i) Effective July 1, 2009, a contract entered into between an eligible employer and an eligible employee or the exclusive representative of an eligible employee may not contain provisions that establish cash payment in lieu of health insurance to an eligible employee if the employee is not receiving the payment on or before June 30, 2009. Nothing in this section prevents an eligible employee who otherwise qualifies for payment of cash in lieu of insurance on June 30, 2009, from continuing to receive this payment.

(j) All premiums paid for health coverage provided by the board must be used by the board solely for the cost of the operation of the board and the benefit of eligible employees and eligible employers in connection with the health coverage offered by the board.

Sec. 110. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 16. **MCHA membership and assessments.** The board is a contributing member of the Minnesota Comprehensive Health Association and must pay assessments made by the association on its premium revenues, as provided in section 62E.11, subdivision 5, paragraph (b).

Sec. 111. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 16. **Report.** The board shall report to the legislature by January 15, 2009, on a final design for the pool that complies with subdivision 4 and on governance requirements for the board, including staggered terms, term limits, quorum, and a plan of operation and audit provisions. The report must include any legislative changes necessary to ensure conformance with chapters 62A, 62J, 62M, and 62Q.

Sec. 112. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 17. **Progress dependent upon funding.** The board shall carry out its obligations to the extent permitted by financial and other resources available to the board for that purpose. The board may seek and accept gifts and grants.

Sec. 113. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 18. **Periodic evaluation.** (a) Beginning January 15, 2011, and for the next two years, the board must submit an annual report to the commissioner of commerce and the legislature, in compliance with sections 3.195 and 3.197, summarizing and evaluating the performance of the pool during the previous year of operation.

(b) Beginning in 2013 and in each odd-numbered year thereafter, the board must submit to the legislature a biennial report summarizing and evaluating the performance of the pool during the preceding two fiscal years.

Sec. 114. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 23. **Contributing member.** "Contributing member" means those companies regulated under chapter 62A and offering, selling, issuing, or renewing policies or contracts of accident and health insurance; health maintenance organizations regulated under chapter 62D; nonprofit health service plan corporations regulated under chapter 62C; community integrated service networks regulated under chapter 62N; fraternal benefit societies regulated under chapter 64B; the Minnesota employees insurance program established in section 43A.317, effective July 1, 1993; joint self-insurance plans regulated under chapter 62H; and the Minnesota School Employee Insurance Board created under this section. For the purposes of determining liability of contributing members pursuant to section 62E.11 payments received from or on behalf of Minnesota residents for coverage by a health maintenance organization, a community integrated service network, or the Minnesota School Employee Insurance Board shall be considered to be accident and health insurance premiums.

Sec. 115. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subdivision 1. **Creation; tax exemption.** There is established a Comprehensive Health Association to promote the public health and welfare of the state of Minnesota with membership consisting of all insurers; self-insurers; fraternal; joint self-insurance plans regulated under chapter 62H; the Minnesota employees insurance program established in section 43A.317, effective July 1, 1993; the Minnesota School Employee Insurance Board created

under this section 62A.662; health maintenance organizations; and community integrated service networks licensed or authorized to do business in this state. The Comprehensive Health Association is exempt from the taxes imposed under chapter 297I and any other laws of this state and all property owned by the association is exempt from taxation.

Sec. 116. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 5. **Allocation of losses.** (a) Each contributing member of the association shall share the losses due to claims expenses of the comprehensive health insurance plan for plans issued or approved for issuance by the association, and shall share in the operating and administrative expenses incurred or estimated to be incurred by the association incident to the conduct of its affairs. Claims expenses of the state plan which exceed the premium payments allocated to the payment of benefits shall be the liability of the contributing members. Contributing members shall share in the claims expense of the state plan and operating and administrative expenses of the association in an amount equal to the ratio of the contributing member's total accident and health insurance premium, received from or on behalf of Minnesota residents as divided by the total accident and health insurance premium, received by all contributing members from or on behalf of Minnesota residents, as determined by the commissioner. Payments made by the state to a contributing member for medical assistance, MinnesotaCare, or general assistance medical care services according to chapters 256, 256B, and 256D shall be excluded when determining a contributing member's total premium.

(b) In making the allocation of losses provided in paragraph (a), the association's assessment against the Minnesota School Employee Insurance Board must equal the product of (1) the percentage of premiums assessed against other association members; (2) .3885; and (3) premiums received by the Minnesota School Employee Insurance Board. For purposes of this calculation, premiums of the board used must be net of rate credits and retroactive rate refunds on the same basis as the premiums of other association members.

Sec. 117. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 5. **Health maintenance organizations, nonprofit health service plan corporations, community integrated service networks, and the Minnesota School Employee Insurance Board.** (a) Health maintenance organizations, community integrated service networks, and nonprofit health care service plan corporations are exempt from the tax imposed under this section for premiums received in calendar years 2001 to 2003.

(b) For calendar years after 2003, a tax is imposed on health maintenance organizations, community integrated service networks, and nonprofit health care service plan corporations. The rate of tax is equal to one percent of gross premiums less return premiums received in the calendar year.

(c) A tax is imposed on the Minnesota School Employee Insurance Board under this section. The rate of tax is equal to .36 percent of gross premiums less return premiums received in the calendar year.

(d) In approving the premium rates as required in sections 62L.08, subdivision 8, and 62A.65, subdivision 3, the commissioners of health and commerce shall ensure that any exemption from tax as described in paragraph (a) is reflected in the premium rate.

(e) The commissioner shall deposit all revenues, including penalties and interest, collected under this chapter from health maintenance organizations, community integrated service networks, nonprofit health service plan corporations, and the Minnesota School Employee Insurance Board in the health care access fund. Refunds of overpayments of tax imposed by this subdivision must be paid from the health care access fund. There is annually appropriated from the health care access fund to the commissioner the amount necessary to make any refunds of the tax imposed under this subdivision.

Sec. 118. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 22. **Temporary sources of funding.** The Minnesota School Employee Insurance Board may seek and receive gifts, grants, and loans to assist in meeting the startup costs necessary to fulfill its responsibilities.

Sec. 119. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 23. **Effective date.** This article is effective July 1, 2006."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

CALL OF THE HOUSE

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

Abeler	Dill	Haws	Lanning	Olson	Simon
Abrams	Dittrich	Heidgerken	Larson	Otremba	Simpson
Anderson, B.	Dorman	Hilstrom	Latz	Ozment	Slawik
Anderson, I.	Dorn	Hilty	Lenczewski	Paulsen	Smith
Atkins	Eastlund	Holberg	Lesch	Paymar	Soderstrom
Beard	Eken	Hoppe	Liebling	Pelowski	Solberg
Bernardy	Ellison	Hornstein	Lieder	Peppin	Sykora
Blaine	Emmer	Hortman	Lillie	Peterson, A.	Thao
Bradley	Entenza	Hosch	Loeffler	Peterson, N.	Thissen
Brod	Erhardt	Howes	Magnus	Peterson, S.	Tingelstad
Buesgens	Erickson	Huntley	Mahoney	Poppe	Urdahl
Carlson	Finstad	Jaros	Mariani	Powell	Vandever
Charron	Fritz	Johnson, J.	Marquart	Rukavina	Wagenius
Cornish	Garofalo	Johnson, R.	McNamara	Ruth	Walker
Cox	Gazelka	Johnson, S.	Meslow	Ruud	Wardlow
Cybart	Goodwin	Kahn	Moe	Sailer	Welti
Davids	Greiling	Kelliher	Mullery	Samuelson	Westerberg
Davnie	Gunther	Klinzing	Murphy	Scalze	Westrom
Dean	Hackbarth	Knoblach	Nelson, M.	Seifert	Wilkin
DeLaForest	Hamilton	Koenen	Nelson, P.	Sertich	Zellers
Demmer	Hansen	Kohls	Newman	Severson	Spk. Sviggum
Dempsey	Hausman	Krinkie	Nornes	Sieben	

Entenza 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 Sykora et al amendment and the roll was called. There were 63 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Abeler	Beard	Brod	Cornish	Dean	Dempsey
Abrams	Blaine	Buesgens	Cox	DeLaForest	Eastlund
Anderson, B.	Bradley	Charron	Cybart	Demmer	Emmer

