

STATE OF MINNESOTA

EIGHTY-FOURTH SESSION — 2005

 FORTY-FIFTH DAY

SAINT PAUL, MINNESOTA, FRIDAY, APRIL 22, 2005

The House of Representatives convened at 10:00 a.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by the Reverend Billy Russell, Greater Friendship Missionary Baptist Church, Minneapolis, Minnesota.

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

The roll was called and the following members were present:

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

A quorum was present.

Hansen was excused until 11:00 a.m. Beard was excused until 11:10 a.m. Westrom was excused until 12:55 p.m. Abrams was excused until 1:10 p.m.

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

REPORTS OF CHIEF CLERK

S. F. No. 767 and H. F. No. 1043, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Emmer moved that S. F. No. 767 be substituted for H. F. No. 1043 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

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

H. F. No. 872, A bill for an act relating to education finance; simplifying the operating referendum ballot language; amending Minnesota Statutes 2004, section 126C.17, subdivision 9.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2004, section 120A.05, is amended by adding a subdivision to read:

Subd. 18. [KINDERGARTEN.] "Kindergarten" means a program designed for pupils five years of age on September 1 of the calendar year in which the school year commences that prepares pupils to enter first grade the following school year. A program designed for pupils younger than five years of age on September 1 of the calendar year in which the school year commences that prepares pupils to enter kindergarten the following school year is a prekindergarten program.

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

Sec. 2. Minnesota Statutes 2004, section 123A.05, subdivision 2, is amended to read:

Subd. 2. [RESERVE REVENUE.] Each district that is a member of an area learning center must reserve revenue in an amount equal to the sum of (1) at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue, ~~and transportation sparsity revenue, and the transportation portion of the transition revenue adjustment,~~ times the number of pupil units attending an area learning center program under this section, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center. ~~Compensatory revenue must be allocated according to section 126C.15, subdivision 2.~~

Sec. 3. Minnesota Statutes 2004, section 123B.42, subdivision 3, is amended to read:

Subd. 3. [COST; LIMITATION.] (a) The cost per pupil of the textbooks, individualized instructional or cooperative learning materials, and standardized tests provided for in this section for each school year must not exceed the statewide average expenditure per pupil, adjusted ~~pursuant~~ according to clause paragraph (b), by the

Minnesota public elementary and secondary schools for textbooks, individualized instructional materials and standardized tests as computed and established by the department by February 1 of the preceding school year from the most recent public school year data then available.

(b) The cost computed in ~~clause~~ paragraph (a) shall be increased by an inflation adjustment equal to ~~the percent of increase in the formula allowance, pursuant to section 126C.10, subdivision 2, from the second preceding school year to the current school year~~ 3.0 percent for fiscal year 2006, 6.19 percent for fiscal year 2007, and 3.1 percent for fiscal year 2008.

(c) The commissioner shall allot to the districts or intermediary service areas the total cost for each school year of providing or loaning the textbooks, individualized instructional or cooperative learning materials, and standardized tests for the pupils in each nonpublic school. The allotment shall not exceed the product of the statewide average expenditure per pupil, according to clause (a), adjusted pursuant to clause (b), multiplied by the number of nonpublic school pupils who make requests pursuant to this section and who are enrolled as of September 15 of the current school year.

Sec. 4. Minnesota Statutes 2004, section 123B.75, is amended by adding a subdivision to read:

Subd. 4a. [TACONITE REVENUE.] Taconite revenue received in a calendar year by a school district under section 298.28, subdivisions 4, paragraphs (b) and (c), and 11, paragraph (d), is fully recognized in the fiscal year in which the February payment falls.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2006.

Sec. 5. Minnesota Statutes 2004, section 123B.76, subdivision 3, is amended to read:

Subd. 3. [EXPENDITURES BY BUILDING.] (a) For the purposes of this section, "building" means education site as defined in section 123B.04, subdivision 1.

(b) Each district shall maintain separate accounts to identify general fund expenditures, ~~excluding capital expenditures and pupil transportation,~~ for each building. All expenditures for regular instruction, secondary vocational instruction, and school administration must be reported to the department separately for each building. All expenditures for special education instruction, instructional support services, and pupil support services provided within a specific building must be reported to the department separately for each building. Salary expenditures reported by building must reflect actual salaries for staff at the building and must not be based on districtwide averages. All other general fund expenditures may be reported by building or on a districtwide basis.

(c) The department must annually report information showing school district general fund expenditures per pupil by program category for each building and estimated school district general fund revenue generated by pupils attending each building on its Web site. For purposes of this report:

(1) expenditures not ~~required to be~~ reported by building shall be allocated among buildings on a uniform per pupil basis;

(2) basic skills revenue shall be allocated according to section 126C.10, subdivision 4;

(3) secondary sparsity revenue and elementary sparsity revenue shall be allocated according to section 126C.10, subdivisions 7 and 8;

(4) other general education revenue shall be allocated on a uniform per pupil unit basis;

(5) first grade preparedness aid shall be allocated according to section 124D.081;

(6) state and federal special education aid and Title I aid shall be allocated in proportion to district expenditures for these programs by building; and

(7) other general fund revenues shall be allocated on a uniform per pupil basis, except that the department may allocate other revenues attributable to specific buildings directly to those buildings.

Sec. 6. Minnesota Statutes 2004, section 123B.79, subdivision 6, is amended to read:

Subd. 6. [ACCOUNT TRANSFER FOR STATUTORY OPERATING DEBT.] On June 30 of each year, a district may make a permanent transfer from the general fund account entitled "~~undesignated net unreserved general~~ fund balance since statutory operating debt" to the account entitled "reserved fund balance reserve account for purposes of statutory operating debt reduction." The amount of the transfer is limited to the lesser of (a) the net ~~undesignated operating unreserved general~~ fund balance, or (b) the sum of the remaining statutory operating debt levies authorized for all future years according to section 126C.42, subdivision 1. If the net ~~undesignated operating unreserved general~~ fund balance is less than zero, the district may not make a transfer.

Sec. 7. Minnesota Statutes 2004, section 123B.81, subdivision 1, is amended to read:

Subdivision 1. [OPERATING DEBT.] The "operating debt" of a school district means the net negative ~~undesignated unreserved general~~ fund balance ~~in all school district funds, other than capital expenditure, building construction, debt service, and trust and agency,~~ calculated as of June 30 of each year in accordance with the uniform financial accounting and reporting standards for Minnesota school districts.

Sec. 8. Minnesota Statutes 2004, section 123B.82, is amended to read:

123B.82 [REORGANIZATION OPERATING DEBT.]

The "reorganization operating debt" of a school district means the net negative ~~undesignated unreserved~~ fund balance ~~balances~~ in all school district funds, other than building construction, debt redemption, and trust and agency, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts as of:

(1) June 30 of the fiscal year before the first year that a district receives revenue according to section 123A.39, subdivision 3; or

(2) June 30 of the fiscal year before the effective date of reorganization according to section 123A.46 or 123A.48.

Sec. 9. Minnesota Statutes 2004, section 123B.83, subdivision 2, is amended to read:

Subd. 2. [~~UNDESIGNATED UNRESERVED FUND BALANCES.~~] ~~Beginning in fiscal year 1978 and each year thereafter, any A school district not subject to the provisions of subdivision 1~~ must limit its expenditures so that its ~~undesignated net unreserved general~~ fund balances ~~do~~ balance does not constitute statutory operating debt as defined in section 126C.42.

Sec. 10. Minnesota Statutes 2004, section 123B.92, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section and section 125A.76, the terms defined in this subdivision have the meanings given to them.

(a) "Actual expenditure per pupil transported in the regular and excess transportation categories" means the quotient obtained by dividing:

(1) the sum of:

(i) all expenditures for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

(ii) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program under section 124D.128 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(iii) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.01, subdivision 6, clause (5), which must be used a majority of the time for pupil transportation purposes, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses by:

(2) the number of pupils eligible for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

(b) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is:

(i) transportation to and from school during the regular school year for resident elementary pupils residing one mile or more from the public or nonpublic school they attend, and resident secondary pupils residing two miles or more from the public or nonpublic school they attend, excluding desegregation transportation and noon kindergarten transportation; but with respect to transportation of pupils to and from nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

(ii) transportation of resident pupils to and from language immersion programs;

(iii) transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school;

(iv) transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; and

(v) transportation to and from school during the regular school year required under subdivision 3 for nonresident elementary pupils when the distance from the attendance area border to the public school is one mile or more, and for nonresident secondary pupils when the distance from the attendance area border to the public school is two miles or more, excluding desegregation transportation and noon kindergarten transportation.

For the purposes of this paragraph, a district may designate a licensed day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian, and if that facility or residence is within the attendance area of the school the pupil attends.

(2) Excess transportation is:

(i) transportation to and from school during the regular school year for resident secondary pupils residing at least one mile but less than two miles from the public or nonpublic school they attend, and transportation to and from school for resident pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards; and

(ii) transportation to and from school during the regular school year required under subdivision 3 for nonresident secondary pupils when the distance from the attendance area border to the school is at least one mile but less than two miles from the public school they attend, and for nonresident pupils when the distance from the attendance area border to the school is less than one mile from the school and who are transported because of extraordinary traffic, drug, or crime hazards.

(3) Desegregation transportation is transportation within and outside of the district during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the commissioner or under court order.

(4) "Transportation services for pupils with disabilities" is:

(i) transportation of pupils with disabilities who cannot be transported on a regular school bus between home or a respite care facility and school;

(ii) necessary transportation of pupils with disabilities from home or from school to other buildings, including centers such as developmental achievement centers, hospitals, and treatment centers where special instruction or services required by sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district where services are provided;

(iii) necessary transportation for resident pupils with disabilities required by sections 125A.12, and 125A.26 to 125A.48;

(iv) board and lodging for pupils with disabilities in a district maintaining special classes;

(v) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, and necessary transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils with disabilities who are provided special instruction and services on a shared-time basis or if resident pupils are not transported, the costs of necessary travel between public and private schools or neutral instructional sites by essential personnel employed by the district's program for children with a disability;

(vi) transportation for resident pupils with disabilities to and from board and lodging facilities when the pupil is boarded and lodged for educational purposes; and

(vii) services described in clauses (i) to (vi), when provided for pupils with disabilities in conjunction with a summer instructional program that relates to the pupil's individual education plan or in conjunction with a learning year program established under section 124D.128.

For purposes of computing special education base revenue under section 125A.76, subdivision 2, the cost of providing transportation for children with disabilities includes (A) the additional cost of transporting a homeless student from a temporary nonshelter home in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year; and (B) depreciation on district-owned school buses purchased after July 1, 2005, and used primarily for transportation

of pupils with disabilities, calculated according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled transportation category must be excluded in calculating the actual expenditure per pupil transported in the regular and excess transportation categories according to paragraph (a).

(5) "Nonpublic nonregular transportation" is:

(i) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, excluding transportation for nonpublic pupils with disabilities under clause (4);

(ii) transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123B.44; and

(iii) late transportation home from school or between schools within a district for nonpublic school pupils involved in after-school activities.

(c) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123B.41, subdivision 13.

Sec. 11. Minnesota Statutes 2004, section 123B.92, subdivision 5, is amended to read:

Subd. 5. [DISTRICT REPORTS.] (a) Each district must report data to the department as required by the department to account for transportation expenditures.

(b) Salaries and fringe benefits of district employees whose primary duties are other than transportation, including central office administrators and staff, building administrators and staff, teachers, social workers, school nurses, and instructional aides, must not be included in a district's transportation expenditures, except that a district may include salaries and benefits according to paragraph (c) for (1) an employee designated as the district transportation director, (2) an employee providing direct support to the transportation director, or (3) an employee providing direct transportation services such as a bus driver or bus aide.

(c) Salaries and fringe benefits of other district employees who work part time in transportation and part time in other areas must not be included in a district's transportation expenditures unless the district maintains documentation of the employee's time spent on pupil transportation matters in the form and manner prescribed by the department.

(d) Pupil transportation expenditures, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, and aides on buses, must be allocated among transportation categories based on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route, regardless of whether the transportation services are provided on district-owned or contractor-owned school buses. Expenditures for school bus driver salaries and fringe benefits may either be directly charged to the appropriate transportation category or may be allocated among transportation categories based on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures by private contractors or individuals who provide transportation exclusively in one transportation category must be charged directly to the appropriate transportation category. Transportation services provided by contractor-owned school bus companies incorporated under different names but owned by the same individual or group of individuals must be treated as the same company for cost allocation purposes.

[EFFECTIVE DATE.] This section is effective for expenditure reporting for fiscal year 2006.

Sec. 12. Minnesota Statutes 2004, section 123B.92, subdivision 9, is amended to read:

Subd. 9. [NONPUBLIC PUPIL TRANSPORTATION AID.] (a) A district's nonpublic pupil transportation aid for ~~the 1996-1997 and later school years~~ for transportation services for nonpublic school pupils according to sections 123B.88, 123B.84 to 123B.86, and this section, equals the sum of the amounts computed in paragraphs (b) and (c). This aid does not limit the obligation to transport pupils under sections 123B.84 to 123B.87.

(b) For regular and excess transportation according to subdivision 1, paragraph (b), clauses (1) and (2), an amount equal to the product of:

(1) the district's actual expenditure per pupil transported in the regular and excess transportation categories during the second preceding school year; times

(2) the number of nonpublic school pupils residing in the district who receive regular or excess transportation service or reimbursement for the current school year; times

(3) ~~the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for the current school year to the formula allowance pursuant to section 126C.10, subdivision 2, for the second preceding school year~~ 1.03 for fiscal year 2006, 1.0619 for fiscal year 2007, 1.031 for fiscal year 2008, and 1.0 for fiscal year 2009 and later.

(c) For nonpublic nonregular transportation according to subdivision 1, paragraph (b), clause (5), an amount equal to the product of:

(1) the district's actual expenditure for nonpublic nonregular transportation during the second preceding school year; times

(2) ~~the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for the current school year to the formula allowance pursuant to section 126C.10, subdivision 2, for the second preceding school year~~ 1.03 for fiscal year 2006, 1.0619 for fiscal year 2007, 1.031 for fiscal year 2008, and 1.0 for fiscal year 2009 and later.

~~(d) Notwithstanding the amount of the formula allowance for fiscal year 2004 in section 126C.10, subdivision 2, the commissioner shall use the amount of the formula allowance for the current year minus \$415 in determining the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal year 2004.~~

Sec. 13. Minnesota Statutes 2004, section 124D.68, subdivision 9, is amended to read:

Subd. 9. [ENROLLMENT VERIFICATION.] (a) For a pupil attending an eligible program full time under subdivision 3, paragraph (d), the department must pay 90 percent of the district's average general education revenue less basic skills revenue to the eligible program and ten percent of the district's average general education revenue less basic skills revenue to the contracting district within 30 days after the eligible program verifies enrollment using the form provided by the department. For a pupil attending an eligible program part time, revenue, excluding compensatory revenue, shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the contracting district shall be reduced accordingly. A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of general education revenue. If payment is made for a pupil under this subdivision, a district shall not reimburse a program under section 124D.69 for the same pupil. The basic skills revenue shall be paid generated by pupils attending the eligible program according to section 126C.10, subdivision 4, shall be paid to the eligible program.

(b) The department must pay up to 100 percent of the revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

(c) Notwithstanding paragraphs (a) and (b), for an eligible program that provides chemical treatment services to students, the department must pay 100 percent of the revenue to the eligible program.

Sec. 14. Minnesota Statutes 2004, section 124D.69, subdivision 1, is amended to read:

Subdivision 1. [AID.] If a pupil enrolls in an alternative program, eligible under section 124D.68, subdivision 3, paragraph (d), or subdivision 4, operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 124D.68, subdivision 2, the district contracting with the private organization must reimburse the provider an amount equal to the sum of (1) at least 95 percent of the district's average general education less basic skills revenue per pupil unit times the number of pupil units for pupils attending the program, and (2) the amount of basic skills revenue shall be paid generated by pupils attending the program according to section 126C.10, subdivision 4. ~~Compensatory revenue must be allocated according to section 126C.15, subdivision 2.~~ For a pupil attending the program part time, the revenue paid to the program, excluding compensatory revenue, must be reduced proportionately, according to the amount of time the pupil attends the program, and revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of general education revenue. If payment is made to a district or program for a pupil under this section, the department must not make a payment for the same pupil under section 124D.68, subdivision 9. Notwithstanding sections 125A.15, 125A.51, and 125A.515, general education revenue for a student who receives educational services under this section shall be paid according to this section.

Sec. 15. Minnesota Statutes 2004, section 125A.51, is amended to read:

125A.51 [PLACEMENT OF CHILDREN WITHOUT DISABILITIES; EDUCATION AND TRANSPORTATION.]

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the commissioner, and who is temporarily placed for care and treatment for that illness or disability, must be determined as provided in this section.

(a) The school district of residence of the pupil is the district in which the pupil's parent or guardian resides.

(b) When parental rights have been terminated by court order, the legal residence of a child placed in a residential or foster facility for care and treatment is the district in which the child resides.

(c) Before the placement of a pupil for care and treatment, the district of residence must be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, must notify the district of residence of the emergency placement within 15 days of the placement.

(d) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence must provide instruction and necessary transportation to and from the treatment facility for the pupil. Transportation shall only be

provided by the district during regular operating hours of the district. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state Board of Teaching.

(e) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed must provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district must bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs.

(f) Notwithstanding paragraph (e), if the pupil is homeless and placed in a public or private homeless shelter, then the district that enrolls the pupil under section 127A.47, subdivision 2, shall provide the transportation, unless the district that enrolls the pupil and the district in which the pupil is temporarily placed agree that the district in which the pupil is temporarily placed shall provide transportation. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil must send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state Board of Teaching. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(f) (g) The district of residence must include the pupil in its residence count of pupil units and pay tuition as provided in section 123A.488 to the district providing the instruction. Transportation costs must be paid by the district providing the transportation and the state must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision must be included in the disabled transportation category if the pupils cannot be transported on a regular school bus route without special accommodations.

Sec. 16. Minnesota Statutes 2004, section 126C.01, subdivision 11, is amended to read:

Subd. 11. [~~NET UNAPPROPRIATED OPERATING UNRESERVED GENERAL FUND BALANCE.~~] "Net ~~unappropriated operating unreserved general fund balance~~" means the sum of the unreserved general fund balances in the general, food service, and community service funds ~~minus the balances reserved for statutory operating debt reduction, bus purchase, severance pay, taconite, unemployment benefits, maintenance levy reduction, operating capital, disabled access, health and safety, balance and encumbrances,~~ computed as of June 30 each year.

Sec. 17. Minnesota Statutes 2004, section 126C.05, is amended by adding a subdivision to read:

Subd. 20. [PROJECT-BASED AVERAGE DAILY MEMBERSHIP.] (a) To receive general education revenue for a pupil enrolled in a public school with a project-based program, a school must meet the requirements in this paragraph. The school must:

- (1) register with the commissioner as a project-based program by May 30 of the preceding fiscal year;
- (2) provide a minimum teacher contact of no less than one hour per week per project-based credit for each pupil;
- (3) maintain a record system that shows when each credit or portion thereof was reported for membership for each pupil; and
- (4) report pupil membership consistent with paragraph (b).

(b) The commissioner must develop a formula for reporting pupil membership to compute average daily membership for each registered project-based school. Average daily membership for a pupil in a registered project-based program is the lesser of:

(1) 1.0; or

(2) the ratio of (i) the number of membership hours generated by project-based credits completed during the school year plus membership hours generated by credits completed in a seat-based setting to (ii) the annual required instructional hours at that grade level. Membership hours for a partially completed project-based credit must be prorated.

Sec. 18. Minnesota Statutes 2004, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] ~~(a) For fiscal year 2003, the general education revenue for each district equals the sum of the district's basic revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, and equity revenue.~~

~~(b)~~ For fiscal year ~~2004~~ 2006 and later, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative compensation revenue, and transition revenue.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2006.

Sec. 19. Minnesota Statutes 2004, section 126C.10, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. The formula allowance for fiscal year ~~2004~~ 2006 is \$3,964. ~~The formula allowance for fiscal year 2002 is \$4,068. The formula allowance for fiscal year 2003 and subsequent years is \$4,604~~ \$4,740. The formula allowance for fiscal year 2007 and later is \$4,885.

Sec. 20. Minnesota Statutes 2004, section 126C.10, is amended by adding a subdivision to read:

Subd. 2b. [GIFTED AND TALENTED REVENUE.] Gifted and talented revenue for each district equals \$15 times the district's adjusted marginal cost pupil units. For fiscal year 2006 only, a district is eligible for start-up revenue equal to \$3 times the adjusted marginal cost pupil units for that year. A school district must reserve gifted and talented revenue and, consistent with section 120B.15, must spend the revenue only to:

(1) identify gifted and talented students;

(2) provide education programs for gifted and talented students; or

(3) provide staff development to prepare teachers to best meet the unique needs of gifted and talented students.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2006 and later.

Sec. 21. Minnesota Statutes 2004, section 126C.10, subdivision 3, is amended to read:

Subd. 3. [COMPENSATORY EDUCATION REVENUE.] (a) For fiscal year 2006 and later, the compensatory education revenue for each building in the district equals ~~the formula allowance minus \$415~~ \$4,186 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

(b) When the district contracting with an alternative program under section 124D.69 changes prior to the start of a school year, the compensatory revenue generated by pupils attending the program shall be paid to the district contracting with the alternative program for the current school year, and shall not be paid to the district contracting with the alternative program for the prior school year.

(c) When the fiscal agent district for an area learning center changes prior to the start of a school year, the compensatory revenue shall be paid to the fiscal agent district for the current school year, and shall not be paid to the fiscal agent district for the prior school year.

Sec. 22. Minnesota Statutes 2004, section 126C.10, subdivision 6, is amended to read:

Subd. 6. [DEFINITIONS.] The definitions in this subdivision apply only to subdivisions 7 and 8.

(a) "High school" means a secondary school that has pupils enrolled in at least the 10th, 11th, and 12th grades. If there is no secondary school in the district that has pupils enrolled in at least the 10th, 11th, and 12th grades, and the school is at least 19 miles from the next nearest school, the commissioner must designate one school in the district as a high school for the purposes of this section.

(b) "Secondary average daily membership" means, for a district that has only one high school, the average daily membership of pupils served in grades 7 through 12. For a district that has more than one high school, "secondary average daily membership" for each high school means the product of the average daily membership of pupils served in grades 7 through 12 in the high school, times the ratio of six to the number of grades in the high school.

(c) "Attendance area" means the total surface area of the district, in square miles, divided by the number of high schools in the district. For a district that does not operate a high school and is less than 19 miles from the nearest operating high school, the attendance area equals zero.

(d) "Isolation index" for a high school means the square root of 55 percent of the attendance area plus the distance in miles, according to the usually traveled routes, between the high school and the nearest high school. For a district in which there is located land defined in section 84A.01, 84A.20, or 84A.31, the distance in miles is the sum of:

(1) the square root of one-half of the attendance area; and

(2) the distance from the border of the district to the nearest high school.

(e) "Qualifying high school" means a high school that has an isolation index greater than 23 and that has secondary average daily membership of less than 400.

(f) "Qualifying elementary school" means an elementary school that is located 19 miles or more from the nearest elementary school or from the nearest elementary school within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

(g) "Elementary average daily membership" means, for a district that has only one elementary school, the average daily membership of pupils served in kindergarten through grade 6. For a district that has more than one elementary school, "average daily membership" for each school means the average daily membership of pupils served in kindergarten through grade 6 multiplied by the ratio of seven to the number of grades in the elementary school.

(h) "Sparsity allowance" means \$4,740 for fiscal year 2006 and \$4,885 for fiscal year 2007 and later.

Sec. 23. Minnesota Statutes 2004, section 126C.10, subdivision 7, is amended to read:

Subd. 7. [SECONDARY SPARSITY REVENUE.] (a) A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

- (1) the ~~formula~~ sparsity allowance for the school year, multiplied by
- (2) the secondary average daily membership of pupils served in the high school, multiplied by
- (3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by
- (4) the lesser of 1.5 or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed district that is the result of districts combining under the cooperation and combination program or consolidating under section 123A.48 must receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

Sec. 24. Minnesota Statutes 2004, section 126C.10, subdivision 8, is amended to read:

Subd. 8. [ELEMENTARY SPARSITY REVENUE.] A district's elementary sparsity revenue equals the sum of the following amounts for each qualifying elementary school in the district:

- (1) the ~~formula~~ sparsity allowance for the year, multiplied by
- (2) the elementary average daily membership of pupils served in the school, multiplied by
- (3) the quotient obtained by dividing 140 minus the elementary average daily membership by 140 plus the average daily membership.

Sec. 25. Minnesota Statutes 2004, section 126C.10, subdivision 13, is amended to read:

Subd. 13. [TOTAL OPERATING CAPITAL REVENUE.] (a) For fiscal year ~~2000~~ 2006 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b) or (c), plus ~~\$73~~ \$93 times the adjusted marginal cost pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to ~~paragraph (d) or~~ subdivision 14.

(b) For fiscal years ~~2000~~ 2006 and later, capital revenue for a district equals \$100 times the district's maintenance cost index times its adjusted marginal cost pupil units for the school year.

(c) ~~For fiscal years 2000 and later,~~ The revenue for a district that operates a program under section 124D.128, is increased by an amount equal to \$30 times the number of marginal cost pupil units served at the site where the program is implemented.

~~(d) For fiscal years 2001, 2002, and 2003, the district must reserve an amount equal to \$5 per adjusted marginal cost pupil unit for telecommunication access costs. Reserve revenue under this paragraph must first be used to pay for ongoing or recurring telecommunication access costs, including access to data and video connections, including Internet access. Any revenue remaining after covering all ongoing or recurring access costs may be used for computer hardware or equipment.~~

Sec. 26. Minnesota Statutes 2004, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. [OPERATING CAPITAL LEVY.] To obtain operating capital revenue for fiscal year ~~2005~~ 2007 and later, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to ~~\$22,222~~ \$22,700.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2007.

Sec. 27. Minnesota Statutes 2004, section 126C.10, subdivision 17, is amended to read:

Subd. 17. [TRANSPORTATION SPARSITY DEFINITIONS.] The definitions in this subdivision apply to subdivisions 18 and 19.

(a) "Sparsity index" for a district means the greater of .2 or the ratio of the square mile area of the district to the resident pupil units of the district.

(b) "Density index" for a district means the ratio of the square mile area of the district to the resident pupil units of the district. However, the density index for a district cannot be greater than .2 or less than .005.

(c) "Transportation allowance" means \$4,601 for fiscal year 2007 and later.

Sec. 28. Minnesota Statutes 2004, section 126C.10, subdivision 18, is amended to read:

Subd. 18. [TRANSPORTATION SPARSITY REVENUE ALLOWANCE.] (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

~~(i)~~ (1) Multiply the ~~formula~~ transportation allowance ~~according to subdivision 2,~~ by .1469.

~~(ii)~~ (2) Multiply the result in clause ~~(i)~~ (1) by the district's sparsity index raised to the 26/100 power.

~~(iii)~~ (3) Multiply the result in clause ~~(ii)~~ (2) by the district's density index raised to the 13/100 power.

~~(iv)~~ (4) Multiply the ~~formula~~ transportation allowance ~~according to subdivision 2,~~ by .0485.

~~(v)~~ (5) Subtract the result in clause ~~(iv)~~ (4) from the result in clause ~~(iii)~~ (3).

(b) Transportation sparsity revenue is equal to the transportation sparsity allowance times the adjusted marginal cost pupil units times 1.08.

Sec. 29. Minnesota Statutes 2004, section 126C.10, subdivision 24, is amended to read:

Subd. 24. [EQUITY REVENUE.] (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted marginal cost pupil unit amount of basic revenue, supplemental revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times \$13.

(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's resident marginal pupil units times the difference between ten percent of the statewide average amount of referendum revenue per resident marginal cost pupil unit for that year and the district's referendum revenue per resident marginal cost pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for that year.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2006.

Sec. 30. Minnesota Statutes 2004, section 126C.10, subdivision 31, is amended to read:

Subd. 31. [TRANSITION REVENUE.] (a) A district's transition allowance ~~for fiscal years 2004 through 2008~~ equals the greater of zero or the product of the ratio of the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference between: (1) the lesser of the district's general education revenue per adjusted marginal cost pupil unit for fiscal year 2003 or the amount of general education revenue the district would have received per adjusted marginal cost pupil unit for fiscal year 2004 according to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002.

~~A district's transition allowance for fiscal year 2009 and later is zero.~~

(b) A district's transition revenue for fiscal year ~~2004 and later~~ 2006 and later equals the sum of (1) the product of the district's transition allowance times the district's adjusted marginal cost pupil units; plus (2) the amount of referendum revenue under section 126C.17 and general education revenue, excluding transition revenue, for fiscal year 2004 attributable to pupils four or five years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1, 2003, and reported as kindergarten pupils under section 126C.05, subdivision 1, for fiscal year 2004, plus (3) the amount of compensatory education revenue under subdivision 3 for fiscal year 2005 attributable to pupils four years of age on September 1, 2003, enrolled in a prekindergarten program implemented by the district before July 1, 2003, and reported as kindergarten pupils under section 126C.05, subdivision 1, for fiscal year 2004.

Sec. 31. Minnesota Statutes 2004, section 126C.10, is amended by adding a subdivision to read:

Subd. 34. [BASIC ALTERNATIVE COMPENSATION AID.] (a) For fiscal year 2006, the basic alternative compensation aid for a district or charter school with an alternative compensation plan approved under section 122A.415 equals the alternative compensation revenue according to section 122A.415, subdivision 1. The basic alternative compensation aid for a charter school with an approved alternative compensation plan under section 122A.415, subdivision 1, paragraph (c), equals \$260 times the number of pupils enrolled in the school on October 1 of the previous school year, or on October 1 of the current fiscal year for a charter school in the first year of operation.

(b) For fiscal year 2007 and later, the basic alternative compensation aid for a district with an alternative compensation plan approved under section 122A.415 equals 73.1 percent of the alternative compensation revenue according to section 122A.415, subdivision 1. The basic alternative compensation aid for a charter school with an alternative compensation plan approved under section 122A.415 equals \$260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative compensation aid and alternative compensation levy for all participating school districts to the maximum alternative compensation revenue for those districts according to section 122A.415, subdivision 1.

(c) Notwithstanding paragraphs (a) and (b) and section 122A.415, subdivision 1, the state total basic alternative compensation aid entitlement must not exceed \$19,329,000 for fiscal year 2006 and \$75,636,000 for fiscal year 2007 and later. The commissioner must limit the amount of alternative compensation aid approved under section 122A.415 so as not to exceed these limits.

Sec. 32. Minnesota Statutes 2004, section 126C.10, is amended by adding a subdivision to read:

Subd. 35. [ALTERNATIVE COMPENSATION LEVY.] For fiscal year 2007 and later, the alternative compensation levy for a district receiving basic alternative compensation aid equals the product of (1) the difference between the district's alternative compensation revenue and the district's basic alternative compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to \$5,913.

Sec. 33. Minnesota Statutes 2004, section 126C.10, is amended by adding a subdivision to read:

Subd. 36. [ALTERNATIVE COMPENSATION AID.] (a) For fiscal year 2007 and later, a district's alternative compensation equalization aid equals the district's alternative compensation revenue minus the district's basic alternative compensation aid minus the district's alternative compensation levy. If a district does not levy the entire amount permitted, the alternative compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative compensation aid equals the sum of the district's basic alternative compensation aid and the district's alternative compensation equalization aid.