Erhardt	Hamilton	Lanning	Olson	Samuelson	Vandever
Erickson	Holberg	Latz	Paulsen	Seifert	Westerberg
Finstad	Hoppe	Magnus	Penas	Severson	Westrom
Garofalo	Johnson, J.	McNamara	Peppin	Simon	Zellers
Gazelka	Klinzing	Meslow	Peterson, N.	Simpson	Spk. Sviggum
Greiling	Knoblach	Nelson, P.	Powell	Smith	
Gunther	Kohls	Newman	Ruth	Soderstrom	
Hackbarth	Krinkie	Nornes	Ruud	Sykora	

Those who voted in the negative were:

Anderson, I.	Ellison	Hosch	Lesch	Otremba	Slawik
Atkins	Entenza	Howes	Liebling	Ozment	Solberg
Bernardy	Fritz	Huntley	Lieder	Paymar	Thao
Carlson	Goodwin	Jaros	Lillie	Pelowski	Thissen
Clark	Hansen	Johnson, R.	Loeffler	Peterson, A.	Tingelstad
Davids	Hausman	Johnson, S.	Mahoney	Peterson, S.	Urdahl
Davnie	Haws	Juhnke	Mariani	Poppe	Wagenius
Dill	Heidgerken	Kahn	Marquart	Rukavina	Walker
Dittrich	Hilstrom	Kelliher	Moe	Sailer	Wardlow
Dorman	Hilty	Koenen	Mullery	Scalze	Walti
Dorn	Hornstein	Larson	Murphy	Sertich	Wilkin
Eken	Hortman	Lenczewski	Nelson, M.	Sieben	

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

Davids moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 48, after line 7, insert:

"Sec. 94. Minnesota Statutes 2004, section 43A.316, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purpose of this section, the terms defined in this subdivision have the meaning given them.

(a) **Commissioner.** "Commissioner" means the commissioner of employee relations.

(b) **Employee.** "Employee" means:

(1) a person who is a public employee within the definition of section 179A.03, subdivision 14, who is insurance eligible and is employed by an eligible employer;

(2) an elected public official of an eligible employer who is insurance eligible;

(3) a person employed by a labor organization or employee association certified as an exclusive representative of employees of an eligible employer or by another public employer approved by the commissioner, so long as the plan meets the requirements of a governmental plan under United States Code, title 29, section 1002(32); or

(4) a person employed by a county or municipal hospital.

(c) **Eligible employer.** "Eligible employer" means:

(1) a public employer within the definition of section 179A.03, subdivision 15, that is a town, county, city, school district as defined in section 120A.05, service cooperative as defined in section 123A.21, intermediate district as defined in section 136D.01, Cooperative Center for Vocational Education as defined in section 123A.22, regional management information center as defined in section 123A.23, or an education unit organized under the joint powers action, section 471.59; or

(2) an exclusive representative of employees, as defined in paragraph (b);

(3) a county or municipal hospital; or

(4) another public employer approved by the commissioner.

(d) **Exclusive representative.** "Exclusive representative" means an exclusive representative as defined in section 179A.03, subdivision 8.

(e) **Labor-Management Committee.** "Labor-Management Committee" means the committee established by subdivision 4.

(f) **Program.** "Program" means the statewide public employees insurance program created by subdivision 3.

(g) **School Employee Insurance Committee.** "School Employee Insurance Committee" means the committee established under subdivision 3, clause (1)."

Page 48, line 20, after "districts" insert ", in a separate risk pool"

Page 48, line 22, delete the semicolon and insert a period

Page 48, after line 22, insert:

"Notwithstanding any other statute, all plan design decisions, including all pilot or demonstration programs in which school employees participate, must first be developed by a School Employee Insurance Committee in consultation with the commissioner or the commissioner's designee and other consultants as the committee sees fit. The committee must be composed of 14 members who represent school district employees and employers in equal number. The employee representatives shall be appointed as follows: four shall be appointed by Education Minnesota, one shall be appointed by the Service Employees International Union, one shall be appointed by the American Federation of State, County, and Municipal Employees, and one shall be appointed by the Minnesota School Employees Association. The seven school employer representatives who serve on the School Employee Insurance Committee must be appointed by the Minnesota School Boards Association. Members of the Committee shall be appointed no later than August 1, 2006, and shall serve at the will of the appointing organization. The School Employee Insurance Committee members are eligible for compensation and expense reimbursement under section 15.0575, subdivision 3. In addition, the actual salary lost by a committee member or cost charged by an employer of a committee member for time missed while performing the duties of a committee member must be reimbursed to the committee member;"

Page 48, line 33, after the first comma, insert "or the approval of the School Employee Insurance Committee when proposals apply to the school employees group,"

Page 49, line 3, after "new" insert "nonschool"

Page 49, line 17, after the period, insert "Such actions with regard to the school employee insurance program shall be made only with the approval of the School Employee Insurance Committee."

Page 49, line 26, after "program" insert "offered to non-school-related public employees"

Page 49, after line 32, insert:

"(b) A school district as defined in section 120A.05, service cooperative as defined in section 123A.21, intermediate district as defined in section 136D.01, Cooperative Center for Vocational Education as defined in section 123A.22, regional management information center as defined in section 123A.23, or an education unit organized under a joint powers agreement under section 471.59, which, as of July 1, 2005, employed fewer than 400 full-time equivalent teachers, which provides health insurance coverage or contributes money to pay for all or part of the cost of health insurance coverage of eligible employees, must purchase such coverage through the school employee program provided by the public buyers group program.

(c) Each exclusive representative of employees of a type of entity described in paragraph (b) which, on July 1, 2005, employed 400 or more full-time equivalent teachers shall determine whether the employees it represents will participate in the school employee group of the public buyers group program.

(d) School employees who do not enter the program upon first becoming eligible for participation are ineligible to participate for four years and must be pooled and rated separately from the school employee group pool for the first four years after entering the program.

(e) The decision of an exclusive representative of school employees or, in the case of unorganized employees, the decision of a school district, to enter into the public buyers group program is irrevocable."

Reletter the remaining paragraphs in sequence

Page 50, line 17, before "Initial" insert "For nonschool employee groups,"

Page 51, line 33, before "School" insert "Nonparticipating"

Page 54, line 14, after "statutes" insert ", except for the limitations established in subdivision 3,"

A roll call was requested and properly seconded.

The question was taken on the Davids amendment and the roll was called. There were 80 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Abeler	Davnie	Greiling	Hortman	Koenen	Mariani
Anderson, I.	Dempsey	Gunther	Hosch	Larson	Moe
Atkins	Dill	Hamilton	Howes	Lenczewski	Mullery
Beard	Dittrich	Hansen	Huntley	Lesch	Murphy
Bernardy	Dorman	Hausman	Jaros	Liebling	Nelson, M.
Brod	Dorn	Haws	Johnson, R.	Lieder	Otremba
Carlson	Eken	Heidgerken	Johnson, S.	Lillie	Ozment
Clark	Ellison	Hilstrom	Juhnke	Loeffler	Paymar
Cornish	Entenza	Hilty	Kahn	Magnus	Pelowski
Davids	Fritz	Hornstein	Kelliher	Mahoney	Peterson, A.

Peterson, S.	Ruud	Slawik	Tingelstad	Wardlow
Poppe	Sailer	Solberg	Urdahl	Walti
Rukavina	Sertich	Thao	Wagenius	Westerberg
Ruth	Sieben	Thissen	Walker	Spk. Sviggum

Those who voted in the negative were:

Abrams	DeLaForest	Goodwin	Lanning	Paulsen	Simon
Anderson, B.	Demmer	Hackbarth	Latz	Penas	Simpson
Blaine	Eastlund	Holberg	Marquart	Peppin	Smith
Bradley	Emmer	Hoppe	McNamara	Peterson, N.	Soderstrom
Buesgens	Erhardt	Johnson, J.	Meslow	Powell	Sykora
Charron	Erickson	Klinzing	Nelson, P.	Samuelson	Vandever
Cox	Finstad	Knoblach	Newman	Scalze	Westrom
Cybart	Garofalo	Kohls	Nornes	Seifert	Wilkin
Dean	Gazelka	Krinkie	Olson	Severson	Zellers

The motion prevailed and the amendment was adopted.

The Speaker called Abrams to the Chair.

CALL OF THE HOUSE LIFTED

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

Vandever, Olson and Rukavina moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 124, after line 2, insert:

"Sec. 4. Minnesota Statutes 2004, section 414.02, is amended by adding a subdivision to read:

Subd. 3a. **Shall order incorporation.** Notwithstanding any contrary provision in subdivision 3, the director must order incorporation of the area requested in a petition filed before March 1, 2006, if it is a town within Anoka County granted village status under Laws 1963, chapter 157, section 1.

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

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

Hosch, Haws, Heidgerken, Ruud, Simon, Olson and Scalze moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 7, after line 23, insert:

"Sec. 3. **[3.051] RULES OF PROCEEDINGS.**

Subdivision 1. **Applicability.** The rules of each house and the joint rules of the legislature must conform to the provisions of this section.

Subd. 2. **Bills to be heard in committee.** Each member of the house or senate each year may designate one bill on an issue of local significance, of which they are the chief author, which must be heard in all of the applicable committees the bills have been referred to for consideration. A committee chair may only deny a hearing request for these bills if the request comes less than seven days prior to the first bill deadline as adopted by each house."

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 Hosch et al amendment and the roll was called. There were 48 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abeler	Greiling	Jaros	Lillie	Peterson, S.	Simon
Atkins	Hansen	Johnson, S.	Loeffler	Poppe	Thissen
Brod	Hausman	Knoblach	Marquart	Powell	Tingelstad
Buesgens	Haws	Koenen	Moe	Ruud	Urdahl
Clark	Heidgerken	Larson	Olson	Sailer	Vandever
Dittrich	Hornstein	Latz	Otremba	Scalze	Wagenius
Dorn	Hortman	Lenczewski	Paymar	Sertich	Walker
Eken	Hosch	Liebling	Pelowski	Sieben	Walti

Those who voted in the negative were:

Abrams	Demmer	Gunther	Kohls	Nornes	Soderstrom
Anderson, I.	Dempsey	Hackbarth	Krinkie	Ozment	Solberg
Beard	Dill	Hamilton	Lanning	Paulsen	Sykora
Bernardy	Dorman	Hilstrom	Lesch	Penas	Thao
Blaine	Eastlund	Hilty	Lieder	Peppin	Wardlow
Bradley	Ellison	Holberg	Magnus	Peterson, A.	Westerberg
Carlson	Emmer	Hoppe	Mahoney	Peterson, N.	Westrom
Charron	Entenza	Howes	Mariani	Rukavina	Wilkin
Cornish	Erhardt	Huntley	McNamara	Ruth	Zellers
Cox	Erickson	Johnson, J.	Meslow	Samuelson	Spk. Sviggum
Cybart	Finstad	Johnson, R.	Mullery	Seifert	
Davids	Fritz	Juhnke	Murphy	Severson	
Davnie	Garofalo	Kahn	Nelson, M.	Simpson	
Dean	Gazelka	Kelliher	Nelson, P.	Slawik	
DeLaForest	Goodwin	Klinzing	Newman	Smith	

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

Welti, Otremba, Liebling and Johnson, S., moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 7, delete lines 5 to 12 and insert:

"Sec. 8. **LOAN FOR PEIP PROGRAM.**

Notwithstanding Minnesota Statutes, section 295.581, the commissioner of employee relations, in consultation with the labor management committee created in Minnesota Statutes, section 43A.316, may borrow up to \$2,320,000 in fiscal year 2007 or fiscal year 2008 from the health care access fund for onetime administrative costs for marketing, communication, plan administration, and development of a data warehouse to support the public employee insurance program. A loan under this section accrues no interest, and must be repaid by June 30, 2011. The loan must be repaid from reserves in the public employee insurance program, if the commissioner of employee relations determines that reserves are sufficient to repay the loan without jeopardizing the financial status of the program. If the commissioner determines there is not sufficient funding to repay the loan, the money necessary to repay the loan is appropriated from the general fund, effective June 30, 2011. This section is effective only if the state prevails in the appeal of the decision filed December 20, 2005, by the Minnesota District Court, Second Judicial District, in State v. Philip Morris, Inc."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Davnie, Loeffler, Buesgens and Newman moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Pages 31 and 32, delete section 53

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Brod, Bradley, Cornish, Garofalo, Slawik, Paulsen, Moe, Erickson, Ruth, Abeler, Meslow, Holberg, Zellers, Lillie and Gunther moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 7, after line 14, insert:

"Section 1. **CONSTITUTIONAL AMENDMENT PROPOSED.**

An amendment to the Minnesota Constitution, article IV, section 4, is proposed to the people. If the amendment is adopted, the section will read:

Sec. 4. Representatives shall be chosen for a term of two years, except to fill a vacancy. Senators shall be chosen for a term of four years, except to fill a vacancy, and except as otherwise required by this article. There shall be an entire new election of all the senators at the first election of representatives after each new legislative apportionment provided for in this article, and at that election senators elected from odd-numbered districts shall be elected to two-year terms. The governor shall call elections to fill vacancies in either house of the legislature.

Sec. 2. **SUBMISSION TO VOTERS.**

The proposed amendment must be submitted to the people at the 2006 general election. The question proposed shall be:

"Shall the Minnesota Constitution be amended to require that, as near as practical, one-half of the members of the senate stand for election at each biennial election of legislators, commencing in 2012?"

Yes
No"

Sec. 3. **IMPLEMENTATION.**

The Secretary of State shall implement sections 1 and 2 within the appropriation for fiscal year 2007."

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 Brod et al amendment and the roll was called. There were 103 yeas and 31 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Heidgerken	Liebling	Pelowski	Soderstrom
Abrams	Dittrich	Holberg	Lillie	Penas	Solberg
Anderson, B.	Dorman	Hoppe	Loeffler	Peppin	Sykora
Beard	Dorn	Hortman	Magnus	Peterson, A.	Tingelstad
Blaine	Eastlund	Hosch	Mahoney	Peterson, N.	Urdahl
Bradley	Eken	Howes	Mariani	Peterson, S.	Vandever
Brod	Emmer	Huntley	McNamara	Poppe	Wardlow
Buesgens	Erhardt	Johnson, J.	Meslow	Powell	Welti
Carlson	Erickson	Johnson, R.	Moe	Ruth	Westerberg
Charron	Finstad	Juhnke	Mullery	Ruud	Westrom
Cornish	Garofalo	Klinzing	Nelson, P.	Sailer	Wilkin
Cox	Gazelka	Knoblach	Newman	Samuelson	Zellers
Cybart	Goodwin	Koenen	Nornes	Scalze	Spk. Sviggum
Davids	Greiling	Kohls	Olson	Seifert	
Davnie	Gunther	Krinkie	Otremba	Severson	
Dean	Hackbarth	Lanning	Ozment	Simon	
DeLaForest	Hamilton	Latz	Paulsen	Simpson	
Demmer	Haws	Lenczewski	Paymar	Slawik	

Those who voted in the negative were:

Anderson, I.	Entenza	Hornstein	Lesch	Sertich	Walker
Atkins	Fritz	Jaros	Lieder	Sieben	
Bernardy	Hansen	Johnson, S.	Marquart	Smith	
Clark	Hausman	Kahn	Murphy	Thao	
Dill	Hilstrom	Kelliher	Nelson, M.	Thissen	
Ellison	Hilty	Larson	Rukavina	Wagenius	

The motion prevailed and the amendment was adopted.

Lillie; Rukavina; Juhnke; Simon; Mariani; Dempsey; Peterson, S.; Thao; Sailer; Lenczewski; Paymar; Ellison; Fritz; Larson; Moe; Sieben; Goodwin; Haws; Entenza; Mahoney; Poppe; Nelson, M.; Loeffler; Kelliher; Ruud; Hornstein; Hansen; Johnson, S.; Hortman; Smith; Greiling and Clark offered an amendment to H. F. No. 2833, the second engrossment, as amended.

POINT OF ORDER

Seifert 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 Lillie et al amendment was not in order. Speaker pro tempore Abrams ruled the point of order well taken and the Lillie et al amendment out of order.

The Speaker resumed the Chair.

Buesgens moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 7, after line 14, insert:

"Section 1. **CONSTITUTIONAL AMENDMENT PROPOSED.**

An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, article XI, section 14, will read:

Sec. 14. A permanent environment and natural resources trust fund is established in the state treasury. Loans may be made of up to five percent of the principal of the fund for water system improvements as provided by law. The assets of the fund shall be appropriated by law for the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources. The amount appropriated each year of a biennium, commencing on July 1 in each odd-numbered year and ending on and including June 30 in the next odd-numbered year, may be up to 5-1/2 percent of the market value of the fund on June 30 one year before the start of the biennium. Except as provided in article XIII, section 5, not less than 40 percent of the net proceeds from any state-operated lottery must be credited to the fund until the year 2025.

article XIII, section 5, will read:

Sec. 5. The legislature shall not authorize any lottery or the sale of lottery tickets, other than authorizing:

(1) a lottery and sale of lottery tickets for a lottery operated by the state; and

(2) the placement of video lottery machines operated by the state at a racetrack authorized under article X, section 8.