Sec. 34. Minnesota Statutes 2004, section 126C.13, subdivision 4, is amended to read:

Subd. 4. [GENERAL EDUCATION AID.] (a) For fiscal year 2004, a district's general education aid is the sum of the following amounts:

(1) general education revenue;

(2) shared time aid according to section 126C.01, subdivision 7;

~~(3) referendum aid according to section 126C.17; and~~

~~(4) online learning aid according to section 126C.24.~~

~~(b) For fiscal year 2005 and later 2006, a district's general education aid is the sum of the following amounts:~~

~~(1) general education revenue, excluding equity revenue, total operating capital, and transition revenue;~~

~~(2) operating capital aid according to section 126C.10, subdivision 13b;~~

~~(3) equity aid according to section 126C.10, subdivision 30;~~

~~(4) transition aid according to section 126C.10, subdivision 33;~~

~~(5) shared time aid according to section 126C.01, subdivision 7;~~

~~(6) referendum aid according to section 126C.17; and~~

~~(7) online learning aid according to section 126C.24.~~

~~(b) For fiscal year 2007 and later, a district's general education aid is the sum of the following amounts:~~

~~(1) general education revenue, excluding equity revenue, total operating capital revenue, alternative compensation revenue, and transition revenue;~~

~~(2) operating capital aid according to section 126C.10, subdivision 13b;~~

~~(3) equity aid according to section 126C.10, subdivision 30;~~

~~(4) alternative compensation aid according to section 126C.10, subdivision 36;~~

~~(5) transition aid according to section 126C.10, subdivision 33;~~

~~(6) shared time aid according to section 126C.01, subdivision 7;~~

~~(7) referendum aid according to section 126C.17; and~~

~~(8) online learning aid according to section 126C.24.~~

Sec. 35. Minnesota Statutes 2004, section 126C.15, subdivision 1, is amended to read:

Subdivision 1. [USE OF THE REVENUE.] Except for revenue allocated for prekindergarten programs under subdivision 2, paragraph (c), the basic skills revenue under section 126C.10, subdivision 4, must be reserved and used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Any of the following may be provided to meet these learners' needs:

(1) direct instructional services under the assurance of mastery program according to section 124D.66;

(2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(4) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;

(5) comprehensive and ongoing staff development consistent with district and site plans according to section 122A.60, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(6) instructional materials and technology appropriate for meeting the individual needs of these learners;

(7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;

(8) bilingual programs, bicultural programs, and programs for learners of limited English proficiency;

(9) all day kindergarten;

(10) extended school day and extended school year programs; and

(11) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian.

Sec. 36. Minnesota Statutes 2004, section 126C.15, subdivision 2, is amended to read:

Subd. 2. [BUILDING ALLOCATION.] (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served unless the school district has received permission under section 63 to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district may allocate up to five percent of the amount of compensatory revenue that the district ~~received during the previous fiscal year~~ receives to school sites according to a plan adopted by the school board.

(c) Notwithstanding paragraph (a), a district may allocate up to ten percent of the amount of compensatory revenue the district receives to support prekindergarten programs under subdivision 2a.

(d) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

~~(d)~~ (e) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

[EFFECTIVE DATE.] This section is effective July 1, 2005, for revenue for fiscal year 2006.

Sec. 37. Minnesota Statutes 2004, section 126C.15, subdivision 3, is amended to read:

Subd. 3. [RECOMMENDATION.] A school site decision-making team, as defined in section 123B.04, subdivision 2, paragraph (a), or the instruction and curriculum advisory committee under section 120B.11, if the school has no school site decision team, shall recommend how the compensatory education revenue will be used to carry out the purpose of this section. A school district that has received permission under section 63 to allocate compensatory revenue according to school performance measures shall share its plan for the distribution of compensatory revenue with the school site decision team.

[EFFECTIVE DATE.] This section is effective July 1, 2005, for revenue for fiscal year 2006.

Sec. 38. Minnesota Statutes 2004, section 126C.17, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM ALLOWANCE LIMIT.] (a) ~~Notwithstanding subdivision 1, for fiscal year 2003, a district's referendum allowance must not exceed the greater of:~~

~~(1) the sum of a district's referendum allowance for fiscal year 1994 times 1.162 plus its referendum conversion allowance for fiscal year 2003, minus \$415;~~

~~(2) 18.2 percent of the formula allowance;~~

~~(3) for a newly reorganized district created on July 1, 2002, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its resident marginal cost pupil units for the year preceding reorganization, minus \$415; or~~

~~(4) for a newly reorganized district created after July 1, 2002, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its resident marginal cost pupil units for the year preceding reorganization.~~

~~(b)~~ Notwithstanding subdivision 1, for fiscal year ~~2004~~ 2007 and later, a district's referendum allowance must not exceed the greater of:

(1) the sum of: (i) a district's referendum allowance for fiscal year 1994 times 1.177 times the annual inflationary increase as calculated under paragraph (c) plus (ii) its referendum conversion allowance for fiscal year 2003, minus (iii) ~~\$415~~ \$115;

(2) the greater of (i) ~~18.6~~ 28 percent of the formula allowance or (ii) ~~\$855.79~~ \$1,368 times the annual inflationary increase as calculated under paragraph (c); or

(3) for a newly reorganized district created after July 1, ~~2002~~ 2006, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its resident marginal cost pupil units for the year preceding reorganization.

~~(e)~~ (b) For purposes of this subdivision, for fiscal year 2005 and later, "inflationary increase" means one plus the percentage change in the Consumer Price Index for urban consumers, as prepared by the United States Bureau of Labor Standards, for the current fiscal year to fiscal year 2004. For fiscal years 2009 and later, for purposes of paragraph (b), clause (1), the inflationary increase equals the inflationary increase for fiscal year 2008 plus one-fourth of the percentage increase in the formula allowance for that year compared with the formula allowance for fiscal year 2008.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2007.

Sec. 39. Minnesota Statutes 2004, section 126C.17, subdivision 5, is amended to read:

Subd. 5. [REFERENDUM EQUALIZATION REVENUE.] (a) For fiscal year 2003 and later, a district's referendum equalization revenue equals the sum of the first tier referendum equalization revenue and the second tier referendum equalization revenue.

(b) A district's first tier referendum equalization revenue equals the district's first tier referendum equalization allowance times the district's resident marginal cost pupil units for that year.

(c) ~~For fiscal years 2003 and 2004, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$126. For fiscal year 2005, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$405. For fiscal year 2006 and later, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$500. For fiscal year 2007 and later, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$600.~~

(d) A district's second tier referendum equalization revenue equals the district's second tier referendum equalization allowance times the district's resident marginal cost pupil units for that year.

(e) For fiscal year 2006, a district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 18.6 percent of the formula allowance, minus the district's first tier referendum equalization allowance. For fiscal year 2007 and later, a district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 28 percent of the formula allowance, minus the district's first tier referendum equalization allowance.

(f) Notwithstanding paragraph (e), the second tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the district's first tier referendum equalization allowance.

Sec. 40. Minnesota Statutes 2004, section 126C.17, subdivision 7, is amended to read:

Subd. 7. [REFERENDUM EQUALIZATION AID.] (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) If a district's actual levy for first or second tier referendum equalization revenue is less than its maximum levy limit for that tier, aid shall be proportionately reduced.

(c) Notwithstanding paragraph (a), the referendum equalization aid for a district, where the referendum equalization aid under paragraph (a) exceeds 90 percent of the referendum revenue, must not exceed ~~18.6~~ 28 percent of the formula allowance times the district's resident marginal cost pupil units. A district's referendum levy is increased by the amount of any reduction in referendum aid under this paragraph.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2007.

Sec. 41. Minnesota Statutes 2004, section 126C.17, subdivision 9, is amended to read:

Subd. 9. [REFERENDUM REVENUE.] (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board or shall be called by the board upon written petition of qualified voters of the district. The referendum must be conducted one or two calendar years before the increased levy authority, if

approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per resident marginal cost pupil unit, the estimated referendum tax rate as a percentage of referendum market value in the first year it is to be levied, and that the revenue must be used to finance school operations. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil unit that differs from year to year over the number of years for which the increased revenue is authorized. ~~If the ballot contains a schedule showing different amounts, it must also indicate the estimated referendum tax rate as a percent of referendum market value for the amount specified for the first year and for the maximum amount specified in the schedule.~~ The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per resident marginal cost pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of, School District No. ..., be approved?"

If approved, an amount equal to the approved revenue per resident marginal cost pupil unit times the resident marginal cost pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The board must prepare and deliver by first class mail at least 15 days but no more than 30 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer is deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum may result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board and shall be called by the board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the revenue amount must state the amount per resident marginal cost pupil unit by which the authority is to be reduced. Revenue authority approved by the voters of the district pursuant to paragraph (a) must be available to the school district at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

Sec. 42. Minnesota Statutes 2004, section 126C.17, subdivision 13, is amended to read:

Subd. 13. [REFERENDUM CONVERSION ALLOWANCE.] ~~(a)~~ A school district that received supplemental or transition revenue in fiscal year 2002 may convert its supplemental revenue conversion allowance and transition revenue conversion allowance to additional referendum allowance under subdivision 1 for fiscal year 2003 and thereafter. A majority of the school board must approve the conversion at a public meeting before November 1, 2001. For a district with other referendum authority, the referendum conversion allowance approved by the board continues until the portion of the district's other referendum authority with the earliest expiration date after June 30, 2006, expires. For a district with no other referendum authority, the referendum conversion allowance approved by the board continues until June 30, 2012.

~~(b) A school district that received transition revenue in fiscal year 2004 may convert all or part of its transition revenue to referendum revenue with voter approval in a referendum called for the purpose. The referendum must be held in accordance with subdivision 9, except that the ballot may state that existing transition revenue authority is being canceled or is expiring. In this case, the ballot shall compare the proposed referendum allowance to the canceled or expiring transition revenue allowance. For purposes of this comparison, the canceled or expiring transition revenue allowance per adjusted marginal cost pupil unit shall be converted to an allowance per resident marginal cost pupil unit based on the district's ratio of adjusted marginal cost pupil units to resident marginal cost pupil units for the preceding fiscal year. The referendum must be held on the first Tuesday after the first Monday in November. The notice required under section 275.60 may be modified to read: "BY VOTING 'YES' ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE." Elections under this paragraph must be held in 2007 or earlier.~~

Sec. 43. Minnesota Statutes 2004, section 126C.21, subdivision 4, is amended to read:

Subd. 4. [TACONITE DEDUCTIONS.] ~~(1) Notwithstanding any provisions of any other law to the contrary, the adjusted net tax capacity used in calculating general education aid may include only that property that is currently taxable in the district.~~

(2) For districts that ~~received payments~~ have revenue under sections 298.018; 298.225; ~~229.24 to 298.28,~~ excluding 298.26 and 298.28, subdivision 4, paragraph (d); 298.34 to 298.39; 298.391 to 298.396; and 298.405; and 477A.15, or any law imposing a tax upon severed mineral values; ~~or recognized revenue under section 477A.15;~~ the general education aid must be reduced in the final adjustment payment by (1) ~~the difference between the dollar amount of the payments received revenue recognized pursuant to those sections, or revenue recognized under section 477A.15 in~~ for the fiscal year to which the final adjustment is attributable and, less (2) the amount that was calculated, pursuant to section 126C.48, subdivision 8, as a reduction of the levy attributable to the fiscal year to which the final adjustment is attributable. If the final adjustment of a district's general education aid for a fiscal year is a negative amount because of this ~~clause~~ subdivision, the next fiscal year's general education aid to that district must be reduced by this negative amount in the following manner: there must be withheld from each scheduled general education aid payment due the district in such fiscal year, 15 percent of the total negative amount, until the total negative amount has been withheld. The amount reduced from general education aid pursuant to this ~~clause~~ subdivision ~~must be recognized as~~ reduce revenue in the fiscal year to which the final adjustment payment is attributable.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2006.

Sec. 44. Minnesota Statutes 2004, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. [TO LEASE BUILDING OR LAND.] (a) When an independent or a special school district or a group of independent or special school districts finds it economically advantageous to rent or lease a building or land for any instructional purposes ~~or~~ for school storage or furniture repair, or for administrative space according to paragraph (j), and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than ~~90 percent of~~ the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed ~~\$90~~ \$100 times the resident pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the Department of Education after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

(1) the school district has been experiencing pupil enrollment growth in the preceding five years;

(2) the purpose of the increased levy is in the long-term public interest;

(3) the purpose of the increased levy promotes colocation of government services; and

(4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district may include in its authority under this section ~~90 percent of~~ the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed ~~\$22.50~~ \$25 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

(i) In addition to the allowable capital levies in paragraph (a), a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease purchase agreement for a building for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e).

(j) A school district may lease administrative space under this section if the district can demonstrate to the commissioner's satisfaction that the administrative space is less expensive than instructional space that the district would otherwise lease.

Sec. 45. Minnesota Statutes 2004, section 126C.43, subdivision 2, is amended to read:

Subd. 2. [PAYMENT TO UNEMPLOYMENT INSURANCE PROGRAM TRUST FUND BY STATE AND POLITICAL SUBDIVISIONS.] A district may levy ~~90 percent of~~ the amount ~~exceeding \$10 times the district's adjusted marginal cost pupil units for the fiscal year ending in the year before the year the levy is certified~~ necessary (i) to pay the district's obligations under section 268.052, subdivision 1, and (ii) to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.085 for the fiscal year the levy is certified.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2006.

Sec. 46. Minnesota Statutes 2004, section 126C.43, subdivision 3, is amended to read:

Subd. 3. [TAX LEVY FOR JUDGMENT.] A district may levy ~~90 percent of~~ the amount ~~exceeding \$10 times the district's adjusted marginal cost pupil units for the fiscal year ending in the year before the year the levy is certified~~ necessary to pay judgments against the district under section 123B.25 that became final after the date the district certified its proposed levy in the previous year. With the approval of the commissioner, a district may spread

this levy over a period not to exceed three years. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards, a member school district may include its proportionate share of the costs of a judgment against an intermediate school district that became final under section 123B.25 after the date that the earliest member school district certified its proposed levy in the previous year. With the approval of the commissioner, an intermediate school district member school district may spread this levy over a period not to exceed three years.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2006.

Sec. 47. Minnesota Statutes 2004, section 126C.44, is amended to read:

126C.44 [SAFE SCHOOLS LEVY.]

Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to ~~\$27~~ \$30 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; ~~or~~ (5) to pay the costs incurred for the salaries and benefits of school counselors; or (6) to pay the costs for other crime prevention, drug abuse, student and staff safety, and violence prevention measures taken by the school district. The district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this section is not included in determining the school district's levy limitations.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2006.

Sec. 48. Minnesota Statutes 2004, section 126C.48, is amended by adding a subdivision to read:

Subd. 9. [REVERSE REFERENDUM.] (a) At the time a district certifies its proposed levy to the county auditor according to section 275.065, subdivision 1, the school board must certify the amount of deferred maintenance revenue per pupil unit that the board intends to raise. If the board certifies an amount for fiscal year 2007, the amount certified is subject to reverse referendum under paragraphs (b) and (c). If the amount certified for fiscal year 2008 and later exceeds the amount certified for the previous fiscal year, excluding any amount disallowed by reverse referendum, the increase over the amount certified for the previous fiscal year excluding any amount disallowed by reverse referendum, is subject to reverse referendum under paragraphs (b) and (c).

(b) If a district certifies revenue under paragraph (a) that is subject to reverse referendum, the district must publish notice of the intended increase subject to reverse referendum by October 10. The notice must include the amount of the revenue increase per adjusted pupil unit and the property tax increase in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

(c) Revenue tentatively authorized by the board under this subdivision becomes authorized unless a petition signed by more than 15 percent of the registered voters of the district is filed with the school board within 30 days of the publication of notice. The percentage is to be determined with reference to the number of registered voters in the

district on the last day before the petition is filed with the board. The petition must call for a referendum on the question of whether to increase the revenue. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section. The referendum must be held on the last Tuesday in January.

(d) The ballot must state that the board proposes to increase its deferred maintenance revenue, the maximum amount of the increased revenue per pupil, and the estimated tax rate as a percentage of net tax capacity in the first year it is to be levied. The ballot shall contain a textual portion with the information required in this paragraph and a question stating substantially the following: "Shall the increase in revenue proposed by the Board of, Independent School District No., be approved?"

(e) The district's final and deferred maintenance revenue per pupil unit for a fiscal year must not exceed the sum of the amounts certified by the district according to paragraph (a). A district may elect to reduce the amount certified according to paragraph (a) at the time of final levy certification. If the criteria for a reverse referendum have been met, but the amount certified is reduced to a level that would not require a reverse referendum, the reverse referendum is canceled.

Sec. 49. Minnesota Statutes 2004, section 126C.48, subdivision 2, is amended to read:

Subd. 2. [NOTICE TO COMMISSIONER; FORMS.] By October 7 of each year each district must notify the commissioner of the proposed levies in compliance with the levy limitations of this chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, 127A, and 136D. By January ~~15~~ 7 of each year each district must notify the commissioner of the final levies certified. The commissioner shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

Sec. 50. Minnesota Statutes 2004, section 126C.48, subdivision 8, is amended to read:

Subd. 8. [TACONITE PAYMENT AND OTHER REDUCTIONS.] (1) Reductions in levies pursuant to subdivision 1 must be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts ~~which received payments that have revenue pursuant to sections 298.018; 298.225; 298.24 to 298.28, except an amount distributed under section sections 298.26; 298.28, subdivision 4, paragraph paragraphs (c), clause (ii), and (d); 298.34 to 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon severed mineral values; or recognized revenue under section 477A.15 must not include a portion of these aids in their permissible levies pursuant to those sections, but instead must reduce the permissible levies authorized by this chapter and chapters 120B, 122A, 123A, 123B, 124A, 124D, 125A, and 127A by the greater of the following: 95 percent of the previous year's revenue specified under this clause.~~

~~(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized under section 477A.15 in the previous fiscal year; or~~

~~(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized under section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times five percent.~~

~~For levy year 2002 only, 77 percent of the amounts distributed under section 298.225 and 298.28, and 100 percent of the amounts distributed under sections 298.018; 298.34 to 298.39; 298.391 to 298.396; 298.405; and any law imposing a tax upon severed mineral values, or recognized revenue under section 477A.15, shall be used for purposes of the calculations under this paragraph. For levy year 2003 only, the levy reductions under this subdivision must be calculated as if section 298.28, subdivision 4, paragraph (f), did not apply for the 2003 distribution.~~

(3) The amount of any voter approved referendum, facilities down payment, and debt levies shall not be reduced by more than 50 percent under this subdivision. In administering this paragraph, the commissioner shall first reduce the nonvoter approved levies of a district; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved referendum levies authorized under section 126C.17; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved facilities down payment levies authorized under section 123B.63 and then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved debt levies.

(4) Before computing the reduction pursuant to this subdivision of the health and safety levy authorized by sections 123B.57 and 126C.40, subdivision 5, the commissioner shall ascertain from each affected school district the amount it proposes to levy under each section or subdivision. The reduction shall be computed on the basis of the amount so ascertained.

(5) To the extent the levy reduction calculated under paragraph (2) exceeds the limitation in paragraph (3), an amount equal to the excess must be distributed from the school district's distribution under sections 298.225, 298.28, and 477A.15 in the following year to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution. No city or township shall receive a distribution greater than its levy for taxes payable in the year prior to distribution. The commissioner of revenue shall certify the distributions of cities and towns under this paragraph to the county auditor by September 30 of the year preceding distribution. The county auditor shall reduce the proposed and final levies of cities and towns receiving distributions by the amount of their distribution. Distributions to the cities and towns shall be made at the times provided under section 298.27.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2006.

Sec. 51. Minnesota Statutes 2004, section 127A.45, subdivision 11, is amended to read:

Subd. 11. [PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.] One hundred percent of the aid for the previous fiscal year must be paid in the current year for the following aids: telecommunications/Internet access equity and according to section 125B.26, special education special pupil aid according to section 125A.75, subdivision 3, aid for litigation costs according to section 125A.75, subdivision 8, aid for court-placed special education expenses according to section 125A.79, subdivision 4, and aid for special education out-of-state tuition according to section 125A.79, subdivision 8, and shared time aid according to section 126C.01, subdivision 7.

Sec. 52. Minnesota Statutes 2004, section 127A.49, subdivision 2, is amended to read:

Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; and

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year; to

(ii) the total amount of the district's certified levy in the third preceding December, plus or minus auditor's adjustments.

Sec. 53. Minnesota Statutes 2004, section 127A.49, subdivision 3, is amended to read:

Subd. 3. [EXCESS TAX INCREMENT.] (a) If a return of excess tax increment is made to a district pursuant to ~~section~~ sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(b) An amount must be subtracted from the district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the district, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; and

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year; to

(ii) the total amount of the district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment; and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a district for a calendar year that exceeds \$25,000.

Sec. 54. Minnesota Statutes 2004, section 127A.50, subdivision 5, is amended to read:

Subd. 5. [ADJUSTMENT PHASE-OUT AND TERMINATION.] All adjustments under this section terminate on June 30, 2020. For fiscal year 2007 and later, the adjustment under this section equals 75 percent of the adjustment for fiscal year 2006.

[**EFFECTIVE DATE.**] This section is effective for revenue for fiscal year 2007.

Sec. 55. Minnesota Statutes 2004, section 275.14, is amended to read:

275.14 [CENSUS.]

~~For the purposes of sections 275.124 to 275.16, the population of a city shall be that established by the last federal census, by a special census taken by the United States Bureau of the Census, by an estimate made by the Metropolitan Council, or by the state demographer made according to section 4A.02, whichever has the latest stated date of count or estimate, before July 2 of the current levy year.~~ The population of a school district must be as certified by the Department of Education from the most recent federal census. In any year in which no federal census is taken pursuant to law in any school district affected by sections ~~275.124 to 275.16~~ 124D.20 and 124D.531 a population estimate may be made and submitted to the state demographer for approval as hereinafter provided. The school board of a school district, in case it desires a population estimate, shall pass a resolution by July 1 containing a current estimate of the population of the school district and shall submit the resolution to the state demographer. The resolution shall describe the criteria on which the estimate is based and shall be in a form and accompanied by the data prescribed by the state demographer. The state demographer shall determine whether or not the criteria and process described in the resolution provide a reasonable basis for the population estimate and shall inform the school district of that determination within 30 days of receipt of the resolution. If the state demographer determines that the criteria and process described in the resolution do not provide a reasonable basis for the population estimate, the resolution shall be of no effect. If the state demographer determines that the criteria and process do provide a reasonable basis for the population estimate, the estimate shall be treated as the population of the school district for the purposes of sections ~~275.124 to 275.16~~ 124D.20 and 124D.531 until the population of the school district has been established by the next federal census or until a more current population estimate is prepared and approved as provided herein, whichever occurs first. The state demographer shall establish guidelines for acceptable population estimation criteria and processes. The state demographer shall issue advisory opinions upon request in writing to cities or school districts as to proposed criteria and processes prior to their implementation in an estimation. The advisory opinion shall be final and binding upon the demographer unless the demographer can show cause why it should not be final and binding.

In the event that a census tract employed in taking a federal or local census overlaps two or more school districts, the county auditor shall, on the basis of the best information available, allocate the population of said census tract to the school districts involved.

~~The term "council," as used in sections 275.124 to 275.16, means any board or body, whether composed of one or more branches, authorized to make ordinances for the government of a city within this state.~~

Sec. 56. Minnesota Statutes 2004, section 275.16, is amended to read:

275.16 [COUNTY AUDITOR TO FIX AMOUNT OF LEVY.]

If any such municipality shall return to the county auditor a levy greater than permitted by chapters 123A, 123B, 124D, 126C, and 136C, ~~and 136D~~, sections 275.124 to 275.16, and 275.70 to 275.74, such county auditor shall extend only such amount of taxes as the limitations herein prescribed will permit; provided, if such levy shall include any levy for the payment of bonded indebtedness or judgments, such levies for bonded indebtedness or judgments shall be extended in full, and the remainder of the levies shall be reduced so that the total thereof, including levies for bonds and judgments, shall not exceed such amount as the limitations herein prescribed will permit.

Sec. 57. Minnesota Statutes 2004, section 469.177, subdivision 9, is amended to read:

Subd. 9. [DISTRIBUTIONS OF EXCESS TAXES ON CAPTURED NET TAX CAPACITY.] (a) If the amount of tax paid on captured net tax capacity exceeds the amount of tax increment, the county auditor shall distribute the excess to the municipality, county, and school district as follows: each governmental unit's share of the excess equals

(1) the total amount of the excess for the tax increment financing district, multiplied by

(2) a fraction, the numerator of which is the current local tax rate of the governmental unit less the governmental unit's local tax rate for the year the original local tax rate for the district was certified (in no case may this amount be less than zero) and the denominator of which is the sum of the numerators for the municipality, county, and school district.

If the entire increase in the local tax rate is attributable to a taxing district, other than the municipality, county, or school district, then the excess must be distributed to the municipality, county, and school district in proportion to their respective local tax rates.

(b) The amounts distributed shall be deducted in computing the levy limits of the taxing district for the succeeding taxable year. ~~In the case of a school district, only the proportion of the excess taxes attributable to unequalized levies that are subject to a fixed dollar amount levy limit shall be deducted from the levy limit.~~

(c) In the case of distributions to a school district ~~that are attributable to state equalized levies~~, the county auditor shall report amounts distributed to the commissioner of education in the same manner as provided for excess increments under section 469.176, subdivision 2, and the distribution shall be deducted from the school district's state aid payments and levy limitation according to section 127A.49, subdivision 3.

Sec. 58. [KINDERGARTEN REPORTING.]

Notwithstanding Minnesota Statutes, sections 120A.05, subdivision 18; 120A.20, subdivision 1; and 124D.02, subdivision 1, pupils four or five years of age on September 1 of the calendar year in which the school year commences and enrolled in a prekindergarten program implemented by the district before July 1, 2003, may be reported as kindergarten pupils under Minnesota Statutes, section 126C.05, subdivision 1, for fiscal years 2004 and earlier.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to fiscal years 2004 and earlier.

Sec. 59. [TRANSITION REVENUE ADJUSTMENTS.]

For taxes payable in 2006, a district may levy an amount equal to the increase in the district's transition revenue for fiscal year 2006 under Minnesota Statutes, section 126C.10, subdivision 31, paragraphs (c) and (d).

Sec. 60. [FISCAL YEAR 2006 COMPENSATORY REVENUE FOR REFUGEES.]

Notwithstanding Minnesota Statutes, section 126C.05, subdivisions 3 and 16, refugees from the Wat Krabok Refugee Camp in Thailand who were not enrolled in a Minnesota public school on October 1, 2004, but who were enrolled in a Minnesota public school on June 1, 2005, must be included in the calculation of compensatory revenue pupil units for fiscal year 2006.

Sec. 61. [ALTERNATIVE COMPENSATION REVENUE GUARANTEE.]

Notwithstanding Minnesota Statutes, sections 122A.415, subdivision 1, and 126C.10, subdivision 34, paragraphs (a) and (b), a school district that received alternative compensation aid for fiscal year 2005, but does not qualify for alternative compensation revenue for all sites in the district for fiscal year 2006 or 2007, shall receive additional basic alternative compensation aid for that fiscal year equal to the lesser of the amount of alternative compensation aid it received for fiscal year 2005 or the amount it would have received for that fiscal year under Minnesota Statutes 2004, section 122A.415, subdivision 1, for teachers at sites not qualifying for alternative compensation revenue for that fiscal year, if the district submits a timely application and the commissioner determines that the district continues to implement an alternative professional pay system, consistent with its application under Minnesota Statutes 2004, section 122A.415, for fiscal year 2005. The additional basic alternative compensation aid under this section must not be used in calculating the alternative compensation levy under Minnesota Statutes, section 126C.10, subdivision 35. This section applies only to fiscal years 2006 and 2007 and does not apply to later fiscal years.

Sec. 62. [SCHOOL BUS LEVY; CARPENTER SCHOOL BUSES.]

For taxes payable in 2006 through 2010, a school district may levy an amount, not to exceed in the aggregate, \$30,000 times the number of Carpenter school buses in its fleet as of January 1, 2004, that have been determined to have potentially defective welds and are subject to limitations imposed by the Department of Public Safety.

Sec. 63. [COMPENSATORY REVENUE ALLOCATION; TEST SCORE PILOT PROGRAM.]

Subdivision 1. [PILOT PROGRAM CREATED.] A three-year pilot program is created to allow a school district to allocate compensatory revenue received under Minnesota Statutes, section 126C.10, subdivision 3, among its school buildings according to each building's school performance measures.

Subd. 2. [APPLICATION PROCESS.] A school district that seeks to allocate its compensatory revenue to school sites based on student performance may submit an application to the commissioner of education by June 1, 2005. The application must include a written resolution approved by the school board that: (1) identifies the test results that will be used to assess student performance; (2) describes the method for distribution of compensatory revenue to the school sites; and (3) summarizes the evaluation procedure the district will use to determine if the redistribution of compensatory revenue improves overall student performance. The application must be submitted in the form and manner specified by the commissioner.

Subd. 3. [COMMISSIONER SELECTION.] The commissioner may select up to five school districts to participate in the pilot program. The commissioner must notify the selected school districts by July 1, 2005.

Subd. 4. [REPORT.] The commissioner of education must submit a report by February 15, 2008, to the education committees of the legislature evaluating the effectiveness of the pilot program.

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

Sec. 64. [FISCAL YEAR 2006 ONLY.]

For fiscal year 2006 only, the increases in equity revenue and operating capital revenue under Minnesota Statutes, section 126C.10, are payable entirely in state aid.

Sec. 65. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [GENERAL EDUCATION AID.] For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

<u>\$5,135,844,000</u>	.....	<u>2006</u>
<u>\$5,359,019,000</u>	.....	<u>2007</u>

The 2006 appropriation includes \$784,978,000 for 2005 and \$4,350,866,000 for 2006.

The 2007 appropriation includes \$814,640,000 for 2006 and \$4,544,379,000 for 2007.

Subd. 3. [REFERENDUM TAX BASE REPLACEMENT AID.] For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

<u>\$8,704,000</u>	.....	<u>2006</u>
<u>\$8,704,000</u>	.....	<u>2007</u>

The 2006 appropriation includes \$1,366,000 for 2005 and \$7,338,000 for 2006.

The 2007 appropriation includes \$1,366,000 for 2006 and \$7,338,000 for 2007.

Subd. 4. [ENROLLMENT OPTIONS TRANSPORTATION.] For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

<u>\$55,000</u>	.....	<u>2006</u>
<u>\$55,000</u>	.....	<u>2007</u>

Subd. 5. [ABATEMENT REVENUE.] For abatement aid under Minnesota Statutes, section 127A.49:

<u>\$903,000</u>	.....	<u>2006</u>
<u>\$955,000</u>	.....	<u>2007</u>

The 2006 appropriation includes \$187,000 for 2005 and \$716,000 for 2006.

The 2007 appropriation includes \$133,000 for 2006 and \$822,000 for 2007.

Subd. 6. [CONSOLIDATION TRANSITION.] For districts consolidating under Minnesota Statutes, section 123A.485:

<u>\$253,000</u>	<u>2007</u>
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The 2007 appropriation includes \$0 for 2006 and \$253,000 for 2007.

Subd. 7. [NONPUBLIC PUPIL EDUCATION AID.] For nonpublic pupil education aid under Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

<u>\$15,324,000</u>	<u>2006</u>
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<u>\$16,327,000</u>	<u>2007</u>
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The 2006 appropriation includes \$2,305,000 for 2005 and \$13,019,000 for 2006.

The 2007 appropriation includes \$2,424,000 for 2006 and \$13,903,000 for 2007.

Subd. 8. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

<u>\$21,287,000</u>	<u>2006</u>
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<u>\$22,670,000</u>	<u>2007</u>
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The 2006 appropriation includes \$3,274,000 for 2005 and \$18,013,000 for 2006.

The 2007 appropriation includes \$3,354,000 for 2006 and \$19,316,000 for 2007.

Subd. 9. [ONE ROOM SCHOOLHOUSE.] For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

<u>\$50,000</u>	<u>2006</u>
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<u>\$50,000</u>	<u>2007</u>
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Subd. 10. [DECLINING PUPIL AID; ALBERT LEA.] For declining pupil aid to Independent School District No. 241, Albert Lea:

<u>\$75,000</u>	<u>2006</u>
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Subd. 11. [DECLINING PUPIL AID; MESABI EAST.] For declining pupil aid to Independent School District No. 2711, Mesabi East:

<u>\$50,000</u>	<u>2006</u>
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Subd. 12. [DECLINING PUPIL AID; ROSEAU.] For declining pupil aid to Independent School District No. 682, Roseau:

<u>\$10,000</u>	<u>2006</u>
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Sec. 66. [REPEALER.]

Subdivision 1. [JULY 1, 2005.] Minnesota Statutes 2004, sections 122A.415, subdivision 2; 123B.05; 123B.83, subdivision 1; and 126C.42, subdivisions 1 and 4, are repealed.

Subd. 2. [FISCAL YEAR 2007.] Minnesota Statutes 2004, section 126C.12, is repealed for revenue for fiscal year 2007.

ARTICLE 2

EXCELLENCE IN EDUCATION

Section 1. Minnesota Statutes 2004, section 13.32, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) "Continuing truant" means a student under section 260A.02, subdivision 3, who is absent without valid excuse from instruction in a school.

(b) "Educational data" means data on individuals maintained by a public educational agency or institution or by a person acting for the agency or institution which relates to a student.

Records of instructional personnel which are in the sole possession of the maker thereof and are not accessible or revealed to any other individual except a substitute teacher, and are destroyed at the end of the school year, shall not be deemed to be government data.

Records of a law enforcement unit of a public educational agency or institution which are maintained apart from education data and are maintained solely for law enforcement purposes, and are not disclosed to individuals other than law enforcement officials of the jurisdiction are not educational data; provided, that education records maintained by the educational agency or institution are not disclosed to the personnel of the law enforcement unit. The University of Minnesota police department is a law enforcement agency for purposes of section 13.82 and other sections of Minnesota Statutes dealing with law enforcement records. Records of organizations providing security services to a public educational agency or institution must be administered consistent with section 13.861.

Records relating to a student who is employed by a public educational agency or institution which are made and maintained in the normal course of business, relate exclusively to the individual in that individual's capacity as an employee, and are not available for use for any other purpose are classified pursuant to section 13.43.

~~(b)~~ (c) "Habitual truant" means a student under section 260C.007, subdivision 19, who is absent without lawful excuse from attendance at school.

(d) "Juvenile justice system" includes criminal justice agencies and the judiciary when involved in juvenile justice activities.

~~(e)~~ (e) "Student" means an individual currently or formerly enrolled or registered, applicants for enrollment or registration at a public educational agency or institution, or individuals who receive shared time educational services from a public agency or institution.

~~(d)~~ (f) "Substitute teacher" means an individual who performs on a temporary basis the duties of the individual who made the record, but does not include an individual who permanently succeeds to the position of the maker of the record.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 2. Minnesota Statutes 2004, section 13.32, subdivision 8, is amended to read:

Subd. 8. [ACCESS BY JUVENILE JUSTICE SYSTEM.] (a) Upon request, the following education data shall be disclosed under subdivision 3, clause (i), to the juvenile justice system: a student's full name, home address, telephone number, date of birth; a student's school schedule, daily attendance record, and photographs, if any; and parents' names, home addresses, and telephone numbers.

(b) In addition, the existence of the following data about a student may be disclosed under subdivision 3, clause (i):

(1) use of a controlled substance, alcohol, or tobacco;

(2) assaultive or threatening conduct that could result in dismissal from school under section 121A.45, subdivision 2, clause (b) or (c);

(3) possession or use of weapons or look-alike weapons;

(4) theft; or

(5) vandalism or other damage to property.

Any request for access to data under this paragraph must contain an explanation of why access to the data is necessary to serve the student.

(c) A principal or chief administrative officer of a school who receives a request to disclose information about a student to the juvenile justice system under paragraph (b) shall, to the extent permitted by federal law, notify the student's parent or guardian by certified mail of the request to disclose information before disclosing the information. If the student's parent or guardian notifies the principal or chief administrative officer within ten days of receiving the certified notice that the parent or guardian objects to the disclosure, the principal or chief administrative officer must not disclose the information. The principal or chief administrative officer must inform the requesting member of the juvenile justice system of the objection.

(d) A principal or chief administrative officer is not required to create data under this subdivision. Information provided in response to a data request under paragraph (b) shall indicate only whether the data described in paragraph (b) exist. The principal or chief administrative officer is not authorized under paragraph (b) to disclose the actual data or other information contained in the student's education record. A principal or chief administrative officer is not required to provide data that are protected by court order. A principal or chief administrative officer must respond to a data request within 14 days if no objection is received from the parent or guardian.

(e) If the school board does not waive the school attendance requirement for driving privileges, then a principal or chief school administrator may disclose to the juvenile justice system only the student's continuing or habitual truancy status.

(f) Nothing in this subdivision shall limit the disclosure of educational data pursuant to court order.

~~(g)~~ (g) A school district, its agents, and employees who provide data in good faith under this subdivision are not liable for compensatory or exemplary damages or an award of attorney fees in an action under section 13.08, or other law, or for a penalty under section 13.09.

~~(h)~~ (h) Section 13.03, subdivision 4, applies to data that are shared under this subdivision with a government entity. If data are shared with a member of the juvenile justice system who is not a government entity, the person receiving the shared data must treat the data consistent with the requirements of this chapter applicable to a government entity.

~~(h)~~ (i) A member of the juvenile justice system who falsely certifies a request for data under this section is subject to the penalties under section 13.09.

Sec. 3. Minnesota Statutes 2004, section 120A.22, subdivision 12, is amended to read:

Subd. 12. [LEGITIMATE EXEMPTIONS.] A parent, guardian, or other person having control of a child may apply to a school district to have the child excused from attendance for the whole or any part of the time school is in session during any school year. Application may be made to any member of the board, a truant officer, a principal, or the superintendent. The school district may state in its school attendance policy that it may ask the student's parent or legal guardian to verify in writing the reason for the child's absence from school. The board of the district in which the child resides may approve the application upon the following being demonstrated to the satisfaction of that board:

(1) that the child's bodily or mental condition is such as to prevent attendance at school or application to study for the period required; ~~or, which includes:~~

(i) child illness, medical, dental, orthodontic, or counseling appointments;

(ii) family emergencies;

(iii) the death or serious illness or funeral of an immediate family member;

(iv) active duty in any military branch of the United States; or

(v) other exemptions included in the district's school attendance policy;

(2) ~~that for the school years 1988-1989 through 1999-2000 the child has already completed the studies ordinarily required in the 10th grade and that for the school years beginning with the 2000-2001 school year the child has already completed the studies ordinarily required to graduate~~ the child has already completed state and district standards required for graduation from high school; or

(3) that it is the wish of the parent, guardian, or other person having control of the child, that the child attend for a period or periods not exceeding in the aggregate three hours in any week, a school for religious instruction conducted and maintained by some church, or association of churches, or any Sunday school association incorporated under the laws of this state, or any auxiliary thereof. This school for religious instruction must be conducted and maintained in a place other than a public school building, and it must not, in whole or in part, be conducted and maintained at public expense. However, a child may be absent from school on such days as the child attends upon instruction according to the ordinances of some church.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 4. [120A.23] [SCHOOL ATTENDANCE REQUIREMENT; DRIVING PRIVILEGES.]

A district school board, board of a state approved alternative program (SAAP), or charter school board of directors by majority vote, may waive the school attendance requirement for driving privileges under section 171.056 for the students it enrolls. The board must vote to waive the requirement before September 1 of the initial school year in which the waiver is effective and immediately must transmit an electronic notice to the Department of Public Safety. If a board intends to rescind its waiver and require students to comply with the school attendance requirement under section 171.056 for any subsequent school year, the board must vote before September 1 of the school year in which the waiver is initially rescinded and immediately must transmit an electronic notice to the Department of Public Safety.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 5. Minnesota Statutes 2004, section 120B.02, is amended to read:

120B.02 [EDUCATIONAL EXPECTATIONS FOR MINNESOTA'S STUDENTS.]

(a) The legislature is committed to establishing rigorous academic standards for Minnesota's public school students. To that end, the commissioner shall adopt in rule statewide academic standards. The commissioner shall not prescribe in rule or otherwise the delivery system, classroom assessments, or form of instruction that school sites must use. For purposes of this chapter, a school site is a separate facility, or a separate program within a facility that a local school board recognizes as a school site for funding purposes.

(b) All commissioner actions regarding the rule must be premised on the following:

(1) the rule is intended to raise academic expectations for students, teachers, and schools;

(2) any state action regarding the rule must evidence consideration of school district autonomy; and

(3) the Department of Education, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.

(c) When fully implemented, the requirements for high school graduation in Minnesota must require students to ~~pass the basic skills test requirements and~~ satisfactorily complete, as determined by the school district, the course credit requirements under section 120B.024 and:

(1) for students enrolled in grade 8 before the 2005-2006 school year, to pass the basic skills test requirements; and

(2) for students enrolled in grade 8 in the 2005-2006 school year and later, to pass the Minnesota Comprehensive Assessments Second Edition (MCA-IIs).

(d) The commissioner shall periodically review and report on the state's assessment process.

(e) School districts are not required to adopt specific provisions of ~~the Goals 2000 and~~ the federal School-to-Work programs.

Sec. 6. Minnesota Statutes 2004, section 120B.021, is amended by adding a subdivision to read:

Subd. 1a. [RIGOROUS COURSE OF STUDY; WAIVER.] (a) Upon receiving a student's application signed by the student's parent or guardian, a school district, area learning center, or charter school must declare that a student meets or exceeds a specific academic standard required for graduation under this section if the local school board, the school board of the school district in which the area learning center is located, or the charter school board of directors determines that the student:

(1) is participating in a course of study including an advanced placement course or an international baccalaureate course or program that is consistent with state academic standards, a learning opportunity outside the curriculum of the district, area learning center or charter school, or an approved preparatory program for employment or postsecondary education that is equally or more rigorous than the corresponding state or local academic standard required by the district, area learning center, or charter school;

(2) would be precluded from participating in the rigorous course of study, learning opportunity, or preparatory employment or postsecondary education program if the student were required to achieve the academic standard to be waived; and

(3) satisfactorily completes the requirements for the rigorous course of study, learning opportunity, or preparatory employment or postsecondary education program.

Consistent with the requirements of this section, the local school board, the school board of the school district in which the area learning center is located, or the charter school board of directors also may formally determine other circumstances in which to declare that a student meets or exceeds a specific academic standard that the site requires for graduation under this section.

(b) A student who satisfactorily completes a postsecondary enrollment options course or program under section 124D.09 is not required to complete other requirements of the academic standards corresponding to that specific rigorous course of study.

Sec. 7. Minnesota Statutes 2004, section 120B.11, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section and section 120B.10, the following terms have the meanings given them.

(a) "Instruction" means methods of providing learning experiences that ~~enables~~ enable a student to meet state and district academic standards and graduation standards requirements.

(b) "Curriculum" means district or school adopted programs and written plans for providing students with learning experiences that lead to expected knowledge, and skills, ~~and positive attitudes.~~

Sec. 8. Minnesota Statutes 2004, section 120B.11, subdivision 2, is amended to read:

Subd. 2. [ADOPTING POLICIES.] (a) A school board shall ~~adopt annually a~~ have in place an adopted written policy that includes the following:

(1) district goals for instruction ~~and~~ including the use of best practices, district and school curriculum, and achievement for all student subgroups;

(2) a process for evaluating each student's progress toward meeting ~~graduation~~ academic standards and identifying the strengths and weaknesses of instruction and curriculum affecting students' progress;

(3) a system for periodically reviewing and evaluating all instruction and curriculum;

(4) a plan for improving instruction ~~and~~ curriculum, and student achievement; and

(5) an ~~instruction plan that includes~~ education effectiveness ~~processes developed under~~ plan aligned with section 122A.625 ~~and that~~ integrates instruction, curriculum, and technology.

Sec. 9. Minnesota Statutes 2004, section 120B.11, subdivision 3, is amended to read:

Subd. 3. ~~[INSTRUCTION AND CURRICULUM DISTRICT ADVISORY COMMITTEE.]~~ Each school board shall establish an ~~Instruction and Curriculum~~ advisory committee to ensure active community participation in all phases of planning and improving the instruction and curriculum affecting state ~~graduation~~ and district academic

standards. A district advisory committee, to the extent possible, shall reflect the diversity of the district and its learning sites, and shall include teachers, parents, support staff, ~~pupils~~ students, and other community residents. The district may establish building teams as subcommittees of the district advisory committee under subdivision 4. The district advisory committee shall recommend to the school board ~~districtwide education standards~~ rigorous academic standards, student achievement goals and measures, assessments, and program evaluations. Learning sites may expand upon district evaluations of instruction, curriculum, assessments, or programs. Whenever possible, parents and other community residents shall comprise at least two-thirds of advisory committee members.

Sec. 10. Minnesota Statutes 2004, section 120B.11, subdivision 4, is amended to read:

Subd. 4. [BUILDING TEAM.] A school may establish a building team to develop and implement an education effectiveness plan to improve instruction ~~and~~ curriculum, and student achievement. The team shall advise the board and the advisory committee about developing an instruction and curriculum improvement plan that aligns curriculum, assessment of student progress in meeting state ~~graduation and district academic~~ standards, and instruction.

Sec. 11. Minnesota Statutes 2004, section 120B.11, subdivision 5, is amended to read:

Subd. 5. [REPORT.] (a) By October 1 of each year, the school board shall use standard statewide reporting procedures the commissioner develops and adopt a report that includes the following:

(1) student ~~performance~~ achievement goals for meeting state ~~graduation~~ academic standards ~~adopted for that year~~;

(2) results of local assessment data, and any additional test data;

(3) the annual school district improvement plans including staff development goals under section 122A.60;

(4) information about district and learning site progress in realizing previously adopted improvement plans; and

(5) the amount and type of revenue attributed to each education site as defined in section 123B.04.

(b) The school board shall publish the report in the local newspaper with the largest circulation in the district ~~or~~, by mail, or by electronic means such as the district Web site. If electronic means are used, school districts must publish notice of the report in a periodical of general circulation in the district. School districts must make copies of the report available to the public on request. The board shall make a copy of the report available to the public for inspection. The board shall send a copy of the report to the commissioner of education by October 15 of each year.

(c) The title of the report shall contain the name and number of the school district and read "Annual Report on Curriculum, Instruction, and Student ~~Performance~~ Achievement." The report must include at least the following information about advisory committee membership:

(1) the name of each committee member and the date when that member's term expires;

(2) the method and criteria the school board uses to select committee members; and

(3) the date by which a community resident must apply to next serve on the committee.

Sec. 12. Minnesota Statutes 2004, section 120B.11, subdivision 8, is amended to read:

Subd. 8. [BIENNIAL EVALUATION; ASSESSMENT PROGRAM.] At least once every two years, the district report shall include an evaluation of the district testing programs, according to the following:

- (1) written objectives of the assessment program;
- (2) names of tests and grade levels tested;
- (3) use of test results; and
- (4) ~~implementation of an assurance of mastery program~~ student achievement results compared to previous years.

Sec. 13. [120B.128] [EDUCATIONAL PLANNING AND ASSESSMENT SYSTEM (EPAS) PROGRAM.]

(a) School districts and charter schools may elect to participate in the Educational Planning and Assessment System (EPAS) program offered by ACT, Inc. to provide a longitudinal, systematic approach to student educational and career planning, assessment, instructional support, and evaluation. The EPAS achievement tests include English, reading, mathematics, science, and components on planning for high school and postsecondary education, interest inventory, needs assessments, and student education plans. These tests are linked to the ACT assessment for college admission and allow students, parents, teachers, and schools to determine the student's college readiness before grades 11 and 12.

(b) The commissioner of education shall provide ACT Explore tests for students in grade 8 and the ACT Plan test for students in grade 10 to assess individual student academic strengths and weaknesses, academic achievement and progress, higher order thinking skills, and college readiness. The state shall pay the test costs for school districts and charter schools that choose to participate in the EPAS program. The commissioner shall establish an application procedure and a process for state payment of costs.

Sec. 14. Minnesota Statutes 2004, section 120B.13, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM STRUCTURE; TRAINING PROGRAMS FOR TEACHERS.] (a) The advanced placement and international baccalaureate programs are well-established academic programs for mature, academically directed high school students. These programs, in addition to providing academic rigor, offer sound curricular design, accountability, comprehensive external assessment, feedback to students and teachers, and the opportunity for high school students to compete academically on a global level. Advanced placement and international baccalaureate programs allow students to leave high school with the academic skills and self-confidence to succeed in college and beyond. The advanced placement and international baccalaureate programs help provide Minnesota students with world-class educational opportunity.

(b) Critical to schools' educational success is ongoing advanced placement/international baccalaureate-approved teacher training. A secondary teacher assigned by a district to teach an advanced placement or international baccalaureate course or other interested educator may participate in a training program offered by The College Board or International Baccalaureate North America, Inc. The state may pay a portion of the tuition, room, ~~and~~ board, and out-of-state travel costs a teacher or other interested educator incurs in participating in a training program. The commissioner shall determine application procedures and deadlines, ~~and~~ select teachers and other interested educators to participate in the training program, and determine the payment process and amount of the subsidy. The procedures determined by the commissioner shall, to the extent possible, ensure that advanced placement and international baccalaureate courses become available in all parts of the state and that a variety of course offerings are available in school districts. This subdivision does not prevent teacher or other interested educator participation in training programs offered by The College Board or International Baccalaureate North America, Inc., when tuition is paid by a source other than the state.

Sec. 15. Minnesota Statutes 2004, section 120B.13, subdivision 3, is amended to read:

Subd. 3. [SUBSIDY FOR EXAMINATION FEES.] ~~The state may pay all or part of the fee for advanced placement or international baccalaureate examinations for pupils of low-income families in public and nonpublic schools. The commissioner shall adopt a schedule for fee subsidies that may allow payment of the entire fee for pay~~ all examination fees for all public and nonpublic students of low-income families, as defined by the commissioner, and to the limit of the available appropriation, shall also pay a portion or all of the examination fees for other public and nonpublic students sitting for an advanced placement examination, international baccalaureate examination, or both. The commissioner shall determine procedures for state payments of fees.

Sec. 16. Minnesota Statutes 2004, section 120B.13, is amended by adding a subdivision to read:

Subd. 3a. [COLLEGE CREDIT.] The colleges and universities of the Minnesota State Colleges and Universities system must award, and the University of Minnesota and private postsecondary institutions are encouraged to award, college credit to high school students who receive a score of three or higher on an advanced placement or four or higher on the international baccalaureate program examination.

Sec. 17. [120B.131] [COLLEGE-LEVEL EXAMINATION PROGRAM (CLEP).]

Subdivision 1. [PROGRAM STRUCTURE.] The College-Level Examination Program (CLEP) offered by the College Board provides students with the opportunity to demonstrate college-level achievement and receive college credit or advanced standing through a program of examinations in undergraduate college courses. Schools must provide information about CLEP and the opportunity to receive college credit from a Minnesota postsecondary institution to students successfully completing a college-level course.

Subd. 2. [REIMBURSEMENT FOR EXAMINATION FEES.] The state may reimburse CLEP examination fees for a Minnesota public high school student who has successfully completed one or more college-level courses in high school and earned a satisfactory score on one or more CLEP examinations in the following subjects: composition and literature, mathematics and science, social sciences and history, foreign languages, and business and humanities. The state may reimburse each successful student for up to six examination fees. The commissioner shall establish application procedures and a process and schedule for fee reimbursements. The commissioner must give priority to reimburse the CLEP examination fees of students of low-income families.

Subd. 3. [COLLEGE CREDIT.] The colleges and universities of the Minnesota State Colleges and Universities system must award, and the University of Minnesota and private postsecondary institutions are encouraged to award, college credit to high school students who receive a satisfactory score on a CLEP examination under this section. The commissioner, in consultation with the Minnesota State Colleges and Universities, shall set a passing score for college credits.

Sec. 18. [120B.15] [GIFTED AND TALENTED STUDENTS PROGRAMS.]

School districts may identify students, locally develop programs, provide staff development, and evaluate programs to provide gifted and talented students with challenging educational programs.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year.

Sec. 19. [120B.225] [CHARACTER DEVELOPMENT EDUCATION.]

Subdivision 1. [CHARACTER DEVELOPMENT EDUCATION.] The legislature encourages districts to integrate or offer instruction on character education including, but not limited to, character qualities such as attentiveness, truthfulness, respect for authority, diligence, gratefulness, self-discipline, patience, forgiveness,

respect for others, peacemaking, and resourcefulness. Districts are not limited to, but may use programs such as Character First and Character Counts. Instruction should be integrated into a district's existing programs, curriculum, or the general school environment. The commissioner shall provide assistance at the request of a district to develop character education curriculum and programs.

Subd. 2. [FUNDING SOURCES.] The commissioner must first use federal funds for character development education programs to the extent available under United States Code, title 20, section 7247. Districts may accept funds from private and other public sources for character development education programs developed and implemented under this section.

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

Sec. 20. Minnesota Statutes 2004, section 120B.23, is amended to read:

120B.23 [VIOLENCE PREVENTION AND CHARACTER DEVELOPMENT EDUCATION GRANTS.]

Subdivision 1. [GRANT PROGRAM ESTABLISHED.] The commissioner of education, after consulting with the assistant commissioner of the Office of Drug Policy and Violence Prevention, shall establish a violence prevention and character development education grant program, consistent with section 120B.255, subdivision 1, to enable a school district, an education district, or a group of districts that cooperate for a particular purpose to develop and implement or to continue a violence prevention and character development program for students in kindergarten through grade 12 that can be integrated into existing curriculum. A district or group of districts that elects to develop and implement or to continue a violence prevention and character development program under section 120B.22 is eligible to apply for a grant under this section.

Subd. 2. [GRANT APPLICATION.] To be eligible to receive a grant, a school district, an education district, a service cooperative, or a group of districts that cooperate for a particular purpose must submit an application to the commissioner in the form and manner and according to the timeline established by the commissioner. The application must describe how the applicant will: (1) continue or integrate into its existing K-12 curriculum or into cocurricular or extracurricular activities a program for violence prevention ~~that contains the program components listed in section 120B.22 and character development;~~ (2) collaborate with local organizations involved in violence prevention and intervention and character development; and (3) structure the program to reflect the characteristics of the children, their families and the community involved in the program. The commissioner may require additional information from the applicant. When reviewing the applications, the commissioner shall determine whether the applicant has met the requirements of this subdivision.

Subd. 3. [GRANT AWARDS.] The commissioner may award grants for a violence prevention and character development education program to eligible applicants as defined in subdivision 2. Grant amounts may not exceed \$3 per resident pupil unit in the district or group of districts in the prior school year. Grant recipients should be geographically distributed throughout the state.

Subd. 4. [GRANT PROCEEDS.] A successful applicant must use the grant money to develop and implement or to continue a violence prevention and character development program according to the terms of the grant application.

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

Sec. 21. [120B.25] [AMERICAN HERITAGE EDUCATION.]

(a) School districts shall permit grade-level instruction to ensure students have the opportunity to read and study America's founding documents that provide an understanding of the principles, character, and world view of America's founders; including documents that contributed to the foundation or maintenance of America's representative republican form of limited government, the Bill of Rights, our free-market economic system, and

patriotism. Districts shall permit a principal or teacher to appropriately use, read, or post in a public school building, classroom, or at any public school event any excerpts or portions of the original source documents, writings, speeches, proclamations, or records relating to the history, heritage, or foundation of the United States or the state of Minnesota, including, but not limited to:

- (1) the Mayflower Compact;
- (2) the Declaration of Independence;
- (3) the Constitutions of the United States and the state of Minnesota;
- (4) the Northwest Ordinance of 1787;
- (5) the Federalist Papers;
- (6) the Pledge of Allegiance;
- (7) the national anthem;
- (8) Washington's farewell address to the nation;
- (9) Lincoln's Gettysburg address;
- (10) the acts and published records of Congress; and
- (11) the United States Supreme Court decisions and records.

(b) Districts may not censor or restrain instruction in American or Minnesota state history or heritage based on religious references in original source documents, writings, speeches, proclamations, or records described under paragraph (a). These and any other materials must be used for educational purposes and not to establish any religion.

(c) Students may voluntarily choose to read, write, share, report, or otherwise study a topic which is religious in nature provided other students are provided with the same opportunity to freely choose a topic.

Sec. 22. Minnesota Statutes 2004, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE TESTING.] (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed from and aligned with the state's required academic standards under section 120B.021 and administered annually to all students in grades 3 through 8 and at the high school level. A state-developed test in a subject other than writing, developed after the 2002-2003 school year, must include both multiple choice and constructed response questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. For students enrolled in grade 8 before the 2005-2006 school year, only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of the state tests in reading and mathematics are the equivalent of:

- (1) 70 percent correct for students entering grade 9 in 1996; and

(2) 75 percent correct for students entering grade 9 in 1997 and thereafter, as based on the first uniform test administration of February 1998.

For students enrolled in grade 8 in the 2005-2006 school year and later, only the Minnesota Comprehensive Assessments Second Edition (MCA-IIs) in reading, mathematics, and writing shall fulfill students' academic standard requirements.

(b) The third through 8th grade and high school level test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must disseminate to the public the test results upon receiving those results.

(c) State tests must be constructed and aligned with state academic standards. The testing process and the order of administration shall be determined by the commissioner. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

(d) In addition to the testing and reporting requirements under this section, the commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide testing of all students in grades 3 through 8 and at the high school level that provides exemptions, only with parent or guardian approval, for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06, determines that the student is incapable of taking a statewide test, or for a limited English proficiency student under section 124D.59, subdivision 2, if the student has been in the United States for fewer than three years;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) students' scores on the American College Test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.

Sec. 23. Minnesota Statutes 2004, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. [STATEWIDE AND LOCAL ASSESSMENTS; RESULTS.] (a) The commissioner must develop ~~language arts~~ reading, mathematics, and science assessments aligned with state academic standards that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

(1) annual ~~language arts~~ reading and mathematics assessments in grades 3 through 8 and at the high school level for the 2005-2006 school year and later; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 9 span, and a life sciences assessment in the grades 10 through 12 span for the 2007-2008 school year and later.

(b) The commissioner must ensure that all statewide tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

(c) Reporting of assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include, by the 2006-2007 school year, a value-added component to measure student achievement growth over time; and

(3) for students enrolled in grade 8 before the 2005-2006 school year, determine whether students have met the state's basic skills requirements; and

(4) for students enrolled in grade 8 in the 2005-2006 school year and later, determine whether students have met the state's academic standards.

(d) Consistent with applicable federal law and subdivision 1, paragraph (d), clause (1), the commissioner must include alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for students with limited English proficiency.

(e) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student progress in achieving the academic standards. If a state assessment is not available, a school, school district, and charter school must determine locally if a student has met the required academic standards. A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

Sec. 24. [120B.362] [VALUE-ADDED ASSESSMENT PROGRAM.]

(a) The commissioner of education must implement a value-added assessment program to assist school districts, public schools, and charter schools in assessing and reporting individual students' growth in academic achievement under section 120B.30, subdivision 1a. The program must use assessments of individual students' academic achievement to make longitudinal comparisons of each student's academic growth over time. School districts, public schools, and charter schools may apply to the commissioner to participate in the initial trial program using a form and in the manner the commissioner prescribes. The commissioner must select program participants from urban, suburban, and rural areas throughout the state.

(b) The commissioner may issue a request for proposals to contract with an organization that provides a value-added assessment model that reliably estimates school and school district effects on students' academic achievement over time. The model the commissioner selects must accommodate diverse data and must use each student's test data across grades. Data on individual teachers generated under the model are personnel data under section 13.43.

(c) The contract under paragraph (b) must be consistent with the definition of "best value" under section 16C.02, subdivision 4.

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

Sec. 25. Minnesota Statutes 2004, section 121A.03, subdivision 1, is amended to read:

Subdivision 1. [MODEL POLICY.] The commissioner shall maintain and make available to school boards a model sexual, religious, and racial harassment and violence policy. The model policy shall address the requirements of subdivision 2, and may encourage violence prevention and character development education programs, consistent with section 120B.225, subdivision 1, to prevent and reduce policy violations.

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

Sec. 26. Minnesota Statutes 2004, section 121A.06, subdivision 2, is amended to read:

Subd. 2. [REPORTS; CONTENT.] ~~By January 1, 1994, the commissioner, in consultation with the criminal and juvenile information policy group, shall develop a standardized form to be used by schools to report incidents involving the use or possession of a dangerous weapon in school zones. School districts must electronically report to the commissioner of education incidents involving the use or possession of a dangerous weapon in school zones. The form shall~~ must include the following information:

- (1) a description of each incident, including a description of the dangerous weapon involved in the incident;
- (2) where, at what time, and under what circumstances the incident occurred;
- (3) information about the offender, other than the offender's name, including the offender's age; whether the offender was a student and, if so, where the offender attended school; and whether the offender was under school expulsion or suspension at the time of the incident;
- (4) information about the victim other than the victim's name, if any, including the victim's age; whether the victim was a student and, if so, where the victim attended school; and if the victim was not a student, whether the victim was employed at the school;
- (5) the cost of the incident to the school and to the victim; and
- (6) the action taken by the school administration to respond to the incident.

The commissioner ~~also shall develop~~ provide an alternative electronic reporting format that allows school districts to provide aggregate data, with an option to use computer technology to report the data.

Sec. 27. Minnesota Statutes 2004, section 121A.06, subdivision 3, is amended to read:

Subd. 3. [REPORTS; FILING REQUIREMENTS.] ~~By February 1 and July 1~~ By February 1 and July 31 of each year, each public school shall report incidents involving the use or possession of a dangerous weapon in school zones to the commissioner. The reports must be ~~made on the standardized forms or using the alternative format submitted using the electronic reporting system~~ developed by the commissioner under subdivision 2. The commissioner shall compile the information it receives from the schools and report it annually to the commissioner of public safety, the criminal and juvenile information policy group, and the legislature.

Sec. 28. [121A.24] [NOTICE REQUIREMENTS FOR STUDENT SURVEYS AND SIMILAR INSTRUMENTS.]

(a) A school district must obtain prior written informed consent from a parent or guardian of a minor or dependent child before administering an academic or nonacademic student survey, assessment, analysis, evaluation, or similar instrument that solicits information about the student or the student's family concerning:

- (1) political affiliations or beliefs;
- (2) mental or psychological problems;
- (3) critical appraisals of another individual with whom a student has a close family relationship;
- (4) legally recognized privileged or analogous relationships, such as those with a lawyer, physician, or minister;
- (5) religious practices, affiliations, or beliefs; or
- (6) income or other income-related information required by law to determine eligibility to participate in or receive financial assistance under a program.