Not less than 40 percent of the net proceeds from the operation of video lottery machines must be credited to the general fund.

Sec. 2. **SUBMISSION TO VOTERS.**

The proposed amendment must be submitted to the people at the 2006 general election. The question submitted must be:

"Shall the Minnesota Constitution be amended to permit the legislature to authorize a racino and use the lottery proceeds earned from the operation of a racino to be credited to the general fund?"

Yes
No"

Sec. 3. **IMPLEMENTATION.**

The Secretary of State shall implement sections 1 and 2 within the appropriation for fiscal year 2007."

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

Atkins raised a point of order pursuant to rule 3.21 that the Buesgens amendment was not in order. The Speaker ruled the point of order not well taken and the Buesgens amendment in order.

Hortman moved to amend the Buesgens amendment to H. F. No. 2833, the second engrossment, as amended, as follows:

Page 1, line 23, delete "40" and insert "80"

Page 2, line 4, after "use" insert "80 percent of"

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 61 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Atkins	Clark	Dill	Eken	Fritz	Hausman
Bernardy	Davnie	Dittrich	Ellison	Greiling	Haws
Carlson	Dempsey	Dorn	Entenza	Hansen	Hilstrom

Hilty	Kahn	Lieder	Nelson, M.	Sailer	Wagenius
Hornstein	Kelliher	Lillie	Otremba	Scalze	Walker
Hortman	Koenen	Loeffler	Peterson, A.	Sertich	Welti
Hosch	Larson	Mahoney	Peterson, N.	Sieben	
Huntley	Latz	Mariani	Peterson, S.	Simon	
Jaros	Lenczewski	Moe	Poppe	Slawik	
Johnson, R.	Lesch	Mullery	Rukavina	Solberg	
Johnson, S.	Liebling	Murphy	Ruud	Thao	

Those who voted in the negative were:

Abeler	Cybart	Goodwin	Kohls	Paulsen	Soderstrom
Abrams	Davids	Gunther	Krinkie	Paymar	Sykora
Anderson, B.	Dean	Hackbarth	Lanning	Pelowski	Thissen
Anderson, I.	DeLaForest	Hamilton	Magnus	Penas	Tingelstad
Beard	Demmer	Heidgerken	Marquart	Peppin	Urdahl
Blaine	Dorman	Holberg	McNamara	Powell	Vandev eer
Bradley	Eastlund	Hoppe	Meslow	Ruth	Wardlow
Brod	Emmer	Howes	Nelson, P.	Samuelson	Westerberg
Buesgens	Erickson	Johnson, J.	Newman	Seifert	Westrom
Charron	Finstad	Juhnke	Nornes	Severson	Wilkin
Cornish	Garofalo	Klinzing	Olson	Simpson	Zellers
Cox	Gazelka	Knoblach	Ozment	Smith	Spk. Sviggum

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

The question recurred on the Buesgens amendment and the roll was called. There were 57 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Abrams	Davids	Gunther	Kohls	Ozment	Tingelstad
Beard	Dean	Hackbarth	Latz	Paulsen	Wardlow
Blaine	Demmer	Hamilton	Magnus	Peppin	Westerberg
Bradley	Dittrich	Heidgerken	Marquart	Powell	Westrom
Brod	Dorman	Holberg	McNamara	Ruth	Wilkin
Buesgens	Emmer	Hoppe	Meslow	Samuelson	Zellers
Charron	Erickson	Hortman	Nelson, P.	Severson	Spk. Sviggum
Cornish	Finstad	Hosch	Newman	Smith	
Cox	Garofalo	Klinzing	Nornes	Soderstrom	
Cybart	Goodwin	Knoblach	Olson	Sykora	

Those who voted in the negative were:

Abeler	Dempsey	Gazelka	Huntley	Krinkie	Mahoney
Anderson, B.	Dill	Greiling	Jaros	Lanning	Mariani
Anderson, I.	Dorn	Hansen	Johnson, J.	Larson	Moe
Atkins	Eastlund	Hausman	Johnson, R.	Lenczewski	Mullery
Bernardy	Eken	Haws	Johnson, S.	Lesch	Murphy
Carlson	Ellison	Hilstrom	Juhnke	Liebling	Nelson, M.
Clark	Entenza	Hilty	Kahn	Lieder	Otremba
Davnie	Erhardt	Hornstein	Kelliher	Lillie	Paymar
DeLaForest	Fritz	Howes	Koenen	Loeffler	Pelowski

Penas	Poppe	Scalze	Simon	Thao	Wagenius
Peterson, A.	Rukavina	Seifert	Simpson	Thissen	Walker
Peterson, N.	Ruud	Sertich	Slawik	Urdahl	Welti
Peterson, S.	Sailer	Sieben	Solberg	Vandevveer	

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

Latz; Wardlow; Peterson, S.; Ellison; Paymar; Peterson, N.; Sailer; Cox; Hornstein; Lieder; Simon; Poppe; Meslow; Slawik; Ruud; Peterson, A.; Howes; Eken; Heidgerken; Thissen; Sieben; Erhardt and Clark offered an amendment to H. F. No. 2833, the second engrossment, as amended.

POINT OF ORDER

Seifert raised a point of order pursuant to rule 3.21 that the Latz et al amendment was not in order. The Speaker ruled the point of order well taken and the Latz et al amendment out of order.

Latz 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 69 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Gazelka	Kohls	Penas	Tingelstad
Abrams	Dean	Gunther	Krinkie	Peppin	Urdahl
Anderson, B.	DeLaForest	Hackbarth	Lanning	Peterson, N.	Vandevveer
Beard	Demmer	Hamilton	Magnus	Powell	Wardlow
Blaine	Dempsey	Heidgerken	McNamara	Ruth	Westerberg
Bradley	Dorman	Holberg	Meslow	Samuelson	Westrom
Brod	Eastlund	Hoppe	Nelson, P.	Seifert	Wilkin
Buesgens	Emmer	Howes	Newman	Severson	Zellers
Charron	Erhardt	Johnson, J.	Nornes	Simpson	Spk. Sviggum
Cornish	Erickson	Kahn	Olson	Smith	
Cox	Finstad	Klinzing	Ozment	Soderstrom	
Cybart	Garofalo	Knoblach	Paulsen	Sykora	

Those who voted in the negative were:

Anderson, I.	Dorn	Hausman	Johnson, R.	Liebling	Mullery
Atkins	Eken	Haws	Johnson, S.	Lieder	Murphy
Bernardy	Ellison	Hilstrom	Kelliher	Lillie	Nelson, M.
Carlson	Entenza	Hilty	Koenen	Loeffler	Otremba
Clark	Fritz	Hornstein	Larson	Mahoney	Paymar
Davnie	Goodwin	Hortman	Latz	Mariani	Pelowski
Dill	Greiling	Hosch	Lenczewski	Marquart	Peterson, A.
Dittrich	Hansen	Huntley	Lesch	Moe	Peterson, S.

Poppe	Scalze	Simon	Thao	Walker
Ruud	Sertich	Slawik	Thissen	Welti
Sailer	Sieben	Solberg	Wagenius	

So it was the judgment of the House that the decision of the Speaker should stand.

The Speaker called Abrams to the Chair.

Solberg was excused for the remainder of today's session.

Emmer moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 70, after line 17, insert:

"Section 1. Minnesota Statutes 2004, section 10A.01, is amended by adding a subdivision to read:

Subd. 16a. **Electioneering communication.** "Electioneering communication" means a broadcast communication that refers to a clearly identified candidate and is made within 60 days before a general or special election or 30 days before a primary or special primary for the office sought by the candidate. "Electioneering communication" does not include:

(1) a communication appearing in a news story, commentary, or editorial distributed by a broadcasting station or newspaper, unless the broadcasting station or newspaper is owned or controlled by a political party unit, political committee, or candidate;

(2) a campaign expenditure; or

(3) an independent expenditure."

Page 72, after line 4, insert:

"Sec. 3. Minnesota Statutes 2004, section 10A.14, subdivision 1, is amended to read:

Subdivision 1. **First registration.** The treasurer of a political committee, political fund, principal campaign committee, or party unit must register with the board by filing a statement of organization no later than ~~14 days~~ 48 hours after the committee, fund, or party unit has made a contribution, received contributions, or made expenditures in excess of \$100."

Page 72, after line 13, insert:

"Sec. 5. **[10A.165] COORDINATED ELECTIONEERING COMMUNICATIONS; CONTRIBUTIONS; EXPENDITURES.**

If an individual, political committee, political fund, or political party unit makes an expenditure for an electioneering communication as defined in section 10A.01, subdivision 16a, that is coordinated with a principal campaign committee or political party unit, the electioneering communication constitutes a contribution to, and an expenditure by, the principal campaign committee of the candidate named in the electioneering communication or of the political party unit whose candidate is named in the electioneering communication.

Sec. 6. Minnesota Statutes 2004, section 10A.20, is amended by adding a subdivision to read:

Subd. 6c. **Electioneering communication.** An individual, political committee, political fund, or political party unit that makes an expenditure for an electioneering communication in an aggregate amount in excess of \$500 within 60 days before a general or special election or 30 days before a primary or special primary for the office sought by the candidate identified in the electioneering communication must, within 24 hours of making the expenditure, file a report with the board containing the following information:

(1) the amount of each expenditure over \$100, the name and address of the person to whom the expenditure was made, and the purpose of the expenditure;

(2) the election or primary to which each electioneering communication pertains and the name of any candidate to be identified in the electioneering communication; and

(3) in the case of a report filed by an individual, the name, address, and employer or occupation, if self-employed, of the individual making the electioneering communication.

An additional report containing the information specified in this subdivision must be filed within 24 hours after each time an expenditure for an electioneering communication in an aggregate amount exceeding \$500 is made within 60 days before a general or special election or 30 days before a primary or special primary for the office sought by the candidate.

Sec. 7. Minnesota Statutes 2004, section 10A.20, is amended by adding a subdivision to read:

Subd. 6d. **Independent expenditures.** (a) An individual, political committee, political party unit, or political fund must file a report with the board each time the individual, political committee, political party unit, or political fund makes, at any time up to and including the 20th day before an election, independent expenditures in an aggregate amount in excess of \$500. The report must be filed within 48 hours after initially making such expenditures. An additional report must be filed within 48 hours after each time an independent expenditure in an aggregate amount in excess of \$500 is made, up to and including the 20th day before an election. The report must include the information required to be reported under subdivision 3, paragraph (g). The report must also indicate (1) the name and office sought by a candidate named in the independent expenditure and (2) whether the independent expenditure expressly advocates the candidate's election or defeat.

(b) An individual, political committee, political party unit, or political fund must file a report with the board each time the individual, political committee, political party unit, or political fund makes, between the 19th day and the last day before an election, an independent expenditure in an aggregate amount in excess of \$100. The report must be filed within 24 hours after initially making such expenditures. An additional report must be filed within 24 hours after making an independent expenditure in an aggregate amount in excess of \$100 at any time up to and including the 20th day before an election. The report must include the information required to be reported under subdivision 3, paragraph (g). The report must also indicate (1) the name and office sought by a candidate named in the independent expenditure and (2) whether the independent expenditure expressly advocates the candidate's election or defeat.

Sec. 8. Minnesota Statutes 2004, section 10A.20, is amended by adding a subdivision to read:

Subd. 6e. **Encouraging voter participation.** (a) An individual, other than a political committee, a political fund, a political party, a political party unit, or an association that makes an expenditure to encourage voter registration or get out the vote efforts in an aggregate amount in excess of \$2,000 during a calendar year must, within 24 hours of making such an expenditure, file a report with the board containing:

(1) the amount of each expenditure over \$500, the name and address of the person to whom the expenditure was made, and the purpose of the expenditure; and

(2) the election or primary to which each expenditure pertains.

(b) An additional report containing the information specified in this subdivision must be filed within 24 hours after each time an expenditure subject to this subdivision is made during the calendar year."

Page 73, line 35, after the period, insert:

"A candidate covered by this paragraph is also entitled to the following benefits:

(1) the candidate's contribution limits in section 10A.27, subdivision 1, are doubled;

(2) the candidate's aggregate limit in section 10A.27, subdivision 2, is 25 times the maximum individual contribution instead of ten times the maximum contribution; and

(3) the candidate is not subject to the aggregate limits in section 10A.27, subdivision 11."

Page 100, after line 12, insert:

"Sec. 53. **INTERNET CAMPAIGN REPORTING AND PUBLIC SUBSIDY PAYMENT STUDY.**

A work group is established to study the feasibility of creating an online campaign finance reporting and public subsidy payment system. The work group must study the initial costs and long-term savings of creating a system for filing online all reports required by Minnesota Statutes, chapter 10A, and for electronically making subsidy payments under Minnesota Statutes, chapter 10A. The work group must report to the chairs of the committees with jurisdiction over election and campaign finance law in the senate and house of representatives by January 15, 2009.

The work group shall consist of one member of the Campaign Finance and Public Disclosure Board designated by the chair of the board, three members appointed by the governor, three members appointed by the speaker of the house, and three members appointed by the senate Committee on Committees.

The Campaign Finance and Public Disclosure Board and the Department of Revenue must provide staff resources to the work group.

EFFECTIVE DATE. This section is effective January 1, 2008."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Latz moved to amend the Emmer amendment to H. F. No. 2833, the second engrossment, as amended, as follows:

Page 3, line 13, after the period, insert "When communicating in an independent expenditure, political party units and any other organization must disclose the full name of the organization and/or political party unit and not an abbreviation of the name."

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Haws	Krinkie	Nornes	Severson
Abrams	Dittrich	Heidgerken	Lanning	Olson	Sieben
Anderson, B.	Dorman	Hilstrom	Larson	Otremba	Simon
Anderson, I.	Dorn	Hilty	Latz	Ozment	Simpson
Atkins	Eastlund	Holberg	Lenczewski	Paulsen	Slawik
Beard	Eken	Hoppe	Lesch	Paymar	Smith
Bernardy	Ellison	Hornstein	Liebling	Pelowski	Soderstrom
Blaine	Emmer	Hortman	Lieder	Penas	Sykora
Bradley	Entenza	Hosch	Lillie	Peppin	Thao
Brod	Erhardt	Howes	Loeffler	Peterson, A.	Thissen
Buesgens	Erickson	Huntley	Magnus	Peterson, N.	Tingelstad
Carlson	Finstad	Jaros	Mahoney	Peterson, S.	Urdahl
Charron	Fritz	Johnson, J.	Mariani	Poppe	Vanderveer
Clark	Garofalo	Johnson, R.	Marquart	Powell	Wagenius
Cornish	Gazelka	Johnson, S.	McNamara	Rukavina	Walker
Cybart	Goodwin	Juhnke	Meslow	Ruth	Wardlow
Davids	Greiling	Kahn	Moe	Ruud	Welti
Davnie	Gunther	Kelliher	Mullery	Sailer	Westerberg
Dean	Hackbarth	Klinzing	Murphy	Samuelson	Westrom
DeLaForest	Hamilton	Knoblach	Nelson, M.	Scalze	Wilkin
Demmer	Hansen	Koenen	Nelson, P.	Seifert	Zellers
Dempsey	Hausman	Kohls	Newman	Sertich	Spk. Sviggum

The motion prevailed and the amendment to the amendment was adopted.

Emmer temporarily withdrew his amendment, as amended, to H. F. No. 2833, the second engrossment, as amended.

Sertich moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 19, after line 26, insert:

"Sec. 32. Minnesota Statutes 2004, section 10A.01, subdivision 13, is amended to read:

Subd. 13. **Donation in kind.** "Donation in kind" means anything of value that is given, other than money or negotiable instruments, including a regularly scheduled radio show featuring a candidate or office holder as host. An approved expenditure is a donation in kind."