(b) When asking a parent or guardian to provide informed written consent, the school district must:

- (1) make a copy of the instrument readily accessible to the parent or guardian at a convenient location and reasonable time; and
- (2) specifically identify the information in paragraph (a) that will be solicited through the instrument.

The district must request the consent of the parent or guardian at least 14 days before administering the instrument.

(c) A parent or guardian seeking to compel a school district to comply with this section has available the civil remedies under section 13.08, subdivision 4, in addition to other remedies provided by law.

(d) A school district may administer an academic or nonacademic student survey, assessment, analysis, evaluation, or similar instrument that solicits information about the student or the student's family concerning sexual behavior or attitudes or illegal, antisocial, self-incriminating, or demeaning behavior without obtaining prior written informed consent from the parent or guardian of a minor or dependent child. The instrument must not identify the student in any way and the district must give the student's parent or guardian the opportunity to refuse to have the instrument administered to the student.

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

Sec. 29. Minnesota Statutes 2004, section 121A.47, subdivision 14, is amended to read:

Subd. 14. [ADMISSION OR READMISSION PLAN.] A school administrator shall prepare and enforce an admission or readmission plan for any pupil who is excluded or expelled from school. The plan may include measures to improve the pupil's behavior, including completing a character education program, consistent with section 120B.225, subdivision 1, and require parental involvement in the admission or readmission process, and may indicate the consequences to the pupil of not improving the pupil's behavior.

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

Sec. 30. Minnesota Statutes 2004, section 121A.53, is amended to read:

121A.53 [REPORT TO COMMISSIONER OF EDUCATION.]

Subdivision 1. [EXCLUSIONS AND EXPULSIONS.] The school board ~~shall~~ must report through the department electronic reporting system each exclusion or expulsion within 30 days of the effective date of the action to the commissioner of education. This report ~~shall~~ must include a statement of alternative educational services given the pupil and the reason for, the effective date, and the duration of the exclusion or expulsion. The report must also include the student's age, grade, gender, race, and special education status.

Subd. 2. [REPORT.] The school board must include state student identification numbers of affected pupils on all dismissal reports required by the department. The department must report annually to the commissioner summary data on the number of dismissals by age, grade, gender, race, and special education status of the affected pupils. All dismissal reports must be submitted through the department electronic reporting system.

Sec. 31. Minnesota Statutes 2004, section 121A.55, is amended to read:

121A.55 [POLICIES TO BE ESTABLISHED.]

(a) The commissioner of education shall promulgate guidelines to assist each school board. Each school board shall establish uniform criteria for dismissal and adopt written policies and rules to effectuate the purposes of sections 121A.40 to 121A.56. The policies shall emphasize preventing dismissals through early detection of problems, using character development or other programs, consistent with section 120B.225, subdivision 1, and shall be designed to address students' inappropriate behavior from recurring. The policies shall recognize the continuing responsibility of the school for the education of the pupil during the dismissal period. The alternative educational services, if the pupil wishes to take advantage of them, must be adequate to allow the pupil to make progress towards meeting the graduation standards adopted under section 120B.02 and help prepare the pupil for readmission.

(b) An area learning center under section 123A.05 may not prohibit an expelled or excluded pupil from enrolling solely because a district expelled or excluded the pupil. The board of the area learning center may use the provisions of the Pupil Fair Dismissal Act to exclude a pupil or to require an admission plan.

(c) Each school district shall develop a policy and report it to the commissioner on the appropriate use of peace officers and crisis teams to remove students who have an individualized education plan from school grounds.

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

Sec. 32. [121A.575] [ALTERNATIVES TO PUPIL SUSPENSION.]

Notwithstanding any law to the contrary and in accordance with sections 121A.40 to 121A.56, after a school administration notifies a pupil of the grounds for suspension, the school administration may, instead of imposing the suspension, do one or more of the following:

- (1) strongly encourage a parent or guardian of the pupil to attend school with the pupil for one day;
- (2) assign the pupil to attend school on Saturday as supervised by the principal or the principal's designee; and
- (3) petition the juvenile court that the student is in need of services under chapter 260C.

Sec. 33. [121A.655] [SCHOOL ATTENDANCE REQUIREMENT; DRIVING PRIVILEGES.]

Students enrolled in a school district, charter school, or alternative education program that does not waive the school attendance requirement for driving privileges are subject to section 171.056, among other related sections.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 34. Minnesota Statutes 2004, section 122A.06, subdivision 4, is amended to read:

Subd. 4. [~~COMPREHENSIVE, SCIENTIFICALLY BASED~~ EFFECTIVE READING INSTRUCTION.]
~~"Comprehensive, scientifically based reading instruction" includes instruction and practice in phonemic awareness, phonics and other word recognition skills, and guided oral reading for beginning readers, as well as extensive silent~~

~~reading, vocabulary instruction, instruction in comprehension, and instruction that fosters understanding and higher-order thinking for readers of all ages and proficiency levels. "Effective reading instruction" includes a program or collection of instructional practices that is based on reliable evidence showing that when these programs or practices are used, students can be expected to achieve, at a minimum, satisfactory reading progress. The program or collection of practices must include, at a minimum, instruction in five areas of reading: phonemic awareness, phonics, fluency, vocabulary, and text comprehension.~~

Effective reading instruction also includes and integrates instructional strategies for continuously assessing, evaluating, and communicating the student's reading progress and needs in order to design and implement ongoing interventions so that students of all ages and proficiency levels can read and comprehend text and apply higher level thinking skills.

Sec. 35. Minnesota Statutes 2004, section 122A.09, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules must require college and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a postsecondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a postsecondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board must adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board but not later than September 1, 2001.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law. Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in understanding the key warning signs of early-onset mental illness in children and adolescents.

(o) The board must:

(1) adopt rules to license qualified candidates to teach chemistry, physics, biology, and earth and space science; and

(2) license a science teacher qualified to teach in grades 7 through 12 to teach in a new science content area or level in grades 7 through 12 if the teacher holds a continuing license to teach science, has a continuing contract under section 122A.40, subdivision 7, or section 122A.41, subdivision 4, and receives a qualifying score on an appropriate Praxis II test in a science subject other than the teacher's currently licensed science field or level. A qualifying score is the same test score used for initial licenses to teach science. A science teacher who seeks licensure in a different science content area or level under this paragraph is responsible for the actual costs of the required testing. The board's authority to license science teachers under this paragraph expires August 1, 2009.

Sec. 36. Minnesota Statutes 2004, section 122A.12, subdivision 2, is amended to read:

Subd. 2. [TERMS; COMPENSATION; REMOVAL; ADMINISTRATION; REIMBURSEMENT.] (a) Membership terms, removal of members, and the filling of membership vacancies are as provided in section 214.09. The terms of the initial board members must be determined by lot as follows:

(1) three members must be appointed for terms that expire August 1, 2002;

(2) three members must be appointed for terms that expire August 1, 2003; and

(3) four members must be appointed for terms that expire August 1, 2004.

Members shall not receive the daily payment under section 214.09, subdivision 3. The public employer of a member shall not reduce the member's compensation or benefits for the member's absence from employment when engaging in the business of the board. The provision of staff, administrative services, and office space; the review

and processing of complaints; the setting of fees; the selection and duties of an executive secretary to serve the board; and other provisions relating to board operations are as provided in chapter 214. Fiscal year and reporting requirements are as provided in sections 214.07 and 214.08.

(b) The board may reimburse local school districts for the cost of a substitute teacher employed when a regular teacher is providing professional assistance to the state by serving on the board or on a committee or task force appointed by the board.

Sec. 37. Minnesota Statutes 2004, section 122A.18, subdivision 2a, is amended to read:

Subd. 2a. [READING STRATEGIES.] (a) All colleges and universities approved by the Board of Teaching to prepare persons for classroom teacher licensure must include in their teacher preparation programs ~~reading best practices that enable classroom teacher licensure candidates to know how to teach reading, such as phonics or other~~ research-based best practices in reading, consistent with section 122A.06, subdivision 4, that enable the licensure candidate to know how to teach reading in the candidate's content areas.

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in the application of comprehensive, scientifically based, and balanced reading instruction programs; that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4, so that all students will achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers.

Sec. 38. Minnesota Statutes 2004, section 122A.41, subdivision 14, is amended to read:

Subd. 14. [SERVICES TERMINATED BY DISCONTINUANCE OR LACK OF PUPILS; PREFERENCE GIVEN.] (a) A teacher whose services are terminated on account of discontinuance of position or lack of pupils must receive first consideration for other positions in the district for which that teacher is qualified. In the event it becomes necessary to discontinue one or more positions, in making such discontinuance, teachers must be discontinued in any department in the inverse order in which they were employed, unless a board and the exclusive representative of teachers in the district negotiate a plan providing otherwise.

(b) Notwithstanding the provisions of clause (a), a teacher is not entitled to exercise any seniority when that exercise results in that teacher being retained by the district in a field for which the teacher holds only a provisional license, as defined by the Board of Teaching, unless that exercise of seniority results in the termination of services, on account of discontinuance of position or lack of pupils, of another teacher who also holds a provisional license in the same field. The provisions of this clause do not apply to vocational education licenses.

(c) Notwithstanding the provisions of clause (a), a teacher must not be reinstated to a position in a field in which the teacher holds only a provisional license, other than a vocational education license, while another teacher who holds a nonprovisional license in the same field is available for reinstatement.

Sec. 39. Minnesota Statutes 2004, section 122A.414, is amended to read:

122A.414 [ALTERNATIVE TEACHER ~~COMPENSATION~~ PROFESSIONAL PAY.]

Subdivision 1. [RESTRUCTURED PAY SYSTEM.] A restructured teacher ~~compensation~~ professional pay system is established under subdivision 2 to provide incentives for teachers to improve their knowledge and skills and for school districts and charter schools to recruit and retain highly qualified teachers, and to support teachers' roles in improving students' educational achievement.

Subd. 2. [ALTERNATIVE TEACHER PROFESSIONAL PAY SYSTEM.] (a) To participate in this program, a school district, school site, or charter school must have an educational improvement plan as described in section 122A.413 and an alternative teacher professional pay system as described in paragraph (b).

(b) The alternative teacher professional pay system must:

(1) describe ~~the conditions necessary for~~ how teachers can achieve career advancement and additional compensation;

(2) ~~describe how the school district, school site, or charter school will provide teachers with~~ provide teachers with career advancement options ~~for teachers retaining, such as master or mentor teacher positions that allow teachers to retain~~ primary roles in student instruction and facilitate job-embedded professional development that helps other teachers improve their skills;

(3) ~~use a professional pay system that replaces the step and lane salary schedule and is not based on years of service;~~

(4) ~~encourage teachers' continuous improvement in content knowledge, pedagogy, and use of best practices; and~~

(5) ~~implement an objective evaluation system, including classroom observation, that is aligned with the district's or the site's educational improvement plan as described in section 122A.413 eliminate the "steps and lanes" salary schedule and compensate teachers for performing satisfactory service, achieving professional teaching goals, and undergoing evaluations under clause (6);~~

(4) compensate teachers for their performance based on, at a minimum:

(i) schoolwide achievement gains under section 120B.35 or locally selected standardized assessment outcomes, or both;

(ii) individual student achievement gains, where available, under section 120B.35 or locally selected standardized assessment outcomes, or both; and

(iii) results of individual teacher evaluations conducted by a locally selected and trained evaluation team under clause (6);

(5) provide integrated ongoing site-based professional development activities that are aligned with student needs under sections 122A.413 and 122A.60, if enacted, and led during the school day by trained teacher leaders such as master or mentor teachers; and

(6) provide an objective and comprehensive teacher evaluation that is aligned with the educational improvement plan under section 122A.413 and the staff development plan under section 122A.601, if enacted, and that includes multiple evaluations of a teacher's performance during the school year conducted by the locally selected and trained evaluation team that are based on best practice teaching standards and instruction and on classroom observations.

Subd. 3. [REPORT.] Participating districts ~~and~~ school sites, and charter schools must report on the implementation and effectiveness of the alternative teacher ~~compensation plan~~ professional pay system, particularly addressing each requirement under subdivision 2 and make biennial recommendations by January 1 to their school boards. The school ~~boards~~ board shall transmit a copy of the report with a summary of the findings and recommendations of ~~their~~ the district, school site, or charter school to the commissioner.

Sec. 40. Minnesota Statutes 2004, section 122A.415, subdivision 1, is amended to read:

Subdivision 1. ~~[AID REVENUE AMOUNT.]~~ (a) A school district, school site, or charter school that meets the conditions of section 122A.414 and submits an application approved by the commissioner is eligible for alternative compensation ~~aid revenue~~.

(b) ~~For school district applications,~~ the commissioner must consider only those applications to participate that are submitted jointly by a school district and the exclusive representative of the teachers for participation in the program. The application must contain a formally adopted collective bargaining agreement, memorandum of understanding, or other binding agreement that:

(1) implements an alternative teacher professional pay system consistent with section 122A.414;

(2) complies with the Public Employment Labor Relations Act under chapter 179A, except that notwithstanding section 179A.20, subdivision 3, a district may enter into a contract for a term of between two and four years; and

(3) includes all teachers in a district, or all teachers at a school site, or at least 25 percent of the teachers in a district. The commissioner, in approving applications, may give preference to applications involving entire districts or sites or to applications that align measures of teacher performance with student academic achievement and progress under section 120B.35, subdivision 1.

Alternative teacher compensation ~~aid revenue~~ for a qualifying school district, or site, or portion of a district or school site is as follows:

(1) ~~for a school district in which the school board and the exclusive representative of the teachers agree to place all teachers in the district or at the site on the alternative compensation schedule, alternative compensation aid teacher professional pay system equals \$150 \$260 times the district's or the site's number of pupils enrolled on October 1 of the previous fiscal year; or~~

(2) ~~for a district in which the school board and the exclusive representative of the teachers agree that at least 25 percent of the district's licensed teachers will be paid on the alternative compensation schedule, alternative compensation aid equals \$150 times the percentage of participating teachers times the district's number of pupils enrolled as of October 1 of the previous fiscal year.~~

(c) For charter school applications, the board of directors of a charter school that satisfies the conditions under section 122A.414 must submit to the commissioner an application that contains:

(1) an agreement to implement an alternative teacher professional pay system under section 122A.414;

(2) a resolution by the charter school board of directors adopting the agreement; and

(3) the record of a formal vote by the teachers employed at the charter school indicating that at least 70 percent of all teachers agree to implement the alternative teacher professional pay system, unless the charter school submits an alternative teacher professional pay system under section 122A.414 before the first year of operation.

Alternative compensation revenue for a qualifying charter school must be calculated under section 126C.10, subdivision 34, paragraphs (a) and (b).

~~(b)~~ (d) The revenue is available only to school districts, school sites, and charter schools that implement an alternative teacher professional pay system before the school year begins.

Sec. 41. Minnesota Statutes 2004, section 122A.415, subdivision 3, is amended to read:

Subd. 3. ~~[AID REVENUE TIMING.]~~ (a) Districts ~~or~~ school sites, or charter schools with approved applications must receive alternative compensation ~~aid~~ revenue for each school year that the district ~~or~~ school site, or charter school participates in the program ~~as described in~~ under this subdivision. Districts ~~or~~ school sites, or charter schools with applications ~~received~~ approved by the commissioner ~~before June 1 of the first year of a two-year contract~~ shall receive alternative compensation ~~aid~~ revenue for ~~both school years of the contract.~~ Districts or sites with applications received by the commissioner after June 1 of the first year of a two-year contract shall receive alternative compensation aid only for the second year of the contract in which the alternative teacher professional pay system is implemented for the full school year. For fiscal year 2007 and later, a qualifying district or school site, or charter school that received alternative compensation aid for the previous fiscal year must receive at least an amount of alternative teacher compensation revenue equal to the lesser of the amount it received for the previous fiscal year or its proportionate share of the previous year's appropriation the amount it qualifies for under subdivision 1 for the current fiscal year if the district or school site, or charter school submits a timely application and the commissioner determines that the district or school site, or charter school continues to implement an alternative teacher professional pay system, consistent with its application under this section. The commissioner must approve initial applications for school districts qualifying under subdivision 1, paragraph (b), clause (1), by January 15 of each year. If any money remains, the commissioner must approve aid amounts for school districts qualifying under subdivision 1, paragraph (b), clause (2), by February 15 of each year.

(b) The commissioner shall approve applications that comply with sections 122A.414, subdivision 2, paragraph (b), and 122A.415, subdivision 1, in the order in which they are received, select applicants that qualify for this program, notify school districts ~~and~~ school sites, and charter schools about the program, develop and disseminate application materials, and carry out other activities needed to implement this section.

[EFFECTIVE DATE.] This section is effective August 1, 2005.

Sec. 42. Minnesota Statutes 2004, section 123A.06, subdivision 1, is amended to read:

Subdivision 1. ~~[PROGRAM FOCUS.]~~ (a) The programs and services of a center must focus on academic and learning skills, applied learning opportunities, trade and vocational skills, work-based learning opportunities, work experience, youth service to the community, transition services, and English language and literacy programs for children whose primary language is a language other than English, and may focus on character development, consistent with section 120B.225, subdivision 1. Applied learning, work-based learning, and service learning may best be developed in collaboration with a local education and transitions partnership, culturally based organizations, mutual assistance associations, or other community resources. In addition to offering programs, the center shall coordinate the use of other available educational services, special education services, social services, health services, and postsecondary institutions in the community and services area.

(b) Consistent with the requirements of sections 121A.40 to 121A.56, a school district may provide an alternative education program for a student who is within the compulsory attendance age under section 120A.20, and who is involved in severe or repeated disciplinary action.

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

Sec. 43. [123A.10] [EDUCATION ADMINISTRATIVE DISTRICTS.]

Subdivision 1. [ADMINISTRATIVE EFFICIENCY.] An education administrative district is intended to increase the efficiency of administrative services for kindergarten through grade 12 public schools by combining the administrative functions of multiple school districts while preserving independent school district control of individual school sites.

Subd. 2. [AGREEMENT TO ESTABLISH EDUCATION ADMINISTRATIVE DISTRICT.] School boards that meet the requirements of subdivision 3 may enter into a written agreement to establish an education administrative district. The agreement must include methods to improve the efficient delivery of administrative services. A majority of the full board of each member district that is a party to the agreement must adopt the agreement and any subsequent modifications of the agreement.

Subd. 3. [COMMISSIONER REVIEW AND COMMENT.] Before entering into an agreement to establish an education administrative district, the school boards of the proposed member districts jointly must submit the proposed agreement to the commissioner for review and comment. The commissioner must submit a review and comment on the educational and economic advisability of the proposed agreement to the affected school boards within 60 days of receiving the proposal. If the commissioner submits a negative review and comment, the districts do not qualify for levy authority under section 123A.12, subdivision 5.

Subd. 4. [NOTICE AND PUBLIC HEARING ON PROPOSED AGREEMENT.] Before entering into an agreement to establish an education administrative district, the school boards of the proposed member districts each must publish the commissioner's review and comment and a summary of the proposed agreement and its anticipated effect upon the district at least once in a newspaper of general circulation in the district. The board must conduct a public hearing on the proposed agreement not more than ten days after the notice is published and at least 30 days before entering into the agreement.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 44. [123A.11] [EDUCATION ADMINISTRATIVE DISTRICT BOARD.]

Subdivision 1. [SCHOOL DISTRICT REPRESENTATION.] The education administrative district board is composed of at least one representative appointed by the school board of each member district. Each representative must be a member of the appointing school board. Each representative serves at the pleasure of the appointing board and may be recalled by a majority vote of the appointing board. Each representative serves for the term specified in the agreement. The board must select its officers from among its members and determine the officers' terms. The board must adopt bylaws for conducting business. The board may conduct public meetings using interactive television if it complies with chapter 13 in each location where board members are present.

Subd. 2. [PROVIDING ADMINISTRATIVE SERVICES.] An education administrative district board must implement the agreement for efficiently delivering needed administrative services under section 123A.12 to the education administrative district.

Subd. 3. [PERSONNEL.] The board may employ personnel needed to provide administrative services to the education administrative district. Personnel employed by the education administrative district are eligible to participate in retirement programs. Notwithstanding section 123B.143, subdivision 1, a district member of an education administrative district must contract with the education administrative district to obtain superintendent services. The person providing superintendent services need not be an employee of the education administrative district or a member district at the time the person contracts to provide superintendent services.

Subd. 4. [CONTRACTS.] The education administrative district board may contract with school districts and other public and private agencies to provide needed administrative services in the education administrative district.

Subd. 5. [GENERAL LAW.] The education administrative district board is governed by section 471.59 unless specifically provided otherwise under sections 123A.10 to 123A.12.

Subd. 6. [ANNUAL REPORT.] After each of its first five years of operation, the education administrative district board must submit an annual report to its member districts and the commissioner about the education administrative district's activities, including an analysis of its administrative costs and efficiencies.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 45. [123A.12] [EDUCATION ADMINISTRATIVE DISTRICT AGREEMENT.]

Subdivision 1. [IMPLEMENTATION; REVIEW.] An education administrative district board must implement the agreement of its member districts under section 123A.10, subdivision 2, to provide efficient administrative services to the education administrative district. The board must review the agreement annually and propose needed modifications to its member districts.

Subd. 2. [ADMINISTRATIVE SERVICES.] (a) Consistent with section 123B.143, subdivision 1, the agreement must allow the education administrative district board within 24 months of implementing the agreement to select one superintendent to serve the education administrative district for a specified term.

(b) The agreement must specify other noninstructional services the education administrative district intends to provide to member districts, including, among other services, business management, human resources, payroll, food service, buildings and ground maintenance, pupil transportation, technology coordination, curriculum coordination, community education, nursing services, student records, student administrative services, and school building administration.

Subd. 3. [TIMING AND DURATION.] (a) The initial agreement must contain a timeline for implementing the agreement.

(b) The initial agreement must be for a period of at least three years. After completing the first two years, the agreement may be extended by a majority vote of the full board of each member district.

Subd. 4. [FINANCES.] The initial agreement must:

(1) include a three-year budget projection comparing existing administrative services and costs with proposed administrative services and costs for each year;

(2) specify the retirement and severance incentives, consistent with section 123A.48, subdivision 23, that may be offered to licensed and nonlicensed staff, and how these costs will be apportioned among member districts;

(3) specify other start-up costs for the education administrative district and how these costs will be apportioned among member districts;

(4) specify the estimated amounts each member district will levy under subdivision 5 for the specified costs in clauses (2) and (3); and

(5) specify an equitable distribution formula for the education administrative district board to assess and certify a proportionate share of expenses to member districts, which must remit their assessment to the education administrative district board within 30 days of receiving the certified assessment.

Subd. 5. [LEVY.] A school district that is a member of an education administrative district may levy an amount equal to the member district's share of costs approved by the commissioner for retirement and severance incentives and other start-up costs included in the initial agreement under subdivision 4, clauses (2) and (3), over a term of not more than 36 months.

Subd. 6. [REPORTS TO EDUCATION DEPARTMENT.] Member school districts jointly may submit reports and provide required information to the department. The joint reports clearly must attribute information, including expenditures for the education administrative district, to individual member districts.

Subd. 7. [ADDITIONAL AND WITHDRAWING DISTRICTS.] (a) Upon approval by a majority vote of a district school board and the education administrative district board, an adjoining school district may become a member of an education administrative district and is governed by this section and the education administrative district agreement in effect. A noncontiguous district may become a member with the commissioner's approval based on the criteria under section 123A.10, subdivision 3. A new member added to an education administrative district may levy for approved retirement and severance incentive costs under subdivision 5.

(b) After three consecutive years of membership, a member district, by majority vote of its full board and after complying with the applicable terms in the education administrative district agreement, may withdraw from the education administrative district and the agreement at the end of the subsequent fiscal year.

Subd. 8. [DISSOLUTION.] After the first three years of the education administrative district, the boards of each member district may agree to dissolve the education administrative district at the end of any fiscal year or at an earlier, mutually agreeable time. Member districts must dissolve the education administrative district according to the applicable provisions in the agreement establishing the education administrative district. The dissolution must not affect the continuing liability of any district formerly a member of the education administrative district for continuing obligations, including employment benefits.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 46. Minnesota Statutes 2004, section 123A.24, subdivision 2, is amended to read:

Subd. 2. [COOPERATIVE UNIT DEFINED.] For the purposes of this section, a cooperative unit is:

- (1) an education district organized under sections 123A.15 to 123A.19;
- (2) a cooperative vocational center organized under section 123A.22;
- (3) an intermediate district organized under chapter 136D;
- (4) an education administrative district organized under sections 123A.10 to 123A.12;
- (5) a service cooperative organized under section 123A.21; or
- ~~(5)~~ (6) a regional management information center organized under section 123A.23 or as a joint powers district according to section 471.59.

Sec. 47. Minnesota Statutes 2004, section 123B.02, is amended by adding a subdivision to read:

Subd. 22. [REWARD.] A school board, after formally adopting a policy consistent with this subdivision, may offer a reward to a person who provides accurate and reliable information leading to the conviction of a person who has committed, attempted to commit, or conspired to commit a crime against students or school employees, volunteers or board members as a result of their affiliation with the school district, or against school district property.

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

Sec. 48. [123B.022] [PROHIBITING SCHOOL EMPLOYEES FROM USING PUBLIC RESOURCES FOR ADVOCACY; ENDORSING TIMELY AND CURRENT FACTUAL INFORMATION.]

(a) A school board must adopt and implement a districtwide policy that prohibits district employees from using district funds or other publicly funded district resources, including time, materials, equipment, facilities, and communication technologies, among other resources, to advocate for electing or defeating a candidate, passing or defeating a ballot question, or passing or defeating pending legislation. The policy must apply when the employee performs the duties assigned to the employee under the employee's employment contract with the district, and includes the periods when the employee represents the district in an official capacity, among other duties. The policy must not apply when an employee disseminates factual information consistent with the employee's contractual duties.

(b) The school board must provide the district's electorate with timely factual information about a pending ballot question.

[EFFECTIVE DATE.] This section is effective January 1, 2006.

Sec. 49. [123B.042] [SCHOOL SITE GOVERNANCE PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A school site governance program is established to provide schools with more authority and flexibility to teach and provide services to students at the school site. Nothing in this section affects a school district's ability to enter into a school site decision-making agreement under section 123B.04.

Subd. 2. [SITE DECISION-MAKING TEAM.] (a) To participate in the program, a school must form a site decision-making team that includes a school principal or other persons having general control and supervision of the school, at least one teacher in the school, one noninstructional staff person in the school, and at least one parent of a student enrolled in the school or other community member. By October 1 of the school year before participating in the program, the school site decision-making team must:

(1) be approved by a 60 percent vote of employees in the school;

(2) adopt a policy describing how it will delegate authority and responsibilities among its members; and

(3) notify the school board of its intent to participate in the program.

(b) After notifying the school board under paragraph (a), clause (3), the school site decision-making team shall publish a notice in a newspaper of general circulation in the district of its intent to participate in the program and the date it will hold a public hearing about its intended participation. In addition to holding the public hearing, the decision-making team, for a period of 30 days, must also solicit parent and community input regarding its intended participation.

(c) By January 15, the decision-making team shall demonstrate to the school board how the team's plan responds to public comment.

Subd. 3. [RESPONSIBILITIES; REVENUE.] (a) A school site decision-making team participating in this program:

(1) has the control and responsibilities of the school board for operating and managing the site after the agreement under paragraph (b) is signed, including such responsibilities as instructional practices, personnel selection from within the district, and staffing assignments for the school; and

(2) retains control of the revenue and determines its use as necessary to operate the school for the school years it participates in the program under this section.

(b) By January 15 of the school year before participating in the program, the school site decision-making team must enter into a written agreement with the local school board describing the control and responsibilities of the decision-making team and of the school board. Revenue for a fiscal year received or receivable by the district and that the district would expend for the particular school site participating in the program is allocated to that school site. All other district revenue not reserved for other purposes must be proportionately allocated to the site based on the site's pupil count. The agreement must include provisions describing how the decision-making team and school board will resolve disputes over assigned authority and responsibilities. The school board members must vote whether to authorize the agreement under this paragraph according to section 123B.09, subdivision 6. The decision of the school board is final. If the school board does not authorize the agreement, the school board must publish its decision and reasons in a newspaper of general circulation in the district.

(c) The district must maintain an account for each school site participating in the program.

(d) The school site decision-making team must comply with section 13D.04, subdivision 1.

Subd. 4. [EMPLOYEES.] The employees of the school site remain employees of the school district for salary, benefits, seniority, retirement, and other personnel issues. Consistent with current law and the collective bargaining agreement in effect, the school site decision-making team selects employees from within the district into licensed and nonlicensed positions at the school site, including the position of principal or other person having general control and supervision of the school. When negotiating a new contract under chapter 179A, an exclusive representative and school board must provide for the employees of a school site participating in the program under this section.

Subd. 5. [PERFORMANCE AGREEMENTS.] By March 15 of the school year before participating in the program, the school site decision-making team shall enter into a performance agreement with the school board. The agreement shall include:

(1) the previous year's baseline information at the site regarding student achievement based on:

(i) aggregated and disaggregated statewide testing data;

(ii) other nationally normed standardized tests;

(iii) student attendance; and

(iv) dropout rates and graduation rates, where applicable;

(2) the expected levels of improvement in selected areas of student performance during the next year;

(3) how student performance will be measured, including assessment procedures required by law and rule;

(4) status of the school's revenues and expenditures;

(5) other performance expectations and measures agreed upon by the school site and school board;

(6) the frequency of reporting by the school site to the school board; and

(7) how the performance results will be made available to parents and the public.

The term of an agreement shall be for no more than two years.

The performance agreement must include provisions describing how the school board and school site decision-making team will resolve disputes over the school's compliance with provisions of the agreement.

If the school site decision-making team and school board cannot agree on the provisions of a performance agreement as required under this subdivision, either party may request assistance from the commissioner of education. The commissioner shall provide assistance to the parties to ensure they reach an agreement.

Subd. 6. [TERMINATION OF SITE-BASED PROGRAM AUTHORITY.] If a school site fails to meet the agreed upon expectations as specified in the performance agreement with the school board for two consecutive school years, its authority to participate in the program is terminated.

School sites that have had their authority to participate in this program terminated under this subdivision may not participate in this program for three years after termination.

Subd. 7. [REPORTS.] A school site decision-making team shall, and its respective school board may, make an annual report to the commissioner of education by September 1. The reports shall be consistent with the requirements of section 120B.11, subdivision 5, paragraph (a).

Subd. 8. [COMMISSIONER'S DUTY.] The commissioner of education shall evaluate the effectiveness of the program by January 1, 2010.

Sec. 50. Minnesota Statutes 2004, section 123B.09, subdivision 8, is amended to read:

Subd. 8. [DUTIES.] The board must superintend and manage the schools of the district; adopt rules for their organization, government, and instruction; keep registers; and prescribe textbooks and courses of study. The board may enter into an agreement with a postsecondary institution for secondary or postsecondary nonsectarian courses to be taught at a secondary school, nonsectarian postsecondary institution, or another location. The board must not enter into an agreement that limits its authority to assign and reassign teachers or administrators to the schools in which the teachers will teach or the administrators will administer.

[EFFECTIVE DATE.] This section is effective for agreements entered into on or after July 1, 2005.