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 Sertich amendment and the roll was called. There were 38 yeas and 94 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Eken	Hilstrom	Lillie	Paymar	Vandever
Atkins	Ellison	Hornstein	Loeffler	Rukavina	Wagenius
Bernardy	Entenza	Jaros	Mahoney	Sailer	Walker
Carlson	Fritz	Johnson, S.	Mariani	Scalze	
Clark	Goodwin	Kelliher	Mullery	Sertich	
Davnie	Greiling	Lesch	Nelson, M.	Slawik	
Dorman	Hansen	Liebling	Otremba	Thao	

Those who voted in the negative were:

Abeler	Dempsey	Heidgerken	Lanning	Paulsen	Simpson
Abrams	Dill	Hilty	Larson	Pelowski	Smith
Anderson, B.	Dittrich	Holberg	Latz	Penas	Soderstrom
Beard	Dorn	Hoppe	Lenczewski	Peppin	Sykora
Blaine	Eastlund	Hortman	Lieder	Peterson, A.	Thissen
Bradley	Emmer	Hosch	Magnus	Peterson, N.	Tingelstad
Brod	Erhardt	Howes	Marquart	Peterson, S.	Urdahl
Buesgens	Erickson	Huntley	McNamara	Poppe	Wardlow
Charron	Finstad	Johnson, J.	Meslow	Powell	Walti
Cornish	Garofalo	Juhnke	Moe	Ruth	Westerberg
Cox	Gazelka	Kahn	Murphy	Ruud	Westrom
Cybart	Gunther	Klinzing	Nelson, P.	Samuelson	Wilkin
Davids	Hackbarth	Knoblach	Newman	Seifert	Zellers
Dean	Hamilton	Koenen	Nornes	Severson	Spk. Sviggum
DeLaForest	Hausman	Kohls	Olson	Sieben	
Demmer	Haws	Krinkie	Ozment	Simon	

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

Lillie moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 67, after line 24, insert:

"Sec. 133. **COMPENSATION FOR PERIOD OF PARTIAL GOVERNMENT SHUTDOWN.**

Subdivision 1. Definitions; coverage. For purposes of this section:

(1) "employee" means a state employee, as defined in Minnesota Statutes, section 43A.02, subdivision 21, who the commissioner determines was prevented from working because of the partial government shutdown;

(2) "partial government shutdown" means the period from July 1, 2005, through July 14, 2005, during which appropriations needed to fund certain state government functions had not been enacted; and

(3) "commissioner" means the commissioner of employee relations.

Subd. 2. **Credit for uncompensated hours.** (a) The commissioner must determine the number of hours an employee was prevented from working due to the partial government shutdown and for which the employee has not been fully paid by the state.

(b) An employee's vacation bank must be credited with the number of hours determined under paragraph (a). Notwithstanding any law or policy to the contrary, an employee credited with hours under this paragraph may choose to be paid in cash for these hours, rather than having the hours credited to the employee's vacation bank.

(c) If a memorandum of understanding or other agreement or policy provides an employee with partial compensation for hours not worked due to the partial government shutdown, compensation provided under that agreement or policy must be subtracted from compensation in cash or in credit to the employee's vacation bank that otherwise would be due under this section.

Subd. 3. **Funds available.** Any funds remaining in the house as of the 2006 adjournment of the legislature will be available to pay for the expenses of this section.

EFFECTIVE DATE. This section is effective the day following final enactment. The commissioner must make payments or credits required by this section within 30 days of the effective date of this section."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Seifert moved to amend the Lillie amendment to H. F. No. 2833, the second engrossment, as amended, as follows:

Page 1, line 25, delete "house" and insert "senate"

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 118 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Abeler	Atkins	Blaine	Buesgens	Clark	Cybart
Abrams	Beard	Bradley	Carlson	Cornish	Davids
Anderson, B.	Bernardy	Brod	Charron	Cox	Davnie

Dean	Gazelka	Johnson, R.	Magnus	Penas	Simpson
DeLaForest	Gunther	Juhnke	Mariani	Peppin	Slawik
Demmer	Hackbarth	Kahn	Marquart	Peterson, A.	Smith
Dempsey	Hamilton	Kelliher	McNamara	Peterson, N.	Soderstrom
Dill	Hansen	Klinzing	Meslow	Peterson, S.	Sykora
Dittrich	Hausman	Knoblach	Moe	Poppe	Thao
Dorman	Haws	Koenen	Mullery	Powell	Tingelstad
Dorn	Heidgerken	Kohls	Murphy	Ruth	Urdahl
Eastlund	Hilstrom	Krinkie	Nelson, M.	Ruud	Wardlow
Eken	Hilty	Lanning	Nelson, P.	Sailer	Welti
Ellison	Holberg	Larson	Newman	Samuelson	Westerberg
Emmer	Hoppe	Latz	Nornes	Scalze	Westrom
Erhardt	Hornstein	Lenczewski	Otremba	Seifert	Wilkin
Erickson	Hortman	Liebling	Ozment	Sertich	Zellers
Finstad	Hosch	Lieder	Paulsen	Severson	Spk. Sviggum
Fritz	Howes	Lillie	Paymar	Sieben	
Garofalo	Johnson, J.	Loeffler	Pelowski	Simon	

Those who voted in the negative were:

Anderson, I.	Huntley	Lesch	Rukavina	Wagenius
Goodwin	Jaros	Mahoney	Thissen	Walker
Greiling	Johnson, S.	Olson	Vandever	

The motion prevailed and the amendment to the amendment was adopted.

Mullery moved to amend the Lillie amendment, as amended by the Seifert amendment, to H. F. No. 2833, the second engrossment, as amended, as follows:

Page 1 line 25, before "senate" insert "house and"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment, as amended, and the roll was called. There were 57 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Goodwin	Jaros	Lieder	Pelowski	Slawik
Atkins	Greiling	Johnson, R.	Lillie	Peterson, S.	Thao
Bernardy	Hansen	Johnson, S.	Loeffler	Poppe	Thissen
Carlson	Hausman	Juhnke	Mahoney	Rukavina	Vandever
Dill	Haws	Kelliher	Mariani	Ruud	Wagenius
Dittrich	Hilstrom	Larson	Marquart	Sailer	Walker
Dorn	Hilty	Latz	McNamara	Scalze	Welti
Eken	Hornstein	Lenczewski	Mullery	Sertich	
Ellison	Hosch	Lesch	Olson	Sieben	
Entenza	Huntley	Liebling	Ozment	Simon	

Those who voted in the negative were:

Abeler	Davnie	Gazelka	Koenen	Paulsen	Soderstrom
Abrams	Dean	Gunther	Kohls	Paymar	Sykora
Anderson, B.	DeLaForest	Hackbarth	Krinkie	Penas	Tingelstad
Beard	Demmer	Hamilton	Lanning	Peppin	Urdahl
Blaine	Dempsey	Heidgerken	Magnus	Peterson, A.	Wardlow
Bradley	Dorman	Holberg	Meslow	Peterson, N.	Westerberg
Brod	Eastlund	Hoppe	Moe	Powell	Westrom
Buesgens	Emmer	Hortman	Murphy	Ruth	Wilkin
Charron	Erhardt	Howes	Nelson, M.	Samuelson	Zellers
Cornish	Erickson	Johnson, J.	Nelson, P.	Seifert	Spk. Sviggum
Cox	Finstad	Kahn	Newman	Severson	
Cybart	Fritz	Klinzing	Nornes	Simpson	
Davids	Garofalo	Knoblach	Otremba	Smith	

The motion did not prevail and the amendment to the amendment, as amended, was not adopted.

Rukavina moved to amend the Lillie amendment, as amended by the Seifert amendment, to H. F. No. 2833, the second engrossment, as amended, as follows:

Page 1, line 25, before "senate" insert "supreme court and"

The motion did not prevail and the amendment to the amendment, as amended, was not adopted.

The question recurred on the Lillie amendment, as amended, and the roll was called. There were 114 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Heidgerken	Lenczewski	Otremba	Sertich
Abrams	Dorman	Hilstrom	Lesch	Ozment	Severson
Anderson, I.	Dorn	Hilty	Liebling	Paulsen	Sieben
Atkins	Eastlund	Hornstein	Lieder	Paymar	Simon
Beard	Eken	Hortman	Lillie	Pelowski	Simpson
Bernardy	Ellison	Hosch	Loeffler	Penas	Slawik
Blaine	Entenza	Howes	Magnus	Peppin	Smith
Brod	Erhardt	Huntley	Mahoney	Peterson, A.	Soderstrom
Carlson	Erickson	Jaros	Mariani	Peterson, N.	Thao
Charron	Finstad	Johnson, R.	Marquart	Peterson, S.	Thissen
Clark	Fritz	Johnson, S.	McNamara	Poppe	Tingelstad
Cornish	Gazelka	Juhnke	Meslow	Powell	Urdahl
Cox	Goodwin	Kahn	Moe	Rukavina	Wagenius
Cybart	Greiling	Kelliher	Mullery	Ruth	Walker
Davids	Gunther	Knoblach	Murphy	Ruud	Wardlow
Davnie	Hamilton	Koenen	Nelson, M.	Sailer	Welti
Demmer	Hansen	Lanning	Nelson, P.	Samuelson	Westerberg
Dempsey	Hausman	Larson	Nornes	Scalze	Westrom
Dill	Haws	Latz	Olson	Seifert	Spk. Sviggum

Those who voted in the negative were:

Anderson, B.	DeLaForest	Holberg	Kohls	Vandevveer
Bradley	Emmer	Hoppe	Krinkie	Wilkin
Buesgens	Garofalo	Johnson, J.	Newman	Zellers
Dean	Hackbarth	Klinzing	Sykora	

The motion prevailed and the amendment, as amended, was adopted.