Sec. 51. Minnesota Statutes 2004, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. [CONTRACT; DUTIES.] All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other

continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

(1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;

(2) recommend to the board employment and dismissal of teachers;

(3) superintend school grading practices and examinations for promotions;

(4) make reports required by the commissioner; and

~~(5) by January 10, submit an annual report to the commissioner in a manner prescribed by the commissioner, in consultation with school districts, identifying the expenditures that the district requires to ensure an 80 percent student passage rate on the basic standards test taken in the eighth grade, identifying the highest student passage rate the district expects it will be able to attain on the basic standards test by grade 12, the amount of expenditures that the district requires to attain the targeted student passage rate, and how much the district is cross-subsidizing programs with special education, basic skills, and general education revenue; and~~

~~(6) perform other duties prescribed by the board.~~

Sec. 52. Minnesota Statutes 2004, section 123B.36, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL BOARDS MAY REQUIRE FEES.] (a) For purposes of this subdivision, "home school" means a home school as defined in sections 120A.22 and 120A.24 with five or fewer students receiving instruction.

(b) A school board is authorized to require payment of fees in the following areas:

(1) in any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;

(2) admission fees or charges for extracurricular activities, where attendance is optional and where the admission fees or charges a student must pay to attend or participate in an extracurricular activity is the same for all students, regardless of whether the student is enrolled in a public or a home school;

(3) a security deposit for the return of materials, supplies, or equipment;

(4) personal physical education and athletic equipment and apparel, although any pupil may personally provide it if it meets reasonable requirements and standards relating to health and safety established by the board;

(5) items of personal use or products that a student has an option to purchase such as student publications, class rings, annuals, and graduation announcements;

(6) fees specifically permitted by any other statute, including but not limited to section 171.05, subdivision 2; provided (i) driver education fees do not exceed the actual cost to the school and school district of providing driver education, and (ii) the driver education courses are open to enrollment to persons between the ages of 15 and 18 who reside or attend school in the school district;

(7) field trips considered supplementary to a district educational program;

(8) any authorized voluntary student health and accident benefit plan;

(9) for the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;

(10) transportation of pupils to and from extracurricular activities conducted at locations other than school, where attendance is optional, and transportation of charter school students participating in extracurricular activities in their resident district under section 123B.49, subdivision 4, paragraph (a), which must be charged to the charter school;

(11) transportation to and from school of pupils living within two miles from school and all other transportation services not required by law. If a district charges fees for transportation of pupils, it must establish guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;

(12) motorcycle classroom education courses conducted outside of regular school hours; provided the charge must not exceed the actual cost of these courses to the school district;

(13) transportation to and from postsecondary institutions for pupils enrolled under the postsecondary enrollment options program under section 123B.88, subdivision 22. Fees collected for this service must be reasonable and must be used to reduce the cost of operating the route. Families who qualify for mileage reimbursement under section 124D.09, subdivision 22, may use their state mileage reimbursement to pay this fee. If no fee is charged, districts must allocate costs based on the number of pupils riding the route.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 53. Minnesota Statutes 2004, section 123B.49, subdivision 4, is amended to read:

Subd. 4. [BOARD CONTROL OF EXTRACURRICULAR ACTIVITIES.] (a) The board may take charge of and control all extracurricular activities of the teachers and children of the public schools in the district. Extracurricular activities means all direct and personal services for pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member. The board shall allow all resident pupils receiving instruction in a home school as defined in section 123B.36, subdivision 1, paragraph (a), and all resident pupils receiving instruction in a charter school as defined in section 124D.10 to be eligible to fully participate in extracurricular activities on the same basis as public school students- enrolled in the district's schools. A charter school student must give the enrolling charter school and the resident school district at least a 30-day notice of the student's intent to participate in an extracurricular activity in the resident district. Before a charter school student begins participating in an extracurricular activity in the resident district, the charter school must agree in writing to pay the direct and indirect costs attributable to that student that the district may charge to the charter school under paragraph (f). A charter school student is not eligible to participate in an extracurricular activity in the resident district if that extracurricular activity is offered by the enrolling charter school or the extracurricular activity is not controlled by the high school league under chapter 128C. Charter school students participating in extracurricular activities must meet the academic and student conduct requirements of the resident district. The charter school must:

(1) collect the same information that a district collects on a student's eligibility to participate in an extracurricular activity;

(2) transmit that information to the district at least ten days before a student begins to participate in the extracurricular activity; and

(3) immediately transmit to the district any additional information affecting the student's eligibility.

(b) Extracurricular activities have all of the following characteristics:

(1) they are not offered for school credit nor required for graduation;

(2) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;

(3) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

(c) If the board does not take charge of and control extracurricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of school facilities, met by dues, admissions, or other student fund-raising events. The general fund must reflect only those salaries directly related to and readily identified with the activity and paid by public funds. Other revenues and expenditures for extracurricular activities must be recorded according to the "Manual of Instruction for Uniform Student Activities Activity Fund Accounting for Minnesota School Districts and Area Vocational Technical Colleges." Extracurricular activities not under board control must have an annual financial audit and must also be audited annually for compliance with this section.

(d) If the board takes charge of and controls extracurricular activities, any or all costs of these activities may be provided from school revenues and all revenues and expenditures for these activities shall be recorded in the same manner as other revenues and expenditures of the district.

(e) If the board takes charge of and controls extracurricular activities, the teachers or pupils in the district must not participate in such activity, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

(f) School districts may charge charter schools their proportional share of the direct and indirect costs of the extracurricular activities that are not covered by student fees under section 123B.36, subdivision 1, ticket revenues, fund-raising efforts, sponsorships, or other income generated for those activities for which the charter school is charged. A district may charge charter school students the same fees it charges enrolled students to participate in an extracurricular activity. All charges to a charter school and charter school students must be paid when the charter school students are selected to participate in the activity. A district is not required to provide transportation from the charter school to the resident district for a charter school student who participates in an extracurricular activity in the resident district.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 54. Minnesota Statutes 2004, section 124D.095, subdivision 8, is amended to read:

Subd. 8. [FINANCIAL ARRANGEMENTS.] (a) For a student enrolled in an on-line learning course, the department must calculate average daily membership and make payments according to this subdivision.

(b) The initial on-line learning average daily membership equals 1/12 for each semester course or a proportionate amount for courses of different lengths. The adjusted on-line learning average daily membership equals the initial on-line learning average daily membership times .88.

(c) No on-line learning average daily membership shall be generated if: (1) the student does not complete the on-line learning course, or (2) the student is enrolled in on-line learning provided by the enrolling district ~~and the student was enrolled in a Minnesota public school for the school year before the school year in which the student first enrolled in on-line learning.~~

(d) On-line learning average daily membership under this subdivision for a student currently enrolled in a Minnesota public school ~~and who was enrolled in a Minnesota public school for the school year before the school year in which the student first enrolled in on-line learning~~ shall be used only for computing average daily membership according to section 126C.05, subdivision 19, paragraph (a), clause (ii), and for computing on-line learning aid according to section ~~126C.24~~ 124D.096.

~~(e) On-line learning average daily membership under this subdivision for students not included in paragraph (e) or (d) shall be used only for computing average daily membership according to section 126C.05, subdivision 19, paragraph (a), clause (ii), and for computing payments under paragraphs (f) and (g).~~

(f) Subject to the limitations in this subdivision, the department must pay an on-line learning provider an amount equal to the product of the adjusted on-line learning average daily membership for students under paragraph (e) times the student grade level weighting under section 126C.05, subdivision 1, times the formula allowance.

(g) The department must pay each on-line learning provider 100 percent of the amount in paragraph (f) within 45 days of receiving final enrollment and course completion information each quarter or semester.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2006.

Sec. 55. Minnesota Statutes 2004, section 124D.10, subdivision 3, is amended to read:

Subd. 3. [SPONSOR.] (a) A school board; intermediate school district school board; education district organized under sections 123A.15 to 123A.19; charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986 that is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations, registered with the attorney general's office, and reports an end-of-year fund balance of at least \$2,000,000; Minnesota private college that grants two- or four-year degrees and is registered with the Higher Education Services Office under chapter 136A; community college, state university, or technical college, governed by the Board of Trustees of the Minnesota State Colleges and Universities; or the University of Minnesota may sponsor one or more charter schools.

(b) A nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may sponsor one or more charter schools if the charter school has operated for at least three years under a different sponsor and if the nonprofit corporation has existed for at least 25 years.

(c) The commissioner of education may approve up to five charitable organizations under section 501(c)(3) of the Internal Revenue Code of 1986 that sponsor charter schools as their sole charitable purpose. Eligible charitable organizations interested in being approved as a sponsor under this paragraph must submit a proposal to the commissioner that includes:

(1) the articles, bylaws, and initial membership of the charitable organization's board of directors;

- (2) financial information consistent with section 309.53, subdivision 3;
- (3) a description of how the charitable organization plans to realize its principle charitable purpose; and
- (4) other information requested by the commissioner.

A charitable organization that is approved as a sponsor under this paragraph annually must report to the commissioner in the form and manner the commissioner determines. The report must describe the charter schools authorized by the charitable organization, the effectiveness of those charter schools in promoting student achievement, and the governance structure of those charter schools, and also must include other information requested by the commissioner. An approved charitable organization may sponsor one or more charter schools. The commissioner may withdraw the approval of a charitable organization to sponsor a charter school under this paragraph if the commissioner determines that the charitable organization fails to meet generally accepted standards of fiscal management, violates the law, or shows other good cause. The commissioner's determination is final. When the commissioner withdraws the approval of a charitable organization to sponsor a charter school, the commissioner may approve the decision of a different eligible sponsor to authorize the charter school or may apply subdivision 24 governing student enrollment when a charter school contract is not renewed or terminated.

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

Sec. 56. Minnesota Statutes 2004, section 124D.10, subdivision 4, is amended to read:

Subd. 4. [FORMATION OF SCHOOL.] (a) A sponsor may authorize one or more licensed teachers under section 122A.18, subdivision 1, to operate a charter school subject to approval by the commissioner. A board must vote on charter school application for sponsorship no later than 90 days after receiving the application. After 90 days, the applicant may apply to the commissioner. If a board elects not to sponsor a charter school, the applicant may appeal the board's decision to the commissioner. ~~The commissioner who~~ may elect to ~~sponsor the charter school or~~ assist the applicant in finding an eligible sponsor. The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section. Notwithstanding sections 465.717 and 465.719, a school district may create a corporation for the purpose of creating a charter school.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the commissioner stating its intent to authorize a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize a charter school and how the sponsor intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the sponsor and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the sponsor's proposed authorization within ~~60~~ 90 days of receipt of the affidavit. Failure to obtain commissioner approval precludes a sponsor from authorizing the charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members until a timely election for members of the charter school board of directors is held according to the school's articles and bylaws. A charter school board of directors must be composed of at least five members. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election for members of the school's board of directors. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors before the school completes its third year of operation, unless the commissioner waives the requirement for a majority of licensed teachers on the board. Board of director meetings must comply with chapter 13D.

(d) The granting or renewal of a charter by a sponsoring entity must not be conditioned upon the bargaining unit status of the employees of the school.

(e) A sponsor may authorize the operators of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the sponsor's application as approved by the commissioner only after submitting a supplemental application to the commissioner in a form and manner prescribed by the commissioner. The supplemental application must provide evidence that:

- (1) the expansion of the charter school is supported by need and projected enrollment;
- (2) the charter school is fiscally sound;
- (3) the sponsor supports the expansion; and
- (4) the building of the additional site meets all health and safety requirements to be eligible for lease aid.

(f) The commissioner annually must provide timely financial management training to newly elected members of a charter school board of directors and ongoing training to other members of a charter school board of directors. Training must address ways to:

- (1) proactively assess opportunities for a charter school to maximize all available revenue sources;
- (2) establish and maintain complete, auditable records for the charter school;
- (3) establish proper filing techniques;
- (4) document formal actions of the charter school, including meetings of the charter school board of directors;
- (5) properly manage and retain charter school and student records;
- (6) comply with state and federal payroll record-keeping requirements; and
- (7) address other similar factors that facilitate establishing and maintaining complete records on the charter school's operations.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 57. Minnesota Statutes 2004, section 124D.10, subdivision 6, is amended to read:

Subd. 6. [CONTRACT.] The sponsor's authorization for a charter school must be in the form of a written contract signed by the sponsor and the board of directors of the charter school. The contract must be completed within 90 days of the commissioner's approval of the sponsor's proposed authorization. The contract for a charter school must be in writing and contain at least the following:

- (1) a description of a program that carries out one or more of the purposes in subdivision 1;
- (2) specific outcomes pupils are to achieve under subdivision 10;
- (3) admission policies and procedures;
- (4) management and administration of the school;

- (5) requirements and procedures for program and financial audits;
- (6) how the school will comply with subdivisions 8, 13, 16, and 23;
- (7) assumption of liability by the charter school;
- (8) types and amounts of insurance coverage to be obtained by the charter school;
- (9) the term of the contract, which may be up to three years; ~~and~~

(10) if the board of directors or the operators of the charter school provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability; and

(11) the process and criteria the sponsor intends to use to monitor and evaluate the fiscal and student performance of the charter school, consistent with subdivision 15.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 58. Minnesota Statutes 2004, section 124D.10, subdivision 8, is amended to read:

Subd. 8. [STATE AND LOCAL REQUIREMENTS.] (a) A charter school shall meet all applicable state and local health and safety requirements.

(b) A school sponsored by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools must not be used as a method of providing education or generating revenue for students who are being homeschooled.

(e) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(f) A charter school may not charge tuition.

(g) A charter school is subject to and must comply with chapter 363A and section 121A.04.

(h) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(i) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. Audits must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 123B.52, subdivision 5; 471.38; 471.391; 471.392; 471.425; 471.87; 471.88, subdivisions 1, 2, 3, 4, 5, 6, 12, 13, and 15; 471.881; and 471.89. The audit must

comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner. The Department of Education, state auditor, or legislative auditor may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(j) A charter school is a district for the purposes of tort liability under chapter 466.

(k) A charter school must comply with sections 13.32; 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

(l) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(m) A charter school is subject to sections 123B.36, subdivision 1, paragraph (b), clause (10), and 123B.49, subdivision 4, paragraphs (a) and (f), when its students participate in extracurricular activities in their resident district.

(n) Charter school board of director open meeting requirements are governed according to subdivision 4.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 59. Minnesota Statutes 2004, section 124D.10, subdivision 15, is amended to read:

Subd. 15. **[REVIEW AND COMMENT.]** (a) The department must review and comment on the evaluation, by the sponsor, of the performance of a charter school before the charter school's contract is renewed for another contract term. The sponsor must submit to the commissioner timely information for the review and comment.

(b) A sponsor shall monitor and evaluate the fiscal and student performance of the school, and may for this purpose annually assess a charter school: (1) in its first, second, or third year of operation up to \$30 per student up to a maximum of \$10,000; and (2) in its fourth or a subsequent year of operation up to \$10 per student up to a maximum of \$3,500. The information for the review and comment shall be reported by the sponsor to the commissioner of education in a timely manner.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 60. Minnesota Statutes 2004, section 124D.10, subdivision 23, is amended to read:

Subd. 23. **[CAUSES FOR NONRENEWAL OR TERMINATION OF CHARTER SCHOOL CONTRACT.]** (a) The duration of the contract with a sponsor must be for the term contained in the contract according to subdivision 6. The sponsor may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the sponsor within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor shall give reasonable notice to the charter school's board of directors of the hearing date. The sponsor shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. If the sponsor is a local board, the school's board of directors may appeal the sponsor's decision to the commissioner.

(b) A contract may be terminated or not renewed upon any of the following grounds:

- (1) failure to meet the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed under this paragraph, the school must be dissolved according to the applicable provisions of chapter 308A or 317A, except when the commissioner approves the decision of a different eligible sponsor to authorize the charter school.

(c) If at the end of a contract term, either the sponsor or the charter school board of directors wants to voluntarily terminate the contract, a change in sponsors is allowed if the commissioner approves the decision of a different eligible sponsor to authorize the charter school. The party intending to terminate the contract must notify the other party and the commissioner of its intent at least 90 days before the date on which the contract ends. The sponsor that is a party to the existing contract at least must inform the approved different eligible sponsor about the fiscal and student performance of the school. If no different eligible sponsor is approved, the school must be dissolved according to applicable law and the terms of the contract.

(d) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing sponsor, and after providing an opportunity for a public hearing, may terminate the existing sponsorial relationship if the charter school has a history of:

- (1) financial mismanagement; or
- (2) repeated violations of the law.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 61. Minnesota Statutes 2004, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted marginal cost pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue, extended time revenue, alternative compensation revenue, transition revenue, and transportation sparsity revenue, plus basic skills revenue, extended time revenue, basic alternative compensation aid according to section 126C.10, subdivision 34, and transition revenue as though the school were a school district. The general education revenue for each extended time marginal cost pupil unit equals \$4,378.

(b) Notwithstanding paragraph (a), for charter schools in the first year of operation, general education revenue shall be computed using the number of adjusted pupil units in the current fiscal year.

Sec. 62. Minnesota Statutes 2004, section 124D.11, subdivision 2, is amended to read:

Subd. 2. [TRANSPORTATION REVENUE.] Transportation revenue must be paid to a charter school that provides transportation services according to section 124D.10, subdivision 16, according to this subdivision. Transportation aid shall equal transportation revenue.

In addition to the revenue under subdivision 1, a charter school providing transportation services must receive general education aid ~~for each pupil unit~~ equal to the sum of the product of (i) an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, plus the transportation sparsity allowance for the school district in which the charter school is located times (ii) the adjusted marginal cost pupil units, plus the product of \$223 times the extended time marginal cost pupil units.

Sec. 63. Minnesota Statutes 2004, section 124D.11, subdivision 6, is amended to read:

Subd. 6. [OTHER AID, GRANTS, REVENUE.] (a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120A to 129C, as though it were a district.

(b) Notwithstanding paragraph (a), a charter school may not receive aid, a grant, or revenue if a levy, other than a levy required by sections 125A.76 or 126C.10, is required to obtain the money, or if the aid, grant, or revenue is a replacement of levy revenue, except as otherwise provided in this section.

(c) Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(d) A charter school may receive money from any source for capital facilities needs. In the year-end report to the commissioner of education, the charter school shall report the total amount of funds received from grants and other outside sources.

Sec. 64. [124D.4531] [CAREER AND TECHNICAL LEVY.]

Subdivision 1. [CAREER AND TECHNICAL LEVY.] (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified may levy an amount equal to the lesser of:

(1) \$80 times the district's average daily membership in grades 10 through 12 for the fiscal year in which the levy is certified; or

(2) 25 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

(i) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

(ii) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

(iii) necessary travel between instructional sites by licensed career and technical education personnel;

(iv) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

(v) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(vi) necessary travel by licensed career and technical education personnel for noncollegiate credit-bearing professional development; and

(vii) specialized vocational instructional supplies.

(b) Up to ten percent of a district's career and technical levy may be spent on equipment purchases. Districts using the career and technical levy for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

(c) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

Subd. 2. [ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS.] For purposes of this section, a cooperative center or an intermediate district must allocate its approved expenditures for career and technical education programs among participating districts.

Subd. 3. [LEVY GUARANTEE.] Notwithstanding subdivision 1, the career and technical education levy for a district is not less than the lesser of:

(1) the district's career and technical education levy authority for the previous fiscal year; or

(2) 100 percent of the approved expenditures for career and technical programs included in subdivision 1, paragraph (b), for the fiscal year in which the levy is certified.

Subd. 4. [COMPLIANCE WITH RULES.] (a) Levy authority must be granted under this section only for services rendered or for costs incurred in career and technical education programs approved by the commissioner and operated in accordance with rules adopted by the commissioner. The rules must not require any minimum number of administrative staff, any minimum period of coordination time or extended employment for career and technical education personnel, or the availability of vocational student activities or organizations for a career and technical education program to qualify for this levy. Levy authority shall be granted only for services rendered and for costs incurred by essential, licensed personnel, or approved paraprofessionals who meet the requirements for licensure pursuant to the rules of the Minnesota Board of Teaching.

For the purposes of this paragraph, "licensed personnel" means persons holding a valid career and technical license issued by the commissioner. If an average of five or fewer secondary full-time equivalent students are enrolled per teacher in an approved postsecondary program at Intermediate District No. 287, 916, or 917, "licensed personnel" means persons holding a valid vocational license issued by the commissioner or the Board of Trustees of the Minnesota State Colleges and Universities.

(b) Notwithstanding section 127A.42, the commissioner may modify or withdraw the program or levy authority under this section without proceeding under section 127A.42, at any time. To do so, the commissioner must determine that the program does not comply with rules of the Department of Education or that any facts concerning the program or its budget differ from the facts in the district's approved application.

Subd. 5. [LIMIT.] The commissioner may reduce the levy under this section for a career and technical education program that receives funds from any other source. A district or center must not receive a total amount of levy authority pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

Subd. 6. [LEVY FOR CONTRACTED SERVICES.] In addition to the provisions of subdivisions 4 and 5, a school district or cooperative center may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of career and technical education services. The commissioner must adopt rules relating to program approval procedures and criteria for these contracts and levy authority must be granted only for contracts approved by the commissioner. The district or cooperative center contracting for these services must be construed to be providing the services.

Subd. 7. [DISTRICT REPORTS.] Each district or cooperative center must report data to the department for all career and technical education programs as required by the department to implement the career and technical levy formula.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2008.

Sec. 65. Minnesota Statutes 2004, section 124D.66, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE SERVICES.] (a) Assurance of mastery programs may provide direct instructional services to an eligible pupil, or a group of eligible pupils, under the following conditions in paragraphs (b) to (d).

(b) Instruction may be provided at one or more grade levels from kindergarten to grade 8 and for students in grades 9 through 12 who were enrolled in grade 8 before the 2005-2006 school year and have failed the basic skills tests, or who were enrolled in grade 8 in the 2005-2006 school year and later and have failed the Minnesota Comprehensive Assessments (MCA-IIs) in reading, mathematics, or writing as required for high school graduation under section 120B.02. If an assessment of pupils' needs within a district demonstrates that the eligible pupils in grades kindergarten to grade 8 are being appropriately served, a district may serve eligible pupils in grades 9 to 12.

(c) Instruction must be provided under the supervision of the eligible pupil's regular classroom teacher. Instruction may be provided by the eligible pupil's classroom teacher, by another teacher, by a team of teachers, or by an education assistant or aide. A special education teacher may provide instruction, but instruction that is provided under this section is not eligible for aid under section 125A.76.

(d) The instruction that is provided must differ from the initial instruction the pupil received in the regular classroom setting. The instruction may differ by presenting different curriculum than was initially presented in the regular classroom or by presenting the same curriculum:

- (1) at a different rate or in a different sequence than it was initially presented;
- (2) using different teaching methods or techniques than were used initially; or
- (3) using different instructional materials than were used initially.

Sec. 66. Minnesota Statutes 2004, section 124D.74, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM DESCRIBED.] American Indian education programs are programs in public elementary and secondary schools, nonsectarian nonpublic, community, tribal, charter, or alternative schools enrolling American Indian children designed to:

- (1) support postsecondary preparation for pupils;
- (2) support the academic achievement of American Indian students with identified focus to improve reading and mathematic skills;

- (3) make the curriculum more relevant to the needs, interests, and cultural heritage of American Indian pupils;
- (4) provide positive reinforcement of the self-image of American Indian pupils;
- (5) develop intercultural awareness among pupils, parents, and staff; and
- (6) supplement, not supplant, state and federal educational and cocurricular programs.

Program components may include: development of support components for students in the areas of academic achievement, retention, and attendance; development of support components for staff, including in-service training and technical assistance in methods of teaching American Indian pupils; research projects, including experimentation with and evaluation of methods of relating to American Indian pupils; provision of personal and vocational counseling to American Indian pupils; modification of curriculum, instructional methods, and administrative procedures to meet the needs of American Indian pupils; and supplemental instruction in American Indian language, literature, history, and culture. Districts offering programs may make contracts for the provision of program components by establishing cooperative liaisons with tribal programs and American Indian social service agencies. These programs may also be provided as components of early childhood and family education programs.

Sec. 67. Minnesota Statutes 2004, section 124D.81, subdivision 1, is amended to read:

Subdivision 1. [GRANTS; PROCEDURES.] Each fiscal year the commissioner of education must make grants to no fewer than six American Indian education programs. At least three programs must be in urban areas and at least three must be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of American Indian education programs. Proposals may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal, charter, or alternative schools. The commissioner shall prescribe the form and manner of application for grants, and no grant shall be made for a proposal not complying with the requirements of sections 124D.71 to 124D.82. ~~The commissioner must submit all proposals to the state Advisory Committee on American Indian Education Programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.~~

Sec. 68. Minnesota Statutes 2004, section 124D.84, subdivision 1, is amended to read:

Subdivision 1. [AWARDS.] The commissioner, ~~with the advice and counsel of the Minnesota Indian Education Committee,~~ may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the commissioner, has the capabilities to benefit from further education. Scholarships must be for accredited degree programs in accredited Minnesota colleges or universities or for courses in accredited Minnesota business, technical, or vocational schools. Scholarships may also be given to students attending Minnesota colleges that are in candidacy status for obtaining full accreditation, and are eligible for and receiving federal financial aid programs. Students are also eligible for scholarships when enrolled as students in Minnesota higher education institutions that have joint programs with other accredited higher education institutions. Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned where the student receives federal financial aid. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a federal standardized need analysis. Applicants are encouraged to apply for all other sources of financial aid. ~~The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian education committee.~~

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study ~~without special recommendation of the Minnesota Indian Education Committee.~~

Sec. 69. Minnesota Statutes 2004, section 126C.457, is amended to read:

126C.457 [CAREER AND TECHNICAL LEVY.]

For taxes payable in 2006 and 2007, a school district may levy an amount equal to the greater of (1) \$10,000, or (2) the district's fiscal year 2001 entitlement for career and technical aid under Minnesota Statutes 2000, section 124D.453. The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified. Revenue received under this section must be reserved and used only for career and technical programs.

Sec. 70. Minnesota Statutes 2004, section 127A.47, subdivision 8, is amended to read:

Subd. 8. [CHARTER SCHOOLS.] (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 124D.10. The adjustments must be made according to this subdivision.

(b) General education aid paid to a district in which a charter school not providing transportation according to section 124D.10, subdivision 16, is located must be increased by an amount equal to the sum of:

(1) the product of: ~~(1) (i)~~ the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, plus the transportation sparsity allowance for the district; times ~~(2) (ii)~~ the adjusted marginal cost pupil units attributable to the pupil; plus

(2) the product of \$223 times the extended time marginal cost pupil units attributable to the pupil.

Sec. 71. Minnesota Statutes 2004, section 128C.12, subdivision 1, is amended to read:

Subdivision 1. [DUES AND EVENTS REVENUE.] The state auditor annually must examine the accounts of, and audit all money paid to, the State High School League by its members. The audit must include financial and compliance issues. The state auditor must also audit all money derived from any event sponsored by the league. ~~League audits must include audits of~~ The state auditor may audit administrative regions of the league. ~~The league and its league's~~ administrative regions may ~~not~~ contract with private auditors. The scope of the state auditor's examinations of the league must be agreed upon by the board and the state auditor, provided that all requirements of this section must be met.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and thereafter.

Sec. 72. [129C.105] [BOARD MEETINGS BY TELEPHONE OR OTHER ELECTRONIC MEANS.]

(a) Notwithstanding section 13D.01 and if complying with section 13D.02 is impractical, the board for the Perpich Center for Arts Education may conduct a meeting of its members by telephone or other electronic means so long as the following conditions are met:

(1) all members of the board participating in the meeting, wherever their physical location, can hear one another and all discussion and testimony;

(2) members of the public present at the regular meeting location of the board can hear all discussion and testimony and all votes of members of the board;

(3) at least one member of the board is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

(b) Each member of the board participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

(c) If telephone or other electronic means is used to conduct a meeting, the board, to the extent practical, shall allow a person to monitor the meeting electronically from a remote location. The board may require the person making such a connection to pay for documented marginal costs that the board incurs as a result of the additional connection.

(d) If telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the board shall provide notice of the regular meeting location, of the fact that some members may participate by telephone or other electronic means, and of the provisions of paragraph (c). The timing and method of providing notice is governed by section 13D.04.

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

Sec. 73. Minnesota Statutes 2004, section 171.04, subdivision 1, is amended to read:

Subdivision 1. **[PERSONS NOT ELIGIBLE.]** The department shall not issue a driver's license:

(1) to any person under 18 years unless:

(i) the applicant is 16 or 17 years of age and has a previously issued valid license from another state or country or the applicant has, for the 12 consecutive months preceding application, held a provisional license and during that time has incurred (A) no conviction for a violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53, (B) no conviction for a crash-related moving violation, and (C) not more than one conviction for a moving violation that is not crash related. "Moving violation" means a violation of a traffic regulation but does not include a parking violation, vehicle equipment violation, or warning citation;

(ii) the application for a license is approved by (A) either parent when both reside in the same household as the minor applicant or, if otherwise, then (B) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (C) the parent or spouse of the parent with whom the minor is living or, if subitems (A) to (C) do not apply, then (D) the guardian having custody of the minor or, in the event a person under the age of 18 has no living father, mother, or guardian, or is married or otherwise legally emancipated, then (E) the minor's adult spouse, adult close family member, or adult employer; provided, that the approval required by this item contains a verification of the age of the applicant and the identity of the parent, guardian, adult spouse, adult close family member, or adult employer; ~~and~~

(iii) the applicant presents a certification by the person who approves the application under item (ii), stating that the applicant has driven a motor vehicle accompanied by and under supervision of a licensed driver at least 21 years of age for at least ten hours during the period of provisional licensure; and

(iv) the applicant certifies either (A) the applicant's school attendance under section 171.056 and the district, charter school, or alternative education program in which the applicant is currently enrolled, or (B) that the enrolling district, charter school, or alternative education program board waived the attendance requirement under section 120A.23;

(2) to any person who is 18 years of age or younger, unless the person has applied for, been issued, and possessed the appropriate instruction permit for a minimum of six months, and, with respect to a person under 18 years of age, a provisional license for a minimum of 12 months;

(3) to any person who is 19 years of age or older, unless that person has applied for, been issued, and possessed the appropriate instruction permit for a minimum of three months;

(4) to any person whose license has been suspended during the period of suspension except that a suspended license may be reinstated during the period of suspension upon the licensee furnishing proof of financial responsibility in the same manner as provided in the Minnesota No-Fault Automobile Insurance Act;

(5) to any person whose license has been revoked except upon furnishing proof of financial responsibility in the same manner as provided in the Minnesota No-Fault Automobile Insurance Act and if otherwise qualified;

(6) to any drug-dependent person, as defined in section 254A.02, subdivision 5;

(7) to any person who has been adjudged legally incompetent by reason of mental illness, mental deficiency, or inebriation, and has not been restored to capacity, unless the department is satisfied that the person is competent to operate a motor vehicle with safety to persons or property;

(8) to any person who is required by this chapter to take a vision, knowledge, or road examination, unless the person has successfully passed the examination. An applicant who fails four road tests must complete a minimum of six hours of behind-the-wheel instruction with an approved instructor before taking the road test again;

(9) to any person who is required under the Minnesota No-Fault Automobile Insurance Act to deposit proof of financial responsibility and who has not deposited the proof;

(10) to any person when the commissioner has good cause to believe that the operation of a motor vehicle on the highways by the person would be inimical to public safety or welfare;

(11) to any person when, in the opinion of the commissioner, the person is afflicted with or suffering from a physical or mental disability or disease that will affect the person in a manner as to prevent the person from exercising reasonable and ordinary control over a motor vehicle while operating it upon the highways;

(12) to a person who is unable to read and understand official signs regulating, warning, and directing traffic;

(13) to a child for whom a court has ordered denial of driving privileges under section 260C.201, subdivision 1, or 260B.235, subdivision 5, until the period of denial is completed; or

(14) to any person whose license has been canceled, during the period of cancellation.

[EFFECTIVE DATE.] This section is effective September 1, 2005, and applies to all persons under age 18 possessing or applying for a driver's instruction permit or provisional license on or after that date.

Sec. 74. Minnesota Statutes 2004, section 171.05, subdivision 2, is amended to read:

Subd. 2. **[PERSON LESS THAN 18 YEARS OF AGE.]** (a) Notwithstanding any provision in subdivision 1 to the contrary, the department may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and who:

(1) has completed a course of driver education in another state, has a previously issued valid license from another state, or is enrolled in either:

(i) a public, private, or commercial driver education program that is approved by the commissioner of public safety and that includes classroom and behind-the-wheel training; or

(ii) an approved behind-the-wheel driver education program when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a homeschool diploma, the student's status as a homeschool student has been certified by the superintendent of the school district in which the student resides, and the student is taking home-classroom driver training with classroom materials approved by the commissioner of public safety;

(2) has completed the classroom phase of instruction in the driver education program;

(3) has passed a test of the applicant's eyesight;

(4) has passed a department-administered test of the applicant's knowledge of traffic laws;

(5) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (iii) the parent or spouse of the parent with whom the minor is living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor or, in the event a person under the age of 18 has no living father, mother, or guardian, or is married or otherwise legally emancipated, then (v) the applicant's adult spouse, adult close family member, or adult employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, adult spouse, adult close family member, or adult employer; ~~and~~

(6) certifies either (i) the applicant's school attendance under section 171.056 and the district, charter school, or alternative education program in which the applicant is currently enrolled, or (ii) that the enrolling district, charter school, or alternative education program board waived the attendance requirement under section 120A.23; and

(7) has paid the fee required in section 171.06, subdivision 2.

(b) The instruction permit is valid for one year from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2.

[EFFECTIVE DATE.] This section is effective September 1, 2005, and applies to all persons under age 18 possessing or applying for a driver's instruction permit on or after that date.

Sec. 75. Minnesota Statutes 2004, section 171.05, subdivision 2b, is amended to read:

Subd. 2b. [INSTRUCTION PERMIT USE BY PERSON UNDER AGE 18.] (a) This subdivision applies to persons who have applied for and received an instruction permit under subdivision 2.

(b) The permit holder may, with the permit in possession, operate a motor vehicle, but must be accompanied by and be under the supervision of a certified driver education instructor, the permit holder's parent or guardian, or another licensed driver age 21 or older. The supervisor must occupy the seat beside the permit holder.

(c) The permit holder may operate a motor vehicle only when every occupant under the age of 18 has a seat belt or child passenger restraint system properly fastened. A person who violates this paragraph is subject to a fine of \$25. A peace officer may not issue a citation for a violation of this paragraph unless the officer lawfully stopped or detained the driver of the motor vehicle for a moving violation as defined in section 171.04, subdivision 1. The commissioner shall not record a violation of this paragraph on a person's driving record.

(d) The permit holder must maintain a driving record free of convictions for moving violations, as defined in section 171.04, subdivision 1, and free of convictions for violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53. If the permit holder drives a motor vehicle in violation of the law, the commissioner shall suspend, cancel, or revoke the permit in accordance with the statutory section violated.

(e) The permit holder must comply with the school attendance requirement under section 171.056, except when the attendance requirement is waived under section 120A.23. If the permit holder does not attend school as required, the commissioner must cancel the permit under section 171.056.

[EFFECTIVE DATE.] This section is effective September 1, 2005, and applies to all persons under age 18 possessing or applying for a driver's instruction permit on or after that date.

Sec. 76. Minnesota Statutes 2004, section 171.05, subdivision 3, is amended to read:

Subd. 3. [MOTORIZED BICYCLE.] Notwithstanding any provision in subdivision 1 to the contrary, the department, upon application and payment of the fee prescribed in section 171.02, subdivision 3, may issue a motorized bicycle instruction permit to an applicant who is 15 years of age ~~and~~, who has successfully completed the written portion of the examination prescribed by the commissioner, and who certifies either (1) the applicant's school attendance under section 171.056 and the district, charter school, or alternative education program in which the applicant is currently enrolled, or (2) that the enrolling district, charter school, or alternative education program board waived the attendance requirement under section 120A.23. The holder of this instruction permit who has the permit in possession may operate a motorized bicycle within one mile of the holder's residence for the purpose of practicing to take the operator portion of the examination prescribed by the commissioner.

[EFFECTIVE DATE.] This section is effective September 1, 2005, and applies to all persons under age 18 possessing or applying for a motorized bicycle instruction permit on or after that date.

Sec. 77. [171.056] [SCHOOL ATTENDANCE REQUIREMENT FOR DRIVER'S INSTRUCTION PERMIT, MOTORIZED BICYCLE PERMIT, AND PROVISIONAL LICENSE.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section the terms defined in this subdivision have the meanings given them.

(b) "Continuing truant" means a student under section 260A.02, subdivision 3, who is absent without valid excuse from instruction in a school.

(c) "Habitual truant" means a person under section 260C.007, subdivision 19, who is absent without lawful excuse from attendance at school.

(d) "High school diploma" means an official record or document indicating that the student has satisfied the graduation requirements of that school as defined under section 120A.22, subdivision 4.

(e) "Public school" means a public school, state approved alternative program (SAAP), or charter school.

(f) "School board" means a public school district school board, SAAP board, or charter school board of directors.

(g) "School principal" means a principal or chief administrative officer of a public school.

Subd. 2. [ISSUANCE OR RENEWAL OF DRIVER'S INSTRUCTION PERMIT, MOTORIZED BICYCLE PERMIT, OR PROVISIONAL LICENSE.] (a) Notwithstanding any law to the contrary, except when the attendance requirement is waived under section 120A.23, school attendance is a requirement for issuing a new driver's instruction permit, motorized bicycle permit, or provisional license or renewing the permit of a person under age 18. The person meets the school attendance requirement when the person:

(1) has a high school diploma or general education development certificate (GED);

(2) has withdrawn from school under section 120A.22, subdivision 8; or

(3) is enrolled and attending a public school and is not a continuing truant or habitually truant, is enrolled and attending a nonpublic school, or is homeschooled.

(b) A person under age 18 who applies for a motorized bicycle permit, instruction permit, or provisional license must submit information to the Department of Public Safety in the manner and format it prescribes documenting that the person has met the requirements of paragraph (a).

Subd. 3. [EXPUNGEMENT OF RECORD.] Upon receiving the written or electronic request of a student who is age 18 or older, the Department of Public Safety must expunge from the department's motor vehicle records all the student's truancy data related to the department refusing to issue or canceling the student's permit or license under this section.

[EFFECTIVE DATE.] This section is effective September 1, 2005, and applies to all persons under age 18 possessing or applying for a motorized bicycle permit, driver's instruction permit, or provisional license on or after that date.

Sec. 78. [179A.145] [PERIOD DURING WHICH NEGOTIATIONS ARE PROHIBITED; FINANCIAL PENALTY FOR FAILING TO SETTLE.]

Subdivision 1. [PROHIBITION; FINANCIAL INCENTIVE AND PENALTY.] (a) A school board and the exclusive representative of the teachers in a district may not meet and negotiate and may not enter into a contract during the period beginning November 15 and ending with the last student contact day the next spring in the even-numbered year and ending March 1 in the odd-numbered year.

(b) Notwithstanding paragraph (a), a school board and the exclusive representative of the teachers may mutually agree to meet and negotiate an agreement or contract, meet and confer under section 179A.03, subdivision 10, negotiate a memorandum of understanding or meet for another particular purpose after November 15.

(c) If the school board and the exclusive representative of the teachers in a district fail to enter into a contract before November 15 or 90 days after the date on which the governor signs the bill providing for elementary and secondary school funding, whichever is later, unless subdivision 2 applies, the education commissioner must withhold from the district all district basic revenue increases under section 126C.10 that are allowed over the previous fiscal year until the school board and the exclusive representative of the teachers enter into a contract.

Subd. 2. [EXCEPTIONS.] Subdivision 1 does not apply:

(1) if the school board and the exclusive representative of teachers certify in writing to the commissioner of mediation services that they have entered into a tentative agreement before November 15, to the extent the parties enter into a final contract based on the tentative agreement certified to the commissioner;

(2) if the school board and the exclusive representative agree, before November 15, to binding interest arbitration of items in dispute, to the extent the parties enter into a contract to confirm the results of the arbitrator's decision;

(3) if the teachers in the district are on strike on November 15; or

(4) the commissioner has approved the district's application to participate in an alternative teacher professional pay system under sections 122A.414 and 122A.415.

Subd. 3. [RELATION TO OTHER LAW.] This section supersedes any conflicting provisions of other law.

[EFFECTIVE DATE.] This section is effective July 1, 2007.

Sec. 79. Minnesota Statutes 2004, section 260C.007, subdivision 6, is amended to read:

Subd. 6. [CHILD IN NEED OF PROTECTION OR SERVICES.] "Child in need of protection or services" means a child who is in need of protection or services because the child:

- (1) is abandoned or without parent, guardian, or custodian;
- (2)(i) has been a victim of physical or sexual abuse, (ii) resides with or has resided with a victim of domestic child abuse as defined in subdivision 5, (iii) resides with or would reside with a perpetrator of domestic child abuse or child abuse as defined in subdivision 5, or (iv) is a victim of emotional maltreatment as defined in subdivision 8;
- (3) is without necessary food, clothing, shelter, education, or other required care for the child's physical or mental health or morals because the child's parent, guardian, or custodian is unable or unwilling to provide that care;
- (4) is without the special care made necessary by a physical, mental, or emotional condition because the child's parent, guardian, or custodian is unable or unwilling to provide that care, including a child in voluntary placement due solely to the child's developmental disability or emotional disturbance;
- (5) is medically neglected, which includes, but is not limited to, the withholding of medically indicated treatment from a disabled infant with a life-threatening condition. The term "withholding of medically indicated treatment" means the failure to respond to the infant's life-threatening conditions by providing treatment, including appropriate nutrition, hydration, and medication which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all conditions, except that the term does not include the failure to provide treatment other than appropriate nutrition, hydration, or medication to an infant when, in the treating physician's or physicians' reasonable medical judgment:
 - (i) the infant is chronically and irreversibly comatose;
 - (ii) the provision of the treatment would merely prolong dying, not be effective in ameliorating or correcting all of the infant's life-threatening conditions, or otherwise be futile in terms of the survival of the infant; or
 - (iii) the provision of the treatment would be virtually futile in terms of the survival of the infant and the treatment itself under the circumstances would be inhumane;
- (6) is one whose parent, guardian, or other custodian for good cause desires to be relieved of the child's care and custody, including a child in placement according to voluntary release by the parent under section 260C.212, subdivision 8;
- (7) has been placed for adoption or care in violation of law;
- (8) is without proper parental care because of the emotional, mental, or physical disability, or state of immaturity of the child's parent, guardian, or other custodian;
- (9) is one whose behavior, condition, or environment is such as to be injurious or dangerous to the child or others. An injurious or dangerous environment may include, but is not limited to, the exposure of a child to criminal activity in the child's home;

(10) is experiencing growth delays, which may be referred to as failure to thrive, that have been diagnosed by a physician and are due to parental neglect;

(11) has engaged in prostitution as defined in section 609.321, subdivision 9;

(12) has committed a delinquent act or a juvenile petty offense before becoming ten years old;

(13) is a runaway;

(14) is a continuing or habitual truant;

(15) has been found incompetent to proceed or has been found not guilty by reason of mental illness or mental deficiency in connection with a delinquency proceeding, a certification under section 260B.125, an extended jurisdiction juvenile prosecution, or a proceeding involving a juvenile petty offense; or

(16) has been found by the court to have committed domestic abuse perpetrated by a minor under Laws 1997, chapter 239, article 10, sections 2 to 26, has been ordered excluded from the child's parent's home by an order for protection/minor respondent, and the parent or guardian is either unwilling or unable to provide an alternative safe living arrangement for the child.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 80. Minnesota Statutes 2004, section 260C.007, is amended by adding a subdivision to read:

Subd. 8a. [CONTINUING TRUANT.] "Continuing truant" means a student under section 260A.02, subdivision 3, who is absent without valid excuse from instruction in a school.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 81. Minnesota Statutes 2004, section 260C.201, subdivision 1, is amended to read:

Subdivision 1. [DISPOSITIONS.] (a) If the court finds that the child is in need of protection or services or neglected and in foster care, it shall enter an order making any of the following dispositions of the case:

(1) place the child under the protective supervision of the responsible social services agency or child-placing agency in the home of a parent of the child under conditions prescribed by the court directed to the correction of the child's need for protection or services:

(i) the court may order the child into the home of a parent who does not otherwise have legal custody of the child, however, an order under this section does not confer legal custody on that parent;

(ii) if the court orders the child into the home of a father who is not adjudicated, he must cooperate with paternity establishment proceedings regarding the child in the appropriate jurisdiction as one of the conditions prescribed by the court for the child to continue in his home;

(iii) the court may order the child into the home of a noncustodial parent with conditions and may also order both the noncustodial and the custodial parent to comply with the requirements of a case plan under subdivision 2; or

(2) transfer legal custody to one of the following:

(i) a child-placing agency; or

(ii) the responsible social services agency. In placing a child whose custody has been transferred under this paragraph, the agencies shall make an individualized determination of how the placement is in the child's best interests using the consideration for relatives and the best interest factors in section 260C.212, subdivision 2, paragraph (b); or

(3) if the child has been adjudicated as a child in need of protection or services because the child is in need of special services or care to treat or ameliorate a physical or mental disability, the court may order the child's parent, guardian, or custodian to provide it. The court may order the child's health plan company to provide mental health services to the child. Section 62Q.535 applies to an order for mental health services directed to the child's health plan company. If the health plan, parent, guardian, or custodian fails or is unable to provide this treatment or care, the court may order it provided. Absent specific written findings by the court that the child's disability is the result of abuse or neglect by the child's parent or guardian, the court shall not transfer legal custody of the child for the purpose of obtaining special treatment or care solely because the parent is unable to provide the treatment or care. If the court's order for mental health treatment is based on a diagnosis made by a treatment professional, the court may order that the diagnosing professional not provide the treatment to the child if it finds that such an order is in the child's best interests; or

(4) if the court believes that the child has sufficient maturity and judgment and that it is in the best interests of the child, the court may order a child 16 years old or older to be allowed to live independently, either alone or with others as approved by the court under supervision the court considers appropriate, if the county board, after consultation with the court, has specifically authorized this dispositional alternative for a child.

(b) If the child was adjudicated in need of protection or services because the child is a runaway, or is a continuing or habitual truant, the court may order any of the following dispositions in addition to or as alternatives to the dispositions authorized under paragraph (a):

(1) counsel the child or the child's parents, guardian, or custodian;

(2) place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court, including reasonable rules for the child's conduct and the conduct of the parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child; or with the consent of the commissioner of corrections, place the child in a group foster care facility which is under the commissioner's management and supervision;

(3) subject to the court's supervision, transfer legal custody of the child to one of the following:

(i) a reputable person of good moral character. No person may receive custody of two or more unrelated children unless licensed to operate a residential program under sections 245A.01 to 245A.16; or

(ii) a county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(4) require the child to pay a fine of up to \$100. The court shall order payment of the fine in a manner that will not impose undue financial hardship upon the child;

(5) require the child to participate in a community service project;

(6) order the child to undergo a chemical dependency evaluation and, if warranted by the evaluation, order participation by the child in a drug awareness program or an inpatient or outpatient chemical dependency treatment program;

(7) if the court believes that it is in the best interests of the child ~~and or~~ of public safety that the child's driver's license or instruction permit be canceled, the court may order the commissioner of public safety to cancel the child's license or permit for any period up to the child's 18th birthday. If the child does not have a driver's license or permit, the court may order a denial of driving privileges for any period up to the child's 18th birthday. If the child is a continuing or habitual truant, the court must cancel the child's driving privileges. The court shall forward an order issued under this clause to the commissioner, who shall cancel the license or permit or deny driving privileges without a hearing for the period specified by the court. At any time before the expiration of the period of cancellation or denial, the court may, for good cause, order the commissioner of public safety to allow the child to apply for a license or permit, and the commissioner shall so authorize;

(8) order that the child's parent or legal guardian deliver the child to school at the beginning of each school day for a period of time specified by the court; or

(9) require the child to perform any other activities or participate in any other treatment programs deemed appropriate by the court.

To the extent practicable, the court shall enter a disposition order the same day it makes a finding that a child is in need of protection or services or neglected and in foster care, but in no event more than 15 days after the finding unless the court finds that the best interests of the child will be served by granting a delay. If the child was under eight years of age at the time the petition was filed, the disposition order must be entered within ten days of the finding and the court may not grant a delay unless good cause is shown and the court finds the best interests of the child will be served by the delay.

(c) If a child who is 14 years of age or older is adjudicated in need of protection or services because the child is a habitual truant and truancy procedures involving the child were previously dealt with by a school attendance review board or county attorney mediation program under section 260A.06 or 260A.07, the court shall order a cancellation or denial of driving privileges under paragraph (b), clause (7), for any period up to the child's 18th birthday.

(d) In the case of a child adjudicated in need of protection or services because the child has committed domestic abuse and been ordered excluded from the child's parent's home, the court shall dismiss jurisdiction if the court, at any time, finds the parent is able or willing to provide an alternative safe living arrangement for the child, as defined in Laws 1997, chapter 239, article 10, section 2.

(e) When a parent has complied with a case plan ordered under subdivision 6 and the child is in the care of the parent, the court may order the responsible social services agency to monitor the parent's continued ability to maintain the child safely in the home under such terms and conditions as the court determines appropriate under the circumstances.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 82. [BOARD OF SCHOOL ADMINISTRATORS; RULEMAKING AUTHORITY.]

On or before June 30, 2007, the Board of School Administrators may adopt expedited rules under Minnesota Statutes, section 14.389, to make technical revisions and clarifications to Minnesota Rules, chapter 3512.

Sec. 83. [CAREER AND TECHNICAL EDUCATION PROGRAM RULES.]

By January 1, 2007, the commissioner of education must adopt rules for approval of career and technical education programs consistent with Minnesota Statutes, section 124D.4531, subdivisions 4 and 6, that emphasize emerging workforce skills. Program approval for fiscal year 2008 and later must be based on the rules.

Sec. 84. [MINNESOTA COMPREHENSIVE ASSESSMENTS; RULES.]

The commissioner of education shall adopt rules on or before January 1, 2006, to implement the Minnesota Comprehensive Assessments Second Edition (MCA-IIIs) in reading, mathematics, and writing. For purposes of state and local high school graduation requirements, and consistent with applicable federal and state law, the rules must include criteria and an alternative assessment process to enable school districts to accommodate students, including at least students with disabilities, English language learners, and students performing below their grade level, who do not receive a passing score on the Minnesota Comprehensive Assessments Second Edition.

Sec. 85. [EDUCATION EXCELLENCE REVENUE.]

(a) In fiscal year 2007 only, a school district is eligible for education excellence revenue based on the school district's performance on the following six standards:

- (1) graduation rate;
- (2) attendance rate;
- (3) achievement of educational standards;
- (4) adequate yearly progress;
- (5) value added measures of student performance; and
- (6) publication of a school report card.

The commissioner of education must establish minimum qualifying benchmarks for each of the six standards listed in this paragraph. A school district that meets or exceeds the benchmarks established by the commissioner for that school district is eligible for educational excellence revenue for each standard that is met.

(b) Total revenue for education excellence equals \$1,000,000.

(c) The commissioner shall determine the education excellence revenue allowance. The allowance is equal to total revenue for education excellence under paragraph (b) divided by the sum of the product of the number of adjusted marginal cost pupil units in each school district and the number of standards under paragraph (a) that have been met or exceeded for each school district for the previous school year for all school districts.

(d) A school district's education excellence allowance equals the product of the education excellence allowance, the district's adjusted marginal cost pupil units for that year, and the number of standards that have been met or exceeded for the previous school year. A school district's education excellence revenue must not exceed \$100 times the district's adjusted marginal cost per pupil units for that year.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2007.

Sec. 86. [TITLE.]

Minnesota Statutes, section 120B.25, shall be known as the American Heritage Education in Minnesota Public Schools Act.

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

Sec. 87. [STUDY; SPONSOR EVALUATION AND CHARGES.]

The Department of Education by December 31, 2005, after consulting with representatives of charter schools and charter school sponsors, must submit to the legislature recommendations on how a charter school sponsor effectively evaluates the performance of a charter school under Minnesota Statutes, section 124D.10, subdivision 15, and what annual fees a sponsor may charge for that evaluation.

Sec. 88. [MODEL POLICY.]

The commissioner of education, after consulting with representatives of teachers, school administrators, parents, students, student support service providers, law enforcement officials, community service providers, and the juvenile justice and district court systems, must develop and make available upon request to interested school boards a model policy to effect a reward for information about persons committing crimes against students, school employees, school volunteers, school board members, or school property, consistent with section 123B.02, subdivision 22.

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

Sec. 89. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [CHARTER SCHOOL BUILDING LEASE AID.] For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

<u>\$25,465,000</u>	<u>.....</u>	<u>2006</u>
<u>\$30,929,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$3,324,000 for 2005 and \$22,141,000 for 2006.

The 2007 appropriation includes \$4,123,000 for 2006 and \$26,806,000 for 2007.

Subd. 3. [CHARTER SCHOOL STARTUP AID.] For charter school startup cost aid under Minnesota Statutes, section 124D.11:

<u>\$1,393,000</u>	<u>.....</u>	<u>2006</u>
<u>\$3,185,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$0 for 2005 and \$1,393,000 for 2006.

The 2007 appropriation includes \$259,000 for 2006 and \$2,926,000 for 2007.

Subd. 4. [INTEGRATION AID.] For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

<u>\$57,812,000</u>	<u>.....</u>	<u>2006</u>
<u>\$57,556,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$8,545,000 for 2005 and \$49,267,000 for 2006.

The 2007 appropriation includes \$9,174,000 for 2006 and \$48,382,000 for 2007.

Subd. 5. [MAGNET SCHOOL GRANTS.] For magnet school and program grants:

<u>\$750,000</u>	.....	<u>2006</u>
<u>\$750,000</u>	.....	<u>2007</u>

These amounts may be used for magnet school programs under Minnesota Statutes, section 124D.88.

Subd. 6. [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION GRANTS.] For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

<u>\$7,768,000</u>	.....	<u>2006</u>
<u>\$9,908,000</u>	.....	<u>2007</u>

Subd. 7. [SUCCESS FOR THE FUTURE.] For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

<u>\$2,137,000</u>	.....	<u>2006</u>
<u>\$2,137,000</u>	.....	<u>2007</u>

The 2006 appropriation includes \$335,000 for 2005 and \$1,802,000 for 2006.

The 2007 appropriation includes \$335,000 for 2006 and \$1,802,000 for 2007.

Subd. 8. [AMERICAN INDIAN SCHOLARSHIPS.] For American Indian scholarships under Minnesota Statutes, section 124D.84:

<u>\$1,875,000</u>	.....	<u>2006</u>
<u>\$1,875,000</u>	.....	<u>2007</u>

Subd. 9. [AMERICAN INDIAN TEACHER PREPARATION GRANTS.] For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

<u>\$190,000</u>	.....	<u>2006</u>
<u>\$190,000</u>	.....	<u>2007</u>

Subd. 10. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid under Minnesota Statutes, section 124D.83:

<u>\$2,372,000</u>	.....	<u>2006</u>
<u>\$2,559,000</u>	.....	<u>2007</u>

The 2006 appropriation includes \$348,000 for 2005 and \$2,024,000 for 2006.

The 2007 appropriation includes \$376,000 for 2006 and \$2,183,000 for 2007.

Subd. 11. [EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS.] For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

\$68,000	.....	2006
\$68,000	.....	2007

Subd. 12. [STATEWIDE TESTING.] For statewide testing support under Minnesota Statutes, section 120B.30:

\$10,200,000	.....	2006
\$10,200,000	.....	2007

Of this appropriation, \$1,200,000 each year is for development of interactive science assessments.

Subd. 13. [EXAMINATION FEES; TEACHER TRAINING AND SUPPORT PROGRAMS.] For student examination fees and training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13:

\$4,500,000	.....	2006
\$4,500,000	.....	2007

The advanced placement program shall receive 90 percent of the appropriation each year and the international baccalaureate program shall receive ten percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and IBMN, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs.

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

Subd. 14. [FIRST GRADE PREPAREDNESS.] For first grade preparedness grants under Minnesota Statutes, section 124D.081:

\$7,250,000	.....	2006
\$7,250,000	.....	2007

Subd. 15. [COLLABORATIVE URBAN EDUCATOR.] For the collaborative urban educator program:

\$528,000	.....	2006
\$528,000	.....	2007

Subd. 16. [YOUTH WORKS PROGRAM.] For funding youth works programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$900,000	.....	2006
\$900,000	.....	2007

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time youth works program to the extent such coverage is not otherwise available.

Subd. 17. [STUDENT ORGANIZATIONS.] For student organizations:

<u>\$625,000</u>	.....	<u>2006</u>
<u>\$625,000</u>	.....	<u>2007</u>

Subd. 18. [EDUCATION PLANNING AND ASSESSMENT PROGRAM.] For the Educational Planning and Assessment (EPAS) program under Minnesota Statutes, section 120B.128:

<u>\$829,000</u>	.....	<u>2006</u>
<u>\$829,000</u>	.....	<u>2007</u>

Subd. 19. [COLLEGE LEVEL EXAMINATION PROGRAM (CLEP).] For the College Level Examination program (CLEP) under Minnesota Statutes, section 120B.131:

<u>\$825,000</u>	.....	<u>2006</u>
<u>\$1,650,000</u>	.....	<u>2007</u>

Subd. 20. [CAREER AND TECHNICAL EDUCATION GRANTS.] For career and technical education grants:

<u>\$1,000,000</u>	.....	<u>2006</u>
<u>\$1,000,000</u>	.....	<u>2007</u>

This appropriation is for grants to school districts to establish emerging technology demonstration programs for students in grades 7 through 9. The commissioner shall prescribe the form and manner of grant applications, and shall make up to 20 grant awards each year of the biennium. The grant award process must take into consideration regional distribution, district instructional history with emerging technologies, plans to link the program with high school emerging technology programs, ability to provide local matching funds, and plans to serve as a demonstration program.

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

Subd. 21. [MINNESOTA LEARNING RESOURCE CENTER.] For a grant to A Chance to Grow/New Visions for the Minnesota Learning Resource Center's comprehensive training program for education professionals charged with helping children acquire basic reading and math skills:

<u>\$125,000</u>	.....	<u>2006</u>
<u>\$125,000</u>	.....	<u>2007</u>

This is a onetime appropriation.

Subd. 22. [TEACHER PROFESSIONAL DEVELOPMENT.] For a grant to the Minnesota Humanities Commission to provide content-based professional development for teachers:

<u>\$500,000</u>	.....	<u>2006</u>
<u>\$500,000</u>	.....	<u>2007</u>

This is a onetime appropriation.

Subd. 23. [MINNESOTA HISTORICAL SOCIETY.] For a grant to the Minnesota Historical Society to provide teacher professional development:

<u>\$100,000</u>	<u>.....</u>	<u>2006</u>
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<u>\$100,000</u>	<u>.....</u>	<u>2007</u>
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This is a onetime appropriation.

Subd. 24. [REWARDING EDUCATIONAL EXCELLENCE.] For rewarding educational excellence under Minnesota Statutes, section 126C.10, subdivision 2b:

<u>\$-0-</u>	<u>.....</u>	<u>2006</u>
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<u>\$1,000,000</u>	<u>.....</u>	<u>2007</u>
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This is a onetime appropriation.

Sec. 90. [REPEALER.]

Minnesota Statutes 2004, section 124D.095, is repealed.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2006.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2004, section 124D.11, subdivision 5, is amended to read:

Subd. 5. [SPECIAL EDUCATION AID.] (a) Except as provided in subdivision 2, special education aid must be paid to a charter school according to section 125A.76, as though it were a school district.

(b) For fiscal year 2006, the charter school may charge tuition to the district of residence as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 127A.47, subdivision 7, paragraph (d).

(c) For fiscal year 2007 and later, the special education aid paid to the charter school shall be adjusted as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 127A.47, subdivision 7, paragraph (d).

Sec. 2. Minnesota Statutes 2004, section 125A.091, subdivision 5, is amended to read:

Subd. 5. [INITIAL ACTION; PARENT CONSENT.] (a) The district must not proceed with the initial evaluation of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent. A district may not override the written refusal of a parent to consent to an initial evaluation or reevaluation. If a parent refuses to consent to the initial evaluation of a child, a school district may apply to the child in any subsequent disciplinary action those provisions of the Pupil Fair Dismissal Act under sections 121A.40 to 121A.56 applicable to students without disabilities. A parent's refusal to consent to an initial evaluation or reevaluation under this paragraph is not a ground for disciplinary action under sections 121A.40 to 121A.56.

(b) A parent, after consulting with health care, education, or other professional providers, may agree or disagree to provide the parent's child with sympathomimetic medications unless section 144.344 applies.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 3. Minnesota Statutes 2004, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. [NONRESIDENT TUITION RATE; OTHER COSTS.] (a) For fiscal year 2006, when a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum of (1) the actual cost of providing special instruction and services to the child including a proportionate amount for capital outlay and debt service but not including any amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to the pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives instruction in the regular classroom. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or request a written statement from each board, giving each board at least ten days' notice, and after the hearing or review of the written statements the commissioner must make an order fixing the tuition rate, which is binding on both school districts. General education revenue and referendum aid attributable to a pupil must be calculated using the resident district's average general education and referendum revenue per adjusted pupil unit.

(b) For fiscal year 2007 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraph (e), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to that pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives instruction in the regular classroom. General education revenue and referendum aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum aid per adjusted pupil unit. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

Sec. 4. Minnesota Statutes 2004, section 125A.24, is amended to read:

125A.24 [PARENT ADVISORY COUNCILS.]

In order to increase the involvement of parents of children with disabilities in district policy making and decision making, school districts must have a special education advisory council that is incorporated into the district's special education system plan.

(1) This advisory council may be established either for individual districts or in cooperation with other districts who are members of the same special education cooperative.

(2) A district may set up this council as a subgroup of an existing board, council, or committee.

(3) At least half of the designated council members must be parents of students with a disability. The council must include at least one member who is a parent of a nonpublic school student with a disability or an employee of a nonpublic school if a nonpublic school is located in the district. Each local council must meet no less than once each year. The number of members, frequency of meetings, and operational procedures are to be locally determined.

Sec. 5. Minnesota Statutes 2004, section 125A.28, is amended to read:

125A.28 [STATE INTERAGENCY COORDINATING COUNCIL.]

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

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

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

~~By September 1~~ On the date that Minnesota Part C Annual Performance Report is submitted to the federal Office of Special Education, the council must recommend to the governor and the commissioners of education, health, human services, commerce, and employment and economic development policies for a comprehensive and coordinated system.

Notwithstanding any other law to the contrary, the State Interagency Coordinating Council expires on June 30, ~~2005~~ 2009.

Sec. 6. Minnesota Statutes 2004, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1998 and later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing direct services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individual education plans.

(d) "Average daily membership" has the meaning given it in section 126C.05.