The Emmer amendment, as amended, to H. F. No. 2833, the second engrossment, as amended, which was temporarily withdrawn earlier today, was again reported to the House.

Brod moved to amend the Emmer amendment, as amended, to H. F. No. 2833, the second engrossment, as amended, as follows:

Page 3, line 13, after the period, insert "When communicating in an independent expenditure, individuals, political committees, political funds, political party units and any other organization must disclose the full name of the individual or organization and not an abbreviation of the name that is making the expenditure."

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment, as amended, and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Hausman	Kohls	Nornes	Severson
Abrams	Dill	Haws	Krinkie	Olson	Sieben
Anderson, B.	Dittrich	Heidgerken	Lanning	Otremba	Simon
Anderson, I.	Dorman	Hilstrom	Larson	Ozment	Simpson
Atkins	Dorn	Hilty	Latz	Paulsen	Slawik
Beard	Eastlund	Holberg	Lenczewski	Paymar	Smith
Bernardy	Eken	Hoppe	Lesch	Pelowski	Soderstrom
Blaine	Ellison	Hornstein	Liebling	Penas	Sykora
Bradley	Emmer	Hortman	Lieder	Peppin	Thao
Brod	Entenza	Hosch	Lillie	Peterson, A.	Thissen
Buesgens	Erhardt	Howes	Loeffler	Peterson, N.	Tingelstad
Carlson	Erickson	Huntley	Magnus	Peterson, S.	Urdahl
Charron	Finstad	Jaros	Mahoney	Poppe	Vandevveer
Clark	Fritz	Johnson, J.	Mariani	Powell	Wagenius
Cornish	Garofalo	Johnson, R.	Marquart	Rukavina	Walker
Cox	Gazelka	Johnson, S.	McNamara	Ruth	Wardlow
Cybart	Goodwin	Juhnke	Meslow	Ruud	Welti
Davids	Greiling	Kahn	Moe	Sailer	Westerberg
Davnie	Gunther	Kelliher	Mullery	Samuelson	Westrom
Dean	Hackbarth	Klinzing	Murphy	Scalze	Wilkin
DeLaForest	Hamilton	Knoblach	Nelson, P.	Seifert	Zellers
Demmer	Hansen	Koenen	Newman	Sertich	Spk. Sviggum

The motion prevailed and the amendment to the amendment, as amended, was adopted.

MOTION FOR RECONSIDERATION

Latz moved that the vote whereby the Latz amendment to the Emmer amendment to H. F. No. 2833, the second engrossment, as amended, adopted earlier today, be now reconsidered. The motion prevailed.

Latz withdrew his amendment to the Emmer amendment, as amended, to H. F. No. 2833, the second engrossment, as amended.

The question recurred on the Emmer amendment, as amended, and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Hausman	Kohls	Nornes	Severson
Abrams	Dill	Haws	Krinkie	Olson	Sieben
Anderson, B.	Dittrich	Heidgerken	Lanning	Otremba	Simon
Anderson, I.	Dorman	Hilstrom	Larson	Ozment	Simpson
Atkins	Dorn	Hilty	Latz	Paulsen	Slawik
Beard	Eastlund	Holberg	Lenczewski	Paymar	Smith
Bernardy	Eken	Hoppe	Lesch	Pelowski	Soderstrom
Blaine	Ellison	Hornstein	Liebling	Penas	Sykora
Bradley	Emmer	Hortman	Lieder	Peppin	Thao
Brod	Entenza	Hosch	Lillie	Peterson, A.	Thissen
Buesgens	Erhardt	Howes	Loeffler	Peterson, N.	Tingelstad
Carlson	Erickson	Huntley	Magnus	Peterson, S.	Urdahl
Charron	Finstad	Jaros	Mariani	Poppe	Vandevveer
Clark	Fritz	Johnson, J.	Marquart	Powell	Wagenius
Cornish	Garofalo	Johnson, R.	McNamara	Rukavina	Walker
Cox	Gazelka	Johnson, S.	Meslow	Ruth	Wardlow
Cybart	Goodwin	Juhnke	Moe	Ruud	Welti
Davids	Greiling	Kahn	Mullery	Sailer	Westerberg
Davnie	Gunther	Kelliher	Murphy	Samuelson	Westrom
Dean	Hackbarth	Klinzing	Nelson, M.	Scalze	Wilkin
DeLaForest	Hamilton	Knoblach	Nelson, P.	Seifert	Zellers
Demmer	Hansen	Koenen	Newman	Sertich	Spk. Sviggum

The motion prevailed and the amendment, as amended, was adopted.

Paulsen moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 76, line 14, after the period, insert "An individual may not donate more than \$25,000 in the aggregate in a calendar year to a political committee or political fund."

A roll call was requested and properly seconded.

The question was taken on the Paulsen amendment and the roll was called. There were 128 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Abeler	Atkins	Blaine	Buesgens	Clark	Cybart
Anderson, B.	Beard	Bradley	Carlson	Cornish	Davids
Anderson, I.	Bernardy	Brod	Charron	Cox	Davnie

Dean	Goodwin	Johnson, R.	Magnus	Peppin	Smith
DeLaForest	Greiling	Johnson, S.	Mariani	Peterson, A.	Soderstrom
Demmer	Gunther	Juhnke	Marquart	Peterson, N.	Sykora
Dempsey	Hackbarth	Kahn	McNamara	Peterson, S.	Thissen
Dill	Hamilton	Kelliher	Meslow	Poppe	Tingelstad
Dittrich	Hansen	Klinzing	Moe	Powell	Urdahl
Dorman	Hausman	Knoblach	Mullery	Rukavina	Wagenius
Dorn	Haws	Koenen	Murphy	Ruth	Walker
Eastlund	Heidgerken	Kohls	Nelson, M.	Ruud	Wardlow
Eken	Hilstrom	Krinkie	Nelson, P.	Sailer	Welti
Ellison	Hilty	Lanning	Newman	Samuelson	Westerberg
Emmer	Holberg	Larson	Nornes	Scalze	Westrom
Entenza	Hoppe	Latz	Olson	Seifert	Wilkin
Erhardt	Hornstein	Lenczewski	Otremba	Sertich	Zellers
Erickson	Hortman	Lesch	Ozment	Severson	Spk. Sviggum
Finstad	Hosch	Liebling	Paulsen	Sieben	
Fritz	Howes	Lieder	Paymar	Simon	
Garofalo	Jaros	Lillie	Pelowski	Simpson	
Gazelka	Johnson, J.	Loeffler	Penas	Slawik	

Those who voted in the negative were:

Abrams	Huntley	Mahoney	Thao	Vandevveer
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The motion prevailed and the amendment was adopted.

Abeler was excused for the remainder of today's session.

Kohls; Buesgens; Garofalo; Dean; Holberg; Anderson, B.; Emmer; Zellers; Severson; Wilkin; DeLaForest; Hoppe; Brod and Klinzing moved to amend H. F. No. 2833, the second engrossment, as amended, as follows:

Page 100, after line 12, insert:

"Sec. 44. Minnesota Statutes 2004, section 211B.15, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, "corporation" means:

- (1) a corporation organized for profit that does business in this state;
- (2) a nonprofit corporation that carries out activities in this state; ~~or~~
- (3) a limited liability company formed under chapter 322B, or under similar laws of another state, that does business in this state; or
- (4) a business entity established or operated by a foreign government or by an entity or subdivision of an entity that exercises governmental functions for purposes of Public Law 97-473, Title II.