(e) "Program growth factor" means ~~1.046~~ 1.04 for fiscal ~~year 2003~~ years 2007 and 2008, and 1.0 for fiscal year ~~2004~~ 2009 and later.

Sec. 7. Minnesota Statutes 2004, section 125A.76, subdivision 4, is amended to read:

Subd. 4. [STATE TOTAL SPECIAL EDUCATION AID.] ~~The state total special education aid for fiscal year 2004 equals \$530,642,000. The state total special education aid for fiscal year 2005 equals \$529,164,000. The state total special education aid for later fiscal years equals:~~

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

(2) ~~the program growth factor; times~~

~~(3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.~~

Sec. 8. Minnesota Statutes 2004, section 125A.76, is amended by adding a subdivision to read:

Subd. 5a. [SPECIAL EDUCATION LEVY REVENUE.] (a) For fiscal year 2007, the state total special education revenue equals the state total special education aid times the program growth factor. For fiscal year 2008 and later, the state total special education revenue equals:

(1) the state total special education revenue for the preceding fiscal year, times

(2) the program growth factor, times

(3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

(b) For fiscal year 2007 and later, the state total special education levy revenue equals the difference between the state total special education revenue and the state total special education aid.

(c) For fiscal year 2007 and later, the special education levy revenue for a school district, charter school, or state academy equals the product of the state total special education levy revenue times the ratio of the school district, charter school, or state academy's special education aid to the state total special education aid.

Sec. 9. Minnesota Statutes 2004, section 125A.76, is amended by adding a subdivision to read:

Subd. 5b. [SPECIAL EDUCATION LEVY.] To obtain special education levy revenue for fiscal year 2007 and later, a district may levy an amount not more than the product of its special education levy revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit to \$5,913.

Sec. 10. Minnesota Statutes 2004, section 125A.76, is amended by adding a subdivision to read:

Subd. 5c. [SPECIAL EDUCATION LEVY EQUALIZATION AID.] (a) For fiscal year 2007 and later, a school district's special education levy equalization aid equals its special education levy equalization revenue minus its special education levy times the ratio of the actual amount levied to the permitted levy.

(b) The special education levy equalization aid for a charter school or a state academy equals the charter school or state academy's special education levy revenue.

Sec. 11. Minnesota Statutes 2004, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed special education cost" means the sum of the following:

(1) expenditures for teachers' salaries, contracted services, supplies, equipment, and transportation services eligible for revenue under section 125A.76; plus

(2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under section 125A.76; minus

(4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2.

~~(b) "General revenue" means for fiscal year 1996, the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivision 7, plus the total referendum revenue according to section 126C.17, subdivision 4. For fiscal years 1997 and later, "General revenue" means the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivisions 7 and 8, plus the total referendum revenue minus transportation sparsity revenue minus total operating capital revenue.~~

(c) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means 1.02 for fiscal year 2003, and 1.0 for fiscal year 2004 and later.

Sec. 12. Minnesota Statutes 2004, section 125A.79, subdivision 5, is amended to read:

Subd. 5. [INITIAL EXCESS COST AID; FISCAL YEARS 2004 and 2005.] For fiscal years ~~2002~~ 2004 and ~~later 2005~~, a district's initial excess cost aid equals the greatest of:

(1) 75 percent of the difference between (i) the district's unreimbursed special education cost and (ii) 4.36 percent of the district's general revenue;

(2) 70 percent of the difference between (i) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (ii) 1.6 percent of the district's general revenue; or

(3) zero.

Sec. 13. Minnesota Statutes 2004, section 125A.79, is amended by adding a subdivision to read:

Subd. 5a. [INITIAL EXCESS COST AID.] For fiscal years 2006 and later, a district's initial excess cost aid equals the greater of:

(1) 75 percent of the difference between (i) the district's unreimbursed special education cost for the previous fiscal year, and (ii) 4.36 percent of the district's general revenue for the previous fiscal year; or

(2) zero.

Sec. 14. Minnesota Statutes 2004, section 125A.79, is amended by adding a subdivision to read:

Subd. 5b. [SUPPLEMENTAL EXCESS COST AID.] (a) For fiscal years 2006 and later, a district's supplemental excess cost aid equals the greater of:

(1) 75 percent of the difference between (i) the increase in the district's unreimbursed special education excess cost between the previous fiscal year and the current fiscal year, and (ii) \$80 times the district's adjusted marginal cost pupil units for the current fiscal year; or

(2) zero.

(b) The state total supplemental excess cost aid for any fiscal year must not exceed \$2,000,000. If the state total supplemental excess cost aid according to paragraph (a) exceeds \$2,000,000, the supplemental excess cost aid for each district shall be reduced proportionately so that the state total equals \$2,000,000.

Sec. 15. Minnesota Statutes 2004, section 125A.79, subdivision 6, is amended to read:

Subd. 6. [STATE TOTAL SPECIAL EDUCATION EXCESS COST AID.] ~~The state total special education excess cost aid for fiscal year 2004 equals \$92,067,000.~~ The state total special education excess cost aid for fiscal year 2005 equals \$91,811,000. The state total special education excess cost aid for fiscal year 2006 equals \$102,746,000. The state total special education excess cost aid for fiscal year ~~2006~~ 2007 and later fiscal years equals:

- (1) the state total special education excess cost aid for the preceding fiscal year; times
- (2) the program growth factor; times
- (3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 16. Minnesota Statutes 2004, section 125A.79, subdivision 7, is amended to read:

Subd. 7. [DISTRICT SPECIAL EDUCATION EXCESS COST AID.] (a) A district's special education excess cost aid for fiscal year ~~2002 and later~~ years 2004 and 2005 equals the state total special education excess cost aid times the ratio of the district's initial excess cost aid to the state total initial excess cost aid.

(b) A district's special education excess cost aid for fiscal year 2006 and later equals the sum of:

(1) the product of the difference between the state total special education excess cost aid and the state total supplemental excess cost aid times the ratio of the district's initial excess cost aid to the state total initial excess cost aid; and

(2) the district's supplemental excess cost aid according to subdivision 5b.

Sec. 17. Minnesota Statutes 2004, section 127A.45, subdivision 13, is amended to read:

Subd. 13. [AID PAYMENT PERCENTAGE.] Except as provided in subdivisions 11, 12, 12a, and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A, 120B, 121A, 122A, 123A, 123B, 124D, 125A, 125B, 126C, 134, and section 273.1392, shall be paid at ~~80 percent~~ the current year aid payment percentage of the estimated entitlement during the fiscal year of the entitlement. For the purposes of this subdivision, a district's estimated entitlement for special education excess cost aid under section 125A.79 for fiscal year 2005 equals 70 percent of the district's entitlement for the second prior fiscal year. For the purposes of this subdivision, a district's estimated entitlement for special education excess cost aid under section 125A.79 for fiscal year 2006 and later equals 75.5 percent of the district's entitlement for the current fiscal year. The final adjustment payment, according to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to aid payments for fiscal year 2005 and later.

Sec. 18. Minnesota Statutes 2004, section 127A.47, subdivision 7, is amended to read:

Subd. 7. [ALTERNATIVE ATTENDANCE PROGRAMS.] The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the referendum equalization aid attributable to the pupil in the nonresident district.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph ~~(e)~~ (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for ~~debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for special~~ transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid but not including any amount for transportation, attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit.

(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit. Special education aid paid to the district providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

(f) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center, plus the amount of compensatory revenue generated by pupils attending the area learning center.

Sec. 19. Minnesota Statutes 2004, section 134.31, is amended by adding a subdivision to read:

Subd. 5a. [ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee of five members to advise the staff of the Minnesota Library for the Blind and Physically Handicapped on long-range plans and library services. Members shall be people who use the library. Section 15.059 governs this committee except that the committee shall not expire.

Sec. 20. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 6, as amended by Laws 2004, chapter 272, article 1, section 16, is amended to read:

Subd. 6. [SPECIAL EDUCATION; EXCESS COSTS.] For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$92,605,000	.....	2004
\$92,799,000 <u>\$95,572,000</u>	.....	2005

The 2004 appropriation includes \$41,754,000 for 2003 and \$50,851,000 for 2004.

The 2005 appropriation includes \$41,216,000 for 2004 and ~~\$51,583,000~~ \$54,356,000 for 2005.

Of the state total excess cost aid for fiscal year 2005, \$150,000 shall be paid to Independent School District No. 2580, East Central, for unfunded special education costs that would otherwise be cross-subsidized with general education aid. For purposes of Minnesota Statutes, section 125A.79, subdivision 7, the state total excess cost aid used in calculating district special education excess cost aid must be reduced by the amount paid to Independent School District No. 2580, East Central.

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

Sec. 21. [TASK FORCE ON DELIVERY OF SPECIAL EDUCATION TO NONPUBLIC SCHOOL STUDENTS BY PUBLIC SCHOOL DISTRICTS.]

Subdivision 1. [PURPOSE; ESTABLISHMENT.] A task force on the delivery of special education services to nonpublic school students by public school districts shall be established to compare and evaluate how the individual needs of each child are being met, if services are provided in the least restrictive environment, and whether best practices and program efficiencies are being used in the specific areas of transportation, location of services, and shared time aid.

Subd. 2. [MEMBERS.] The governor shall appoint the members of the task force from each of the following:

(1) two members from the Department of Education, one representing special education programs and policy and one representing district finances;

(2) two special education teachers with one member from a public school and one member from a nonpublic school;

(3) two special education administrators with one member from a public school and one member from a nonpublic school;

(4) two members with one from each of two special education advocacy organizations;

(5) two parents of children receiving special education services with one member from a public school and one member from a nonpublic school;

(6) two elementary school principals with one member from a public school and one member from a nonpublic school;

(7) two superintendents with one member from a public school district and one member from a nonpublic school district;

(8) two school business officials with one from a public school and one from a nonpublic school; and

(9) two school board officials with one from a public school and one from a nonpublic school.

The task force may select additional members to work on the task force. The commissioner of education shall provide necessary materials and assistance.

Subd. 3. [REPORT.] The task force shall submit a report by January 15, 2006, to the house of representatives and senate committees having jurisdiction over education on the delivery of special education services to nonpublic school students by public school districts, to compare and evaluate how the individual needs of each child are being met in the least restrictive environment, and whether best practices and program efficiencies are being used.

Subd. 4. [EXPIRATION.] This section expires January 31, 2006.

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

Sec. 22. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [SPECIAL EDUCATION; REGULAR.] For special education aid under Minnesota Statutes, section 125A.75:

<u>\$528,846,000</u>	<u>.....</u>	<u>2006</u>
<u>\$527,446,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$83,078,000 for 2005 and \$445,768,000 for 2006.

The 2007 appropriation includes \$83,019,000 for 2006 and \$444,427,000 for 2007.

Subd. 3. [SPECIAL EDUCATION; REGULAR EQUALIZATION AID.] For special education regular equalization aid:

<u>\$2,176,000</u>	<u>.....</u>	<u>2007</u>
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The 2007 appropriation includes \$0 for 2006 and \$2,176,000 for 2007.

Subd. 4. [AID FOR CHILDREN WITH DISABILITIES.] For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

<u>\$2,212,000</u>	<u>.....</u>	<u>2006</u>
<u>\$2,615,000</u>	<u>.....</u>	<u>2007</u>

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

Subd. 5. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

<u>\$187,000</u>	.....	<u>2006</u>
<u>\$195,000</u>	.....	<u>2007</u>

The 2006 appropriation includes \$28,000 for 2005 and \$159,000 for 2006.

The 2007 appropriation includes \$29,000 for 2006 and \$166,000 for 2007.

Subd. 6. [SPECIAL EDUCATION; EXCESS COSTS.] For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

<u>\$102,782,000</u>	.....	<u>2006</u>
<u>\$102,483,000</u>	.....	<u>2007</u>

The 2006 appropriation includes \$37,455,000 for 2005 and \$65,327,000 for 2006.

The 2007 appropriation includes \$37,339,000 for 2006 and \$65,144,000 for 2007.

Subd. 7. [LITIGATION COSTS FOR SPECIAL EDUCATION.] For paying the costs a district incurs under Minnesota Statutes, section 125A.75, subdivision 8:

<u>\$17,000</u>	.....	<u>2006</u>
<u>\$17,000</u>	.....	<u>2007</u>

Subd. 8. [TRANSITION FOR DISABLED STUDENTS.] For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

<u>\$8,788,000</u>	.....	<u>2006</u>
<u>\$8,765,000</u>	.....	<u>2007</u>

The 2006 appropriation includes \$1,380,000 for 2005 and \$7,408,000 for 2006.

The 2007 appropriation includes \$1,379,000 for 2006 and \$7,386,000 for 2007.

Subd. 9. [COURT-PLACED SPECIAL EDUCATION REVENUE.] For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

<u>\$65,000</u>	.....	<u>2006</u>
<u>\$70,000</u>	.....	<u>2007</u>

Subd. 10. [OUT-OF-STATE TUITION SPECIAL EDUCATION.] For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

<u>\$250,000</u>	.....	<u>2006</u>
<u>\$250,000</u>	.....	<u>2007</u>

ARTICLE 4

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2004, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 126C.40, subdivision 2, alternative facilities levies under section 123B.59, subdivision 5, minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or northeast Minnesota economic protection trust;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24; and

(4) obligations under section 123B.62.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to section 127A.48 shall be adjusted to include a portion of the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivisions 64 and 65, equal to the product of that tax capacity times the ratio of the eligible debt service revenue attributed to general obligation bonds to the total eligible debt service revenue of the district.

Sec. 2. Minnesota Statutes 2004, section 123B.54, is amended to read:

123B.54 [DEBT SERVICE APPROPRIATION.]

(a) ~~\$28,367,000~~ \$21,624,000 in fiscal year ~~2006~~ 2008 and ~~\$25,560,000~~ \$20,403,000 in fiscal year ~~2007~~ 2009 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 3. Minnesota Statutes 2004, section 123B.59, subdivision 3, is amended to read:

Subd. 3. [BOND AUTHORIZATION.] (a) A school district may issue general obligation bonds under this section to finance facilities plans approved by its board and the commissioner. Chapter 475, except sections 475.58 and 475.59, must be complied with. The district may levy under subdivision 5 for the debt service revenue. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

(b) At least 20 days before a district issues bonds the earliest of solicitation of bids, the issuance of bonds, or the final certification of levies under this subdivision 5, the district must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness, and the commissioner's review and comment, if applicable.

Sec. 4. Minnesota Statutes 2004, section 123B.59, subdivision 3a, is amended to read:

Subd. 3a. [LEVY AUTHORIZATION.] (a) A school district may levy under this section to finance the portion of facilities plans approved by its board and the commissioner that are not financed through bond issues according to subdivision 3.

(b) At least 20 days before a final district certification of levies under this subdivision 5, the district must publish notice of the intended projects, including the total estimated project cost, and the commissioner's review and comment, if applicable.

Sec. 5. Minnesota Statutes 2004, section 123B.63, subdivision 2, is amended to read:

Subd. 2. [USES OF THE ACCOUNT.] Money in the capital project referendum account must be used only for the purposes specified in section 126C.10, subdivision 14, for operating capital revenue, including the costs of acquisition and betterment for a project that has been reviewed under section 123B.71 and has been approved according to subdivision 3.

Sec. 6. [123B.591] [DEFERRED MAINTENANCE REVENUE.]

Subdivision 1. [ELIGIBILITY.] (a) An independent or special school district that does not qualify to participate in the alternative facilities bonding and levy under section 123B.59, subdivision 1, paragraph (a), is eligible to receive deferred maintenance revenue.

(b) Deferred maintenance revenue is subject to reverse referendum according to section 126C.48, subdivision 9.

Subd. 2. [DEFERRED MAINTENANCE REVENUE.] The deferred maintenance revenue for an eligible school district equals the product of \$45 times the adjusted marginal cost pupil units for the school year times the lesser of one or the ratio of the district's average age of building space to 35 years.

Subd. 3. [DEFERRED MAINTENANCE LEVY.] To obtain deferred maintenance revenue for fiscal year 2007 and later, a district may levy an amount not more than the product of its deferred maintenance revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to \$5,913.

Subd. 4. [DEFERRED MAINTENANCE AID.] For fiscal year 2007 and later, a district's deferred maintenance aid equals its deferred maintenance revenue minus its deferred maintenance levy times the ratio of the actual amount levied to the permitted levy.

Subd. 5. [RESERVE ACCOUNT.] Deferred maintenance revenue must be maintained in a reserve account within the general fund. Deferred maintenance revenue may be used only for expenditures that would be eligible for alternative facilities bonding and levy revenue under section 123B.59, subdivision 2, paragraph (a), if the district qualified for that revenue under section 123B.59, subdivision 1, paragraph (a).

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2007.

Sec. 7. Minnesota Statutes 2004, section 123B.71, subdivision 8, is amended to read:

Subd. 8. [REVIEW AND COMMENT.] A school district, a special education cooperative, or a cooperative unit of government, as defined in section 123A.24, subdivision 2, must not initiate an installment contract for purchase or a lease agreement, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$500,000 per school site prior to review and comment by the commissioner. The commissioner may exempt a facility maintenance project funded with general education aid and levy, alternative facilities bonding and levy program, or health and safety revenue from this provision after reviewing a written request from a school district describing the scope of work. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Sec. 8. Minnesota Statutes 2004, section 123B.71, subdivision 12, is amended to read:

Subd. 12. [PUBLICATION.] (a) At least 20 days but not more than 60 days before a referendum for bonds or solicitation of bids for a project that has received a positive or unfavorable review and comment under section 123B.70, the school board shall publish the commissioner's review and comment of that project in the legal newspaper of the district. Supplementary information shall be available to the public.

(b) The publication requirement in paragraph (a) does not apply to alternative facilities projects approved under section 123B.59. Publication for alternative facilities projects shall be as specified in section 123B.59, subdivisions 3 and 3a.

Sec. 9. [125B.26] [TELECOMMUNICATIONS/INTERNET ACCESS EQUITY AID.]

Subdivision 1. [COSTS TO BE SUBMITTED.] (a) A district or charter school shall submit its actual telecommunications/Internet access costs for the previous fiscal year, adjusted for any e-rate revenue received, to the department by August 15 of each year as prescribed by the commissioner. Costs eligible for reimbursement under this program are limited to the following:

(1) ongoing or recurring telecommunications/Internet access costs associated with Internet access, data lines, and video links providing:

(i) the equivalent of one data line, video link, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13, including the recurring telecommunications line lease costs and ongoing Internet access service fees; or

(ii) the equivalent of one data line or video circuit, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each district, including recurring telecommunications line lease costs and ongoing Internet access service fees;

(2) recurring costs of contractual or vendor-provided maintenance on the school district's wide area network to the point of presence at the school building up to the router, codec, or other service delivery equipment located at the point of presence termination at the school or school district;

(3) recurring costs of cooperative, shared arrangements for regional delivery of telecommunications/Internet access between school districts, postsecondary institutions, and public libraries including network gateways, peering points, regional network infrastructure, Internet2 access, and network support, maintenance, and coordination; and

(4) service provider installation fees for installation of new telecommunications lines or increased bandwidth.

(b) Costs not eligible for reimbursement under this program include:

(1) recurring costs of school district staff providing network infrastructure support;

(2) recurring costs associated with voice and standard telephone service;

(3) costs associated with purchase of network hardware, telephones, computers, or other peripheral equipment needed to deliver telecommunications access to the school or school district;

(4) costs associated with laying fiber for telecommunications access;

(5) costs associated with wiring school or school district buildings;

(6) costs associated with purchase, installation, or purchase and installation of Internet filtering; and

(7) costs associated with digital content, including on-line learning or distance learning programming, and information databases.

Subd. 2. [E-RATES.] To be eligible for aid under this section, a district or charter school is required to file an e-rate application either separately or through its telecommunications access cluster and have a current technology plan on file with the department. Discounts received on telecommunications expenditures shall be reflected in the costs submitted to the department for aid under this section.

Subd. 3. [REIMBURSEMENT CRITERIA.] The commissioner shall develop criteria for approving costs submitted by school districts and charter schools under subdivision 1.

Subd. 4. [DISTRICT AID.] A district or charter school's Internet access equity aid equals 90 percent of the district or charter school's approved cost for the previous fiscal year according to subdivision 1 exceeding \$15 times the district's adjusted marginal cost pupil units for the previous fiscal year.

Subd. 5. [TELECOMMUNICATIONS/INTERNET ACCESS SERVICES FOR NONPUBLIC SCHOOLS.] (a) Districts shall provide each year upon formal request by or on behalf of a nonpublic school, not including home schools, located in that district or area, ongoing or recurring telecommunications access services to the nonpublic school either through existing district providers or through separate providers.

(b) The amount of district aid for telecommunications access services for each nonpublic school under this subdivision equals the lesser of:

(1) 90 percent of the nonpublic school's approved cost for the previous fiscal year according to subdivision 1 exceeding \$10 times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year; or

(2) the product of the district's aid per pupil unit according to subdivision 4 times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year.

(c) For purposes of this subdivision, nonpublic school pupils shall be weighted by grade level using the weighting factors defined in section 126C.05, subdivision 1.

(d) Each year, a district providing services under paragraph (a) may claim up to five percent of the aid determined in paragraph (b) for costs of administering this subdivision. No district may expend an amount for these telecommunications access services which exceeds the amount allocated under this subdivision. The nonpublic school is responsible for the Internet access costs not covered by this section.

(e) At the request of a nonpublic school, districts may allocate the amount determined in paragraph (b) directly to the nonpublic school to pay for or offset the nonpublic school's costs for telecommunications access services, however, the amount allocated directly to the nonpublic school may not exceed the actual amount of the school's ongoing or recurring telecommunications access costs.

Subd. 6. [SEVERABILITY.] If any portion of this section is found by a court to be unconstitutional, the remaining portions of the section shall remain in effect.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2006.

Sec. 10. Minnesota Statutes 2004, section 126C.63, subdivision 5, is amended to read:

Subd. 5. [LEVY.] "Levy" means a district's net debt service levy after the reduction of debt service equalization aid under section 123B.53, subdivision 6. For taxes payable in 2003 and later, each district's maximum effort debt service levy for purposes of subdivision 8, must be reduced by an equal number of percentage points if the commissioner of finance determines that the levy reduction will not result in a payment from the general fund in the state treasury according to section 16A.641, as would be required under section 126C.72, subdivision 3. A district's levy that is adjusted under this section must not be reduced below ~~30.1~~ 25 percent of the district's adjusted net tax capacity.

Sec. 11. Minnesota Statutes 2004, section 126C.63, subdivision 8, is amended to read:

Subd. 8. [MAXIMUM EFFORT DEBT SERVICE LEVY.] (a) "Maximum effort debt service levy" means the lesser of:

(1) a levy in whichever of the following amounts is applicable:

(i) in any district receiving a debt service loan for a debt service levy payable in 2002 and thereafter, or granted a capital loan after January 1, 2002, a levy in total dollar amount computed at a rate of ~~40~~ 32 percent of adjusted net tax capacity for taxes payable in 2002 and thereafter;

(ii) in any district receiving a debt service loan for a debt service levy payable in 2001 or earlier, or granted a capital loan before January 2, ~~2001~~ 2002, a levy in a total dollar amount computed at a rate of ~~32~~ 28 percent of adjusted net tax capacity for taxes payable in 2002 and thereafter; or

(2) a levy in any district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted.

(b) The board in any district affected by the provisions of paragraph (a), clause (2), may elect instead to determine the amount of its levy according to the provisions of paragraph (a), clause (1). If a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of paragraph (a), clause (2), the liability of the district for the amount of the difference between the amount it levied under paragraph (a), clause (2), and the amount it would have levied under paragraph (a), clause (1), and for interest on the amount of that difference, must not be satisfied and discharged pursuant to Minnesota Statutes 1988, or an earlier edition of Minnesota Statutes if applicable, section 124.43, subdivision 4.

Sec. 12. Laws 1996, chapter 412, article 5, section 24, is amended to read:

Sec. 24. [BONDS PAID FROM TACONITE PRODUCTION TAX REVENUES.]

Subdivision 1. [REFUNDING BONDS.] The appropriation of funds from the distribution of taconite production tax revenues to the taconite environmental protection tax fund and the northeast Minnesota economic protection fund made by Laws 1988, chapter 718, article 7, sections 62 and 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990, chapter 604, article 8, section 13, Laws 1992, chapter 499, article 5, section 29, ~~and by sections 18 to 20~~ Laws 1996, chapter 412, article 5, sections 20 to 22, and Laws 2000, chapter 489, article 5, sections 24 to 26, shall continue to apply to bonds issued under Minnesota Statutes, chapter 475, to refund bonds originally issued pursuant to those chapters.

Subd. 2. [LOCAL PAYMENTS.] School districts that are required in Laws 1988, chapter 718, article 7, sections 62 and 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990, chapter 604, article 8, section 13, Laws 1992, chapter 499, article 5, section 29, ~~and by sections 18 to 20~~ Laws 1996, chapter 412, article 5, sections 20 to 22, and Laws 2000, chapter 489, article 5, sections 24 to 26, to impose levies to pay debt service on the bonds issued under those provisions to the extent the principal and interest on the bonds is not paid by distributions from the taconite environmental protection fund and the northeast Minnesota economic protection trust, may pay their portion of the principal and interest from any funds available to them. To the extent a school district uses funds other than the proceeds of a property tax levy to pay its share of the principal and interest on the bonds, the requirement to impose a property tax to pay the local share does not apply to the school district.

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

Sec. 13. [LEVY; GLENCOE-SILVER LAKE.]

For taxes payable in 2006 only, Independent School District No. 2859, Glencoe-Silver Lake, may levy an amount up to \$81,276. Of that amount, \$63,850 is for recovering the cost of replacing a gymnasium floor at Lakeside Elementary School resulting from storm damage and \$17,426 is for recovering the cost of the Lincoln Junior High School water service line and associated work.

[EFFECTIVE DATE.] This section is effective for taxes payable in 2006.

Sec. 14. [MOUNDS VIEW; SALE OF PROPERTY.]

(a) Independent School District No. 621, Mounds View, must establish a trust fund for the proceeds from its sale of the Hills of Oaks property in Shoreview, Minnesota. Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2004, the district must permanently transfer the proceeds of the sale from the reserved operating capital account in its general fund to the trust fund. If the sale of the Hills of Oaks property has not been completed and the proceeds have not been deposited on or by June 30, 2004, in the reserved operating capital account, then when the sale is completed, the school district must deposit the proceeds from the sale directly into the trust fund.

(b) The district may only use the interest from the trust fund proceeds from the sale of the property described in paragraph (a) for general operating expenses.

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

Sec. 15. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [HEALTH AND SAFETY REVENUE.] For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

<u>\$802,000</u>	<u>.....</u>	<u>2006</u>
<u>\$578,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$211,000 for 2005 and \$591,000 for 2006.

The 2007 appropriation includes \$109,000 for 2006 and \$469,000 for 2007.

Subd. 3. [DEBT SERVICE EQUALIZATION.] For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

<u>\$25,654,000</u>	<u>.....</u>	<u>2006</u>
<u>\$24,134,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$4,654,000 for 2005 and \$21,000,000 for 2006.

The 2007 appropriation includes \$3,911,000 for 2006 and \$20,223,000 for 2007.

Subd. 4. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

<u>\$19,287,000</u>	<u>.....</u>	<u>2006</u>
<u>\$19,287,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$3,028,000 for 2005 and \$16,259,000 for 2006.

The 2007 appropriation includes \$3,028,000 for 2006 and \$16,259,000 for 2007.

Subd. 5. [TELECOMMUNICATIONS INTERNET ACCESS AID.] For telecommunications Internet access aid:

<u>\$4,500,000</u>	<u>-----</u>	<u>2006</u>
<u>\$4,600,000</u>	<u>-----</u>	<u>2007</u>

Subd. 6. [DEFERRED MAINTENANCE AID.] For deferred maintenance aid under Minnesota Statutes, section 123B.591:

<u>\$2,684,000</u>	<u>-----</u>	<u>2007</u>
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The 2007 appropriation includes \$0 for 2006 and \$2,684,000 for 2007.

ARTICLE 5

NUTRITION AND ACCOUNTING

Section 1. [123B.748] [REGULAR CLASSROOM EXPENDITURES.]

Subdivision 1. [DEFINITIONS.] "Direct classroom expenditures" means the amount defined by the National Center of Educational Statistics of the United States Department of Education. "Total operating expenditures" has the meaning given it under the uniform financial accounting and reporting standards. Total operating expenditures include all operating expenditures incurred for the benefit of elementary and secondary education during that school year, except capital expenditures. Community education, construction, debt service, and trust and agency expenditures are nonoperating expenditures.

Subd. 2. [EXPECTED EXPENDITURE LEVEL.] A school district must spend at least 65 percent of its total operating expenditures on direct classroom expenditures. If a school district's direct classroom expenditures in fiscal year 2005 are less than 65 percent of its total operating expenditures, the district must increase its direct classroom expenditures by at least two percentage points per year beginning in fiscal year 2006.

Subd. 3. [SUPERINTENDENT VERIFICATION.] A superintendent must include in the audited financial statements submitted to the commissioner under section 123B.77 a letter signed by the superintendent certifying the percent of the district's total operating expenditures that were actually spent on direct classroom expenditures for that school year.

Subd. 4. [WAIVER.] A school district that is unable to meet the expenditure standards established under subdivision 2 may apply to the commissioner for a waiver. The waiver request must list the reasons why the district's direct classroom expenditures cannot meet the requirements of subdivision 2 and describe the changes the district intends to meet in the subsequent year in order to meet the direct classroom instruction requirements. The commissioner must grant or deny a waiver request within 60 days of receiving the request.

[EFFECTIVE DATE.] This section is effective July 1, 2005, for the 2005-2006 school year.

Sec. 2. Minnesota Statutes 2004, section 123B.749, is amended to read:

123B.749 [STRUCTURALLY BALANCED SCHOOL DISTRICT BUDGETS.]

(a) Prior to approving a collective bargaining agreement that does not result from an interest arbitration decision, a school board must determine by board resolution that the proposed agreement will not cause structural imbalance in the district's budget during the period of the agreement.

(b) A school board may only determine that an agreement will not cause structural imbalance if expenditures will not exceed available funds, taking into account:

(1) current state aid formulas; and

(2) reasonable and comprehensive projections of ongoing revenues and expenditures for the period of the agreement. ~~It is expected that~~ Onetime revenue may not be used for ongoing expenditures. Any amount in excess of the board's guideline for the district's general fund balance is not onetime revenue for the purposes of this section. The school board must make available with the resolution a summary of the projections and calculations supporting the determination. The projections and calculations must include state aid formulas, pupil units, and employee costs, including the terms of labor agreements, including the agreement under consideration, fringe benefits, severance pay, and staff changes.

(c) In addition to the determination required in paragraph (a), the school board must project revenues, expenditures, and fund balances for ~~one year~~ two years following the period of the agreement. The projections must include the categories of information described in paragraph (b), be reasonable and comprehensive, and reference current state aid formulas.

(d) All projections and calculations required by this section and estimated district employee terminations must be made available to the public prior to ~~and~~ at, and after the meeting where the resolution is adopted in a manner consistent with state law on public notice and access to public data.

(e) In an interest arbitration, the district must submit, and the exclusive bargaining representative may submit, proposed determinations with supporting projections and calculations consistent with paragraph (b) of the effect of the potential decision on the structural balance of the district's budget. The arbitrator must consider the potential effect of a decision on the structural balance of the district's budget for the term of the agreement. The arbitrator's decision must describe the effect of the decision on the structural balance of the district's budget in a manner consistent with paragraph (b). The arbitrator's decision must also show the effect of the decision on the school budget for one year following the term of the contract at issue. Within 30 days of receipt of the decision or when the board acts on the decision, whichever is earlier, the school board must by resolution determine the effect of the decision on the structural balance of its budget for the term of the agreement consistent with paragraph (b).