Sec. 45. **[211B.153] CONTRIBUTIONS FROM GOVERNMENT UNITS.**

A candidate or the treasurer of a candidate's principal campaign committee must not accept a contribution from any foreign government or any state or local government unit in this state or in any other state. For purposes of this subdivision, "government unit" means any state agency, board, commission, or department; or any county, statutory or home rule charter city, town, school district, special district, or any local board, commission, district, or authority created pursuant to law or local ordinance. A candidate or treasurer who accepts a contribution prohibited by this section or a government unit that makes a contribution prohibited by this section is subject to a civil penalty not greater than \$40,000.

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 Kohls et al amendment and the roll was called. There were 77 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Abrams	DeLaForest	Hackbarth	Lenczewski	Penas	Sykora
Anderson, B.	Demmer	Hamilton	Liebling	Peppin	Thissen
Beard	Dittrich	Heidgerken	Magnus	Peterson, N.	Tingelstad
Blaine	Dorman	Holberg	Marquart	Powell	Urdahl
Bradley	Eastlund	Hoppe	McNamara	Ruth	Vandevier
Brod	Eken	Hornstein	Meslow	Ruud	Wardlow
Buesgens	Ellison	Hortman	Moe	Sailer	Welti
Charron	Emmer	Johnson, J.	Nelson, P.	Samuelson	Westerberg
Cornish	Erickson	Klinzing	Newman	Seifert	Westrom
Cox	Finstad	Knoblach	Nornes	Severson	Wilkin
Cybart	Garofalo	Kohls	Olson	Simpson	Zellers
Davids	Gazelka	Krinkie	Ozment	Smith	Spk. Sviggum
Dean	Gunther	Lanning	Paulsen	Soderstrom	

Those who voted in the negative were:

Anderson, I.	Erhardt	Howes	Latz	Otremba	Simon
Atkins	Fritz	Huntley	Lesch	Paymar	Slawik
Bernardy	Goodwin	Jaros	Lieder	Pelowski	Thao
Carlson	Greiling	Johnson, R.	Lillie	Peterson, A.	Wagenius
Clark	Hansen	Johnson, S.	Loeffler	Peterson, S.	Walker
Davnie	Hausman	Juhnke	Mahoney	Poppe	
Dempsey	Haws	Kahn	Mariani	Rukavina	
Dill	Hilstrom	Kelliher	Mullery	Scalze	
Dorn	Hilty	Koenen	Murphy	Sertich	
Entenza	Hosch	Larson	Nelson, M.	Sieben	

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

H. F. No. 2833, as amended, was read for the third time.

LAY ON THE TABLE

Seifert moved that H. F. No. 2833, as amended, be laid on the table.

A roll call was requested and properly seconded.

CALL OF THE HOUSE

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

Abrams	Dittrich	Hilstrom	Larson	Otremba	Simon
Anderson, B.	Dorman	Hilty	Latz	Ozment	Simpson
Anderson, I.	Dorn	Holberg	Lenczewski	Paulsen	Slawik
Atkins	Eastlund	Hoppe	Lesch	Paymar	Smith
Beard	Eken	Hornstein	Liebling	Pelowski	Soderstrom
Bernardy	Emmer	Hortman	Lieder	Penas	Sykora
Bradley	Entenza	Hosch	Lillie	Peppin	Thao
Brod	Erhardt	Howes	Loeffler	Peterson, A.	Thissen
Buesgens	Erickson	Huntley	Magnus	Peterson, N.	Tingelstad
Carlson	Finstad	Jaros	Mahoney	Peterson, S.	Urdahl
Charron	Fritz	Johnson, J.	Mariani	Poppe	Vandever
Clark	Garofalo	Johnson, R.	Marquart	Powell	Wagenius
Cornish	Gazelka	Johnson, S.	McNamara	Rukavina	Walker
Cox	Goodwin	Juhnke	Meslow	Ruth	Wardlow
Cybart	Greiling	Kahn	Moe	Ruud	Welti
Davids	Gunther	Kelliher	Mullery	Sailer	Westerberg
Davnie	Hackbarth	Klinzing	Murphy	Samuelson	Westrom
Dean	Hamilton	Knoblach	Nelson, M.	Scalze	Wilkin
DeLaForest	Hansen	Koenen	Nelson, P.	Seifert	Zellers
Demmer	Hausman	Kohls	Newman	Sertich	Spk. Sviggum
Dempsey	Haws	Krinkie	Nornes	Severson	
Dill	Heidgerken	Lanning	Olson	Sieben	

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 Seifert motion and the roll was called. There were 72 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Abrams	Brod	Cybart	Dempsey	Erickson	Hackbarth
Anderson, B.	Buesgens	Davids	Dorman	Finstad	Hamilton
Beard	Charron	Dean	Eastlund	Garofalo	Heidgerken
Blaine	Cornish	DeLaForest	Emmer	Gazelka	Hilty
Bradley	Cox	Demmer	Erhardt	Gunther	Holberg

Hoppe	Kohls	Nelson, P.	Peppin	Simpson	Vandevveer
Howes	Krinkie	Newman	Peterson, N.	Smith	Wardlow
Huntley	Lanning	Nornes	Powell	Soderstrom	Westerberg
Johnson, J.	Magnus	Olson	Ruth	Sykora	Westrom
Kahn	McNamara	Ozment	Samuelson	Thissen	Wilkin
Klinzing	Meslow	Paulsen	Seifert	Tingelstad	Zellers
Knoblach	Murphy	Penas	Severson	Urdahl	Spk. Sviggum

Those who voted in the negative were:

Anderson, I.	Ellison	Hortman	Lenczewski	Mullery	Sailer
Atkins	Entenza	Hosch	Lesch	Nelson, M.	Scalze
Bernardy	Fritz	Jaros	Liebling	Otremba	Sertich
Carlson	Goodwin	Johnson, R.	Lieder	Paymar	Sieben
Clark	Greiling	Johnson, S.	Lillie	Pelowski	Simon
Davnie	Hansen	Juhnke	Loeffler	Peterson, A.	Slawik
Dill	Hausman	Kelliher	Mahoney	Peterson, S.	Thao
Dittrich	Haws	Koenen	Mariani	Poppe	Wagenius
Dorn	Hilstrom	Larson	Marquart	Rukavina	Walker
Eken	Hornstein	Latz	Moe	Ruud	Welti

The motion prevailed and H. F. No. 2833, as amended, was laid on the table.

CALENDAR FOR THE DAY

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

MOTIONS AND RESOLUTIONS

Beard moved that the name of Hamilton be added as an author on H. F. No. 1667. The motion prevailed.

Johnson, J., moved that the name of Zellers be added as an author on H. F. No. 2600. The motion prevailed.

Kahn moved that the name of Ruud be added as an author on H. F. No. 2673. The motion prevailed.

Seifert moved that the name of Tingelstad be added as an author on H. F. No. 2833. The motion prevailed.

Sykora moved that the name of Tingelstad be added as an author on H. F. No. 2890. The motion prevailed.

Erickson moved that the name of Tingelstad be added as an author on H. F. No. 3241. The motion prevailed.

Erickson moved that the name of Tingelstad be added as an author on H. F. No. 3262. The motion prevailed.

Hosch moved that the name of Tingelstad be added as an author on H. F. No. 3576. The motion prevailed.

Olson moved that the name of Tingelstad be added as an author on H. F. No. 3640. The motion prevailed.

Peterson, S., moved that the name of Fritz be added as an author on H. F. No. 3642. The motion prevailed.

Peterson, S., moved that the name of Fritz be added as an author on H. F. No. 3644. The motion prevailed.

Urdahl moved that his name be stricken as an author on H. F. No. 3952. The motion prevailed.

Ellison moved that the name of Clark be added as an author on H. F. No. 4090. The motion prevailed.

Krinkie moved that the names of Anderson, B.; Blaine; Gazelka; Urdahl; Heidgerken; Johnson, J.; Klinzing; Charron; Garofalo; Holberg; Nornes; Soderstrom; Cybart; Kohls; Bradley; Powell; Zellers; Westrom; Westerberg; Hackbarth and Severson be added as authors on H. F. No. 4142. The motion prevailed.

Simpson moved that the names of Nornes and Ruth be added as authors on H. F. No. 4145. The motion prevailed.

Peterson, N., moved that the name of Scalze be added as an author on H. F. No. 4147. The motion prevailed.

CALL OF THE HOUSE LIFTED

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

ADJOURNMENT

Paulsen moved that when the House adjourns today it adjourn until 12:00 noon, Wednesday, April 19, 2006. The motion prevailed.

Paulsen moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Wednesday, April 19, 2006.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