(f) A copy of the resolution with the supporting projections and calculations must be submitted to the commissioner of education with the uniform collective bargaining agreement settlement document within 30 days of adoption of the resolution. The commissioner must develop a model form for use by districts in reporting projections and calculations. The commissioner must not accept any reports that fail to comply with this section. The commissioner must make all resolutions, projections, and calculations available to the public.

(g) Compliance with this section by itself is not an unfair labor practice under section 179A.13, subdivision 2.

Sec. 3. Minnesota Statutes 2004, section 123B.75, subdivision 5, is amended to read:

Subd. 5. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district.

~~(b) In June of 2003, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:~~

~~(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or~~

~~(2) the sum of:~~

~~(i) 31 percent of the referendum levy certified according to section 126C.17, in calendar year 2000; plus~~

~~(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6.~~

~~(e) For fiscal year 2004 and later years, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:~~

~~(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or~~

~~(2) the sum of:~~

~~(i) the greater of 45 48.6 percent of the referendum levy certified according to section 126C.17, in the prior calendar year or 31 percent of the referendum levy certified according to section 126C.17, in calendar year 2000; plus~~

~~(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6; plus~~

~~(iii) 45 48.6 percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to clause (ii).~~

Sec. 4. Minnesota Statutes 2004, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] Each school year, the state must pay ~~districts~~ ~~participating participants~~ in the national school lunch program the amount of eight cents for each full paid, reduced, and free student lunch served to students ~~in the district~~.

[EFFECTIVE DATE.] This section is effective for fiscal year 2006.

Sec. 5. Minnesota Statutes 2004, section 124D.111, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] A school district, charter school, nonpublic school, or other participant in the national school lunch program shall apply to the department for this payment on forms provided by the department.

[EFFECTIVE DATE.] This section is effective for fiscal year 2006.

Sec. 6. Minnesota Statutes 2004, section 124D.118, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENT.] In accordance with program guidelines, the commissioner shall reimburse each participating public or nonpublic school ~~nine~~ 14 cents for each half-pint of milk that is served to kindergarten students and is not part of a school lunch or breakfast reimbursed under section 124D.111 or 124D.1158.

[EFFECTIVE DATE.] This section is effective for fiscal year 2006.

Sec. 7. Minnesota Statutes 2004, section 127A.42, subdivision 2, is amended to read:

Subd. 2. [VIOLATIONS OF LAW.] The commissioner may reduce or withhold the district's state aid for any school year whenever the board of the district authorizes or permits violations of law within the district by:

- (1) employing a teacher who does not hold a valid teaching license or permit in a public school;
- (2) noncompliance with a mandatory rule of general application promulgated by the commissioner in accordance with statute, unless special circumstances make enforcement inequitable, impose an extraordinary hardship on the district, or the rule is contrary to the district's best interests;
- (3) the district's continued performance of a contract made for the rental of rooms or buildings for school purposes or for the rental of any facility owned or operated by or under the direction of any private organization, if the contract has been disapproved, the time for review of the determination of disapproval has expired, and no proceeding for review is pending;
- (4) any practice which is a violation of sections 1 and 2 of article 13 of the Constitution of the state of Minnesota;
- (5) failure to reasonably provide for a resident pupil's school attendance under Minnesota Statutes;
- (6) noncompliance with state laws prohibiting discrimination because of race, color, creed, religion, national origin, sex, age, marital status, status with regard to public assistance or disability, as defined in sections 363A.08 to 363A.19 and 363A.28, subdivision 10; ~~or~~
- (7) using funds contrary to the statutory purpose of the funds; or
- (8) failing to submit a report under section 123B.749, paragraph (f).

The reduction or withholding must be made in the amount and upon the procedure provided in this section.

Sec. 8. Minnesota Statutes 2004, section 127A.45, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) The term "other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 127A.33, apportionments by the county auditor pursuant to section 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) The term "cumulative amount guaranteed" means the product of

(1) the cumulative disbursement percentage shown in subdivision 3; times

(2) the sum of

(i) ~~80 percent~~ the current year aid payment percentage of the estimated aid and credit entitlements paid according to subdivision 13; plus

(ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

(iii) the other district receipts.

(c) The term "payment date" means the date on which state payments to districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately preceding business day. The commissioner may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

(d) "Current year payment percentage" means 84.3 percent.

[EFFECTIVE DATE.] This section is effective for state aid payments for fiscal year 2006.

Sec. 9. Minnesota Statutes 2004, section 127A.45, subdivision 10, is amended to read:

Subd. 10. [PAYMENTS TO SCHOOL NONOPERATING FUNDS.] Each fiscal year state general fund payments for a district nonoperating fund must be made at ~~80 percent~~ the current year aid payment percentage of the estimated entitlement during the fiscal year of the entitlement. This amount shall be paid in 12 equal monthly installments. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement must be paid prior to October 31 of the following school year. The commissioner may make advance payments of debt service equalization aid for a district's debt service fund earlier than would occur under the preceding schedule if the district submits evidence showing a serious cash flow problem in the fund. The commissioner may make earlier payments during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.

[EFFECTIVE DATE.] This section is effective for state aid payments for fiscal year 2006.

Sec. 10. Minnesota Statutes 2004, section 127A.45, subdivision 14, is amended to read:

Subd. 14. [NONPUBLIC AIDS.] The state shall pay aid according to sections 123B.40 to 123B.48 for pupils attending nonpublic schools as follows:

(1) an advance payment by November 30 equal to ~~80 percent~~ the current year aid payment percentage of the estimated entitlement for the current fiscal year; and

(2) a final payment by October 31 of the following fiscal year, adjusted for actual data.

If a payment advance to meet cash flow needs is requested by a district and approved by the commissioner, the state shall pay nonpublic pupil transportation aid according to section 123B.92 by October 31.

[EFFECTIVE DATE.] This section is effective for state aid payments for fiscal year 2006.

Sec. 11. Minnesota Statutes 2004, section 127A.45, subdivision 16, is amended to read:

Subd. 16. [PAYMENTS TO THIRD PARTIES.] Notwithstanding subdivision 3, ~~80 percent the current year aid payment~~ percentage of the amounts under section 123A.26, subdivision 3, shall be paid in equal installments on August 30, December 30, and March 30, with a 20 percent final adjustment payment on October 30 of the next fiscal year of the remaining amount.

[EFFECTIVE DATE.] This section is effective for state aid payments for fiscal year 2006.

Sec. 12. [FUND TRANSFERS.]

Subdivision 1. [LAKE CRYSTAL-WELCOME MEMORIAL.] (a) Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2005, upon approval of the commissioner of education, Independent School District No. 2071, Lake Crystal-Wellcome Memorial, may permanently transfer up to \$132,754 from its reserved account for handicapped access to its undesignated general fund balance.

(b) Prior to making the fund transfer, Independent School District No. 2071, Lake Crystal-Wellcome Memorial, must demonstrate to the commissioner's satisfaction that the district's school buildings are accessible to students or employees with disabilities.

(c) Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30 of 2005, 2006, and 2007, Independent School District No. 2071, Lake Crystal-Wellcome Memorial, may permanently transfer any balance in its reserved for operating capital account resulting from the sale of school property to its undesignated general fund balance.

Subd. 2. [ROCKFORD.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, Independent School District No. 883, Rockford, on June 30, 2005, may permanently transfer up to \$660,000 from its debt redemption fund to the undesignated balance of its general fund without making a levy reduction.

Subd. 3. [RUSSELL.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2005, Independent School District No. 418, Russell, may transfer up to \$50,000 from its reserved capital accounts in its general fund to its undesignated fund balance.

Subd. 4. [RUTHTON.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2005, Independent School District No. 584, Ruthton, may permanently transfer up to \$140,000 from its reserved for operating capital account to the undesignated general fund balance.

Subd. 5. [WINDOM.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, Independent School District No. 177, Windom, on June 30, 2005, may permanently transfer up to \$270,000 from its reserved for operating capital account to the undesignated balance in its general fund.

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

Sec. 13. [DISABLED ACCESS LEVY AUTHORITY; EAST GRAND FORKS.]

Notwithstanding the time limits established in Minnesota Statutes, section 123B.58, subdivision 3, Independent School District No. 595, East Grand Forks, may levy its remaining disabled access levy authority over five or fewer years.

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

Sec. 14. [TAX BASE ADJUSTMENTS, FERTILE-BELTRAMI.]

(a) The commissioner of education, when making offsetting levy adjustments between levy categories to ensure that each levy category is positive for Independent School District No. 599, Fertile-Beltrami, shall make such adjustments first between levy categories that are imposed on identical tax bases before making such adjustments between levy categories that are imposed on different tax bases. The commissioner may make offsetting levy adjustments between the general fund and the debt service fund, if necessary.

(b) The commissioner of education must make the offsetting levy adjustments according to the process in paragraph (a) until Independent School District No. 599, Fertile-Beltrami's current referendum authority, under Minnesota Statutes, section 126C.17, expires.

Sec. 15. [FUNDING REDUCTION.]

If House File 1664 or a similarly styled bill does not pass the house of representatives, the commissioner of education must adjust the current year aid payment percentage under Minnesota Statutes, section 127A.45, subdivision 3, to reduce spending by \$134,000,000 during the 2006-2007 biennium.

Sec. 16. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [SCHOOL LUNCH.] For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

<u>\$7,748,000</u>	<u>.....</u>	<u>2006</u>
<u>\$7,826,000</u>	<u>.....</u>	<u>2007</u>

Subd. 3. [TRADITIONAL SCHOOL BREAKFAST; KINDERGARTEN MILK.] For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

<u>\$4,934,000</u>	<u>.....</u>	<u>2006</u>
<u>\$5,023,000</u>	<u>.....</u>	<u>2007</u>

Subd. 4. [SUMMER SCHOOL SERVICE REPLACEMENT AID.] For summer food service replacement aid under Minnesota Statutes, section 124D.119:

<u>\$150,000</u>	<u>.....</u>	<u>2006</u>
<u>\$150,000</u>	<u>.....</u>	<u>2007</u>

ARTICLE 6

LIBRARIES

Section 1. [DEPARTMENT OF EDUCATION; LIBRARY APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [BASIC SYSTEM SUPPORT.] For basic system support grants under Minnesota Statutes, section 134.355:

<u>\$8,570,000</u>	<u>.....</u>	<u>2006</u>
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<u>\$8,570,000</u>	<u>.....</u>	<u>2007</u>
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The 2006 appropriation includes \$1,345,000 for 2005 and \$7,225,000 for 2006.

The 2007 appropriation includes \$1,345,000 for 2006 and \$7,225,000 for 2007.

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

<u>\$903,000</u>	<u>.....</u>	<u>2006</u>
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<u>\$903,000</u>	<u>.....</u>	<u>2007</u>
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The 2006 appropriation includes \$141,000 for 2005 and \$762,000 for 2006.

The 2007 appropriation includes \$141,000 for 2006 and \$762,000 for 2007.

Subd. 4. [ELECTRONIC LIBRARY FOR MINNESOTA.] For statewide licenses to online databases selected in cooperation with the Higher Education Services Office for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

<u>\$1,039,000</u>	<u>.....</u>	<u>2006</u>
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<u>\$1,091,000</u>	<u>.....</u>	<u>2007</u>
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Any balance in the first year does not cancel but is available in the second year.

Subd. 5. [REGIONAL LIBRARY TELECOMMUNICATIONS AID.] For regional library telecommunications aid under Minnesota Statutes, section 134.355:

<u>\$1,200,000</u>	<u>.....</u>	<u>2006</u>
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<u>\$1,200,000</u>	<u>.....</u>	<u>2007</u>
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The 2006 appropriation includes \$188,000 for 2005 and \$1,012,000 for 2006.

The 2007 appropriation includes \$188,000 for 2006 and \$1,012,000 for 2007.

Subd. 6. [MNLINK.] To support school media center and public library participation in MnLink:

<u>\$250,000</u>	<u>.....</u>	<u>2006</u>
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<u>\$250,000</u>	<u>.....</u>	<u>2007</u>
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ARTICLE 7

EARLY EDUCATION

Section 1. Minnesota Statutes 2004, section 121A.17, subdivision 1, is amended to read:

Subdivision 1. [EARLY CHILDHOOD DEVELOPMENTAL SCREENING.] Every school board must provide for a mandatory program of early childhood developmental screening for children once before school entrance, targeting children who are between ~~3-1/2~~ three and four years old. This screening program must be established either by one board, by two or more boards acting in cooperation, by service cooperatives, by early childhood family education programs, or by other existing programs. This screening examination is a mandatory requirement for a student to continue attending kindergarten or first grade in a public school. A child need not submit to developmental screening provided by a board if the child's health records indicate to the board that the child has received comparable developmental screening from a public or private health care organization or individual health care provider. A public school must assign a child a student identification number, as defined by the commissioner, at the time the child receives a developmental screening or the child's parent or guardian provides the public school with the child's health records indicating that the child received a comparable developmental screening. A school district must transmit essential data under section 125B.07, subdivision 6, to the department. Districts are encouraged to reduce the costs of preschool developmental screening programs by ~~utilizing~~ using volunteers in implementing the program.

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

Sec. 2. Minnesota Statutes 2004, section 121A.17, subdivision 3, is amended to read:

Subd. 3. [SCREENING PROGRAM.] (a) A screening program must include at least the following components: developmental assessments that measure the child's cognitive, social and emotional development, hearing and vision screening or referral, immunization review and referral, the child's height and weight, identification of risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. The district and the person performing or supervising the screening must provide a parent or guardian with clear written notice that the parent or guardian may decline to answer questions or provide information about family circumstances that might affect development and identification of risk factors that may influence learning. The notice must clearly state that declining to answer questions or provide information does not prevent the child from being enrolled in kindergarten or first grade if all other screening components are met. If a parent or guardian is not able to read and comprehend the written notice, the district and the person performing or supervising the screening must convey the information in another manner. The notice must also inform the parent or guardian that a child need not submit to the district screening program if the child's health records indicate to the school that the child has received comparable developmental screening performed within the preceding 365 days by a public or private health care organization or individual health care provider. The notice must be given to a parent or guardian at the time the district initially provides information to the parent or guardian about screening and must be given again at the screening location.

(b) All screening components shall be consistent with the standards of the state commissioner of health for early developmental screening programs. A developmental screening program must not provide laboratory tests or a physical examination to any child. The district must request from the public or private health care organization or the individual health care provider the results of any laboratory test or physical examination within the 12 months preceding a child's scheduled screening.

(c) If a child is without health coverage, the school district must refer the child to an appropriate health care provider.

(d) A board may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, laboratory tests, and health history.

(e) If a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened because of conscientiously held beliefs of the parent or guardian, the screening is not required.

Sec. 3. Minnesota Statutes 2004, section 121A.17, subdivision 5, is amended to read:

Subd. 5. [DEVELOPMENTAL SCREENING PROGRAM INFORMATION.] The board must inform each resident family with a child eligible to participate in the developmental screening program about the availability of the program and the state's requirement that a child receive a developmental screening or provide health records indicating that the child received a comparable developmental screening from a public or private health care organization or individual health care provider not later than 30 days after the first day of attending kindergarten in a public school. A school district must inform all resident families with eligible children under age seven that their children may receive a developmental screening conducted either by the school district or by a public or private health care organization or individual health care provider.

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

Sec. 4. Minnesota Statutes 2004, section 121A.19, is amended to read:

121A.19 [DEVELOPMENTAL SCREENING AID.]

Each school year, the state must pay a district ~~\$40~~ \$50 for each ~~three-year-old~~ child screened; \$40 for each four-year-old child screened; and \$30 for each five-year-old child screened prior to kindergarten according to the requirements of section 121A.17. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient.

Sec. 5. Minnesota Statutes 2004, section 124D.135, subdivision 1, is amended to read:

Subdivision 1. [REVENUE.] The revenue for early childhood family education programs for a school district equals ~~\$120 for fiscal years 2003 and 2004 and \$96 for fiscal year 2005,~~ \$115 for fiscal year 2006, and \$125 for fiscal year 2007 and later, times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the district on October 1 of the previous school year.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2006.

Sec. 6. Minnesota Statutes 2004, section 124D.135, subdivision 5, is amended to read:

Subd. 5. [USE OF REVENUE RESTRICTED.] Early childhood family education revenue may be used only for early childhood family education programs. Not more than five percent of early childhood family education revenue, as defined in subdivision 7, may be used to administer early childhood family education programs.

Sec. 7. Minnesota Statutes 2004, section 124D.15, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A district or a group of districts may establish a school readiness program for ~~eligible children age three to entering kindergarten.~~ The purpose of a school readiness program is to ~~provide all eligible children adequate opportunities to participate in child development programs that enable the children to enter school with the necessary skills and behavior and family stability and support to progress and flourish~~ prepare children cognitively, socially, emotionally, and physically to enter kindergarten.

Sec. 8. Minnesota Statutes 2004, section 124D.15, subdivision 3, is amended to read:

Subd. 3. [PROGRAM ~~ELIGIBILITY~~ REQUIREMENTS.] (a) A school readiness program provider must ~~include the following~~:

(1) ~~a comprehensive plan to anticipate and meet the needs of participating families by coordinating existing social services programs and by fostering collaboration among agencies or other community based organizations and programs that provide a full range of flexible, family focused services to families with young children assess each child when the child enters and again before the child leaves the program to inform program planning and promote kindergarten readiness;~~

(2) ~~a development and learning component to help children develop appropriate social, cognitive, and physical skills, and emotional well-being determine whether to implement model early childhood indicators of progress developed by the department;~~

(3) ~~health referral services to address children's medical, dental, mental health, and nutritional needs provide comprehensive program content based on early childhood research and professional practice that is focused on children's cognitive skills and social emotional development and prepares children for the transition to kindergarten;~~

(4) ~~a nutrition component to meet children's daily nutritional needs arrange for early childhood screening and appropriate referral;~~

(5) ~~parents' involvement in meeting children's educational, health, social service, and other needs involve parents in program planning and decision making;~~

(6) ~~community outreach to ensure participation by families who represent the racial, cultural, and economic diversity of the community; coordinate with relevant community-based services; and~~

(7) ~~community-based staff and program resources, including interpreters, that reflect the racial and ethnic characteristics of the children participating in the program; and~~

(8) ~~a literacy component to ensure that the literacy needs of parents are addressed through referral to and cooperation cooperate with adult basic education programs and other adult literacy programs.~~

(b) A district that establishes a school readiness program under this section must monitor the school performance of those students who participate in the program and subsequently attend a district school in grades kindergarten through grade 3, compare the school performance of those students with other students in the same grade in the district who did not participate in a school readiness program, and report the performance comparisons annually by May 1 to the school board and the department.

Sec. 9. Minnesota Statutes 2004, section 124D.15, is amended by adding a subdivision to read:

Subd. 3a. [APPLICATION AND REPORTING REQUIREMENTS.] (a) A school readiness program provider must submit a biennial plan for approval by the commissioner before receiving aid under section 124D.16. The plan must describe how the program meets the program requirements under subdivision 3. A school district by April 1 must submit the plan for approval by the commissioner in the form and manner prescribed by the commissioner. One-half the districts must first submit the plan by April 1, 2006, and one-half the districts must first submit the plan by April 1, 2007, as determined by the commissioner.

(b) Programs receiving school readiness funds annually must submit a report to the department.

Sec. 10. Minnesota Statutes 2004, section 124D.15, subdivision 5, is amended to read:

Subd. 5. [SERVICES WITH NEW OR EXISTING PROVIDERS.] A district ~~is encouraged to~~ may contract with a public charter school or ~~nonprofit~~ community-based organization to provide eligible children developmentally appropriate services that meet the program requirements in subdivision 3. In the alternative, a district may pay tuition or fees to place an eligible child in an existing program. A district may establish a new program where no existing, reasonably accessible program meets the program requirements in subdivision 3. Districts must submit a copy of each contract to the commissioner with the biennial plan. Services may be provided in a site-based program or in the home of the child or a combination of both. The district may not restrict participation to district residents.

Sec. 11. Minnesota Statutes 2004, section 124D.15, subdivision 10, is amended to read:

Subd. 10. [SUPERVISION.] A program provided by a board must be supervised by a licensed early childhood teacher, a certified early childhood educator, or a licensed parent educator. ~~A program provided according to a contract between a district and a nonprofit organization or another private organization must be supervised and staffed according to the terms of the contract.~~

Sec. 12. Minnesota Statutes 2004, section 124D.15, subdivision 12, is amended to read:

Subd. 12. [PROGRAM FEES.] A district ~~may~~ must adopt a sliding fee schedule based on a family's income but must waive a fee for a participant unable to pay. ~~The fees charged must be designed to enable eligible children of all socioeconomic levels to participate in the program.~~

Sec. 13. Minnesota Statutes 2004, section 124D.15, is amended by adding a subdivision to read:

Subd. 14. [ASSISTANCE.] The department must assist districts, upon request, with programs under this section.

Sec. 14. Minnesota Statutes 2004, section 124D.16, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF AID.] (a) A district is eligible to receive school readiness aid for eligible prekindergarten pupils enrolled in a school readiness program under section 124D.15 if the ~~program~~ biennial plan required by ~~subdivision 1~~ section 124D.15, subdivision 3a, has been approved by the commissioner.

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

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

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

Sec. 15. Minnesota Statutes 2004, section 124D.16, subdivision 3, is amended to read:

Subd. 3. [USE OF AID.] School readiness aid shall be used only to provide a school readiness program and may be used to provide transportation. Not more than five percent of ~~the aid~~ program revenue, as defined in subdivision 5, may be used for the cost of administering the program. Aid must be used to supplement and not supplant local, state, and federal funding. Aid may not be used for instruction and services required under sections 125A.03 to 125A.24 and 125A.65. Aid may not be used to purchase land or construct buildings, but may be used to lease or renovate existing buildings.

Sec. 16. [124D.175] [MINNESOTA EARLY LEARNING FOUNDATION PROPOSAL.]

(a) To the extent revenue is available for the purposes of this section, the commissioner must implement paragraphs (b) and (c).

(b) The commissioner must implement an early childhood development grant program for low-income and other families that increases the effectiveness and expands the capacity of early childhood development programs, which may include child care programs, and leads to improved early childhood parent education and children's kindergarten readiness. The program must include:

(1) grant awards to existing early childhood development program providers that also provide parent education programs and to qualified providers proposing to implement pilot programs for this same purpose;

(2) grant awards to enable low-income families to participate in these programs;

(3) grant awards to improve overall programmatic quality including, among other things, a system to determine the relative quality of providers, proposals for early learning guidelines, and school readiness assessments; and

(4) an evaluation of the programmatic and financial efficacy of all these programs, which may be performed using the model early childhood indicators of progress developed by the department.

This grant program must not supplant existing early childhood development programs or child care funds.

(c) The commissioner must contract with a private nonprofit, section 501(c)(3) organization to implement the requirements of paragraph (b). The private nonprofit organization must be governed by a board of directors composed of members from the public and nonpublic sectors, where the nonpublic sector members compose a simple majority of board members and where the public sector members are state and local government officials and kindergarten through grade 12 or postsecondary educators appointed by the governor. The board of directors must appoint an executive director and must seek advice from geographically and ethnically diverse parents of young children and representatives of early childhood development providers, kindergarten through grade 12 and postsecondary educators, public libraries and the business sector. All other terms and conditions under which board members serve and operate must be described in the articles and bylaws of the organization. The private nonprofit organization is not a state agency and is not subject to any laws governing public agencies.

(d) This section expires June 30, 2011.

Sec. 17. Minnesota Statutes 2004, section 126C.15, is amended by adding a subdivision to read:

Subd. 2a. [PREKINDERGARTEN PROGRAMS.] Revenue allocated under subdivision 2, paragraph (c), must be reserved and used for programs and activities that prepare children ages 3-1/2 from families eligible for the free or reduced-price school lunch program to enter kindergarten. Programs may serve resident and nonresident children. Districts may contract with private preschools and other providers of prekindergarten programs.

Sec. 18. Minnesota Statutes 2004, section 179A.03, subdivision 14, is amended to read:

Subd. 14. [PUBLIC EMPLOYEE OR EMPLOYEE.] "Public employee" or "employee" means any person appointed or employed by a public employer except:

(a) elected public officials;

(b) election officers;

- (c) commissioned or enlisted personnel of the Minnesota National Guard;
- (d) emergency employees who are employed for emergency work caused by natural disaster;
- (e) part-time employees whose service does not exceed the lesser of 14 hours per week or 35 percent of the normal work week in the employee's appropriate unit;
- (f) employees whose positions are basically temporary or seasonal in character and: (1) are not for more than 67 working days in any calendar year; or (2) are not for more than 100 working days in any calendar year and the employees are under the age of 22, are full-time students enrolled in a nonprofit or public educational institution prior to being hired by the employer, and have indicated, either in an application for employment or by being enrolled at an educational institution for the next academic year or term, an intention to continue as students during or after their temporary employment;
- (g) employees providing services for not more than two consecutive quarters to the Board of Trustees of the Minnesota State Colleges and Universities under the terms of a professional or technical services contract as defined in section 16C.08, subdivision 1;
- (h) employees of charitable hospitals as defined by section 179.35, subdivision 3;
- (i) full-time undergraduate students employed by the school which they attend under a work-study program or in connection with the receipt of financial aid, irrespective of number of hours of service per week;
- (j) an individual who is employed for less than 300 hours in a fiscal year as an instructor in an adult vocational education program;
- (k) an individual hired by the Board of Trustees of the Minnesota State Colleges and Universities to teach one course for three or fewer credits for one semester in a year;
- (l) with respect to court employees:
 - (1) personal secretaries to judges;
 - (2) law clerks;
 - (3) managerial employees;
 - (4) confidential employees; and
 - (5) supervisory employees.

The following individuals are public employees regardless of the exclusions of clauses (e) and (f):

- (i) an employee hired by a school district or the Board of Trustees of the Minnesota State Colleges and Universities except at the university established in section 136F.13 or for community services or community education instruction offered on a noncredit basis: (A) to replace an absent teacher or faculty member who is a public employee, where the replacement employee is employed more than 30 working days as a replacement for that teacher or faculty member; or (B) to take a teaching position created due to increased enrollment, curriculum expansion, courses which are a part of the curriculum whether offered annually or not, or other appropriate reasons; ~~and~~

(ii) an employee hired for a position under clause (f)(1) if that same position has already been filled under clause (f)(1) in the same calendar year and the cumulative number of days worked in that same position by all employees exceeds 67 calendar days in that year. For the purpose of this paragraph, "same position" includes a substantially equivalent position if it is not the same position solely due to a change in the classification or title of the position; and

(iii) an early childhood family education teacher employed by a school district.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 19. [PILOT PROGRAM FOR AT-RISK PREKINDERGARTEN CHILDREN.]

Subdivision 1. [ESTABLISHMENT; ELIGIBILITY; APPLICATION PROCESS.] (a) An early childhood education pilot program for at-risk children between the age of three and entering kindergarten is established to develop or expand developmentally appropriate and cost-effective programs for children who demonstrate two or more of the following characteristics:

- (1) are members of a household with an income less than 75 percent of the statewide median family income;
 - (2) live in divorced or separated households headed by a single parent;
 - (3) have experienced residential instability, homelessness, or have parents who have been unemployed in the past 12 months;
 - (4) have a parent who has not received a high school diploma or its equivalent;
 - (5) speak a primary language other than English;
 - (6) are determined by a qualified early childhood or other professional to require additional developmental screening, diagnosis, or treatment;
 - (7) have been placed in three or more child care settings in the past 12 months or are determined by a qualified early childhood or other professional to have been a victim of bullying;
 - (8) have a parent who has undergone treatment for chemical abuse or mental illness; or
 - (9) other criteria determined by the commissioner in consultation with qualified early childhood or other professionals.
- (b) An applicant for a grant must be a qualified provider of care, education, and social services for young children and their families. The applicant must demonstrate to the satisfaction of the commissioner of education that, at a minimum, the applicant:
- (1) has successfully operated an early childhood program for two or more calendar years that includes a parent involvement and education component;
 - (2) addresses the physical and educational needs of young children and their families; and
 - (3) measures its success in meeting the needs of the young children and families it serves.

(c) To obtain a grant under this section, a qualified provider must submit an application to the commissioner of education in the form and manner the commissioner prescribes. The application must demonstrate the applicant's qualifications, consistent with paragraph (b), and describe how the applicant proposes to develop or expand a developmentally appropriate and cost-effective program for at-risk young children and their families. The commissioner may require an applicant to submit additional information.

Subd. 2. [GRANT AWARDS.] The commissioner may award up to five grants to qualified providers throughout the state. The amount of the grant shall be based on the number of children and families expected to participate in the provider's program. Grant recipients must use the grant award to provide a developmentally appropriate and cost-effective program for at-risk young children and their families.

Subd. 3. [EVALUATION.] The commissioner, after evaluating the programmatic and cost-effectiveness of the grant recipients' programs and identifying the elements of developmentally appropriate and cost-effective programs for at-risk young children and their families, must submit by January 15, 2008, a written report of the commissioner's findings to the early childhood committees in the legislature. The commissioner must submit by January 15, 2014, a subsequent written report to the early childhood education committees of the legislature evaluating the long-term effect of children's participation in early childhood education programs under this section.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 20. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

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

<u>\$9,020,000</u>	<u>.....</u>	<u>2006</u>
<u>\$9,042,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$1,417,000 for 2005 and \$7,603,000 for 2006.

The 2007 appropriation includes \$1,415,000 for 2006 and \$7,627,000 for 2007.

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

<u>\$17,652,000</u>	<u>.....</u>	<u>2006</u>
<u>\$22,133,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$1,861,000 for 2005 and \$15,791,000 for 2006.

The 2007 appropriation includes \$2,940,000 for 2006 and \$19,193,000 for 2007.

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

<u>\$3,076,000</u>	<u>.....</u>	<u>2006</u>
<u>\$3,511,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$417,000 for 2005 and \$2,659,000 for 2006.

The 2007 appropriation includes \$494,000 for 2006 and \$3,017,000 for 2007.

Subd. 5. [HEAD START PROGRAM.] For Head Start programs under Minnesota Statutes, section 119A.52:

<u>\$17,100,000</u>	<u>.....</u>	<u>2006</u>
<u>\$17,100,000</u>	<u>.....</u>	<u>2007</u>

Subd. 6. [MINNESOTA EARLY LEARNING FOUNDATION.] For the purposes of Minnesota Statutes, section 124D.175:

<u>\$1,500,000</u>	<u>.....</u>	<u>2006</u>
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The private nonprofit, section 501(c)(3) organization contracting with the commissioner may accept nonpublic funds for the purposes of Minnesota Statutes, section 124D.175.

Of this appropriation, \$500,000 is for a pilot program to develop or expand developmentally appropriate and cost-effective programs for at-risk young children and their families under section 19.

This is a onetime appropriation.

Sec. 21. [REPEALER.]

(a) Minnesota Statutes 2004, sections 124D.15, subdivisions 2, 4, 6, 7, 8, 9, 11, and 13; and 124D.16, subdivision 4, are repealed.

(b) Minnesota Statutes 2004, section 124D.16, subdivision 1, is repealed effective July 1, 2006.

ARTICLE 8

PREVENTION

Section 1. Minnesota Statutes 2004, section 119A.46, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The definitions in section 144.9501 and in this subdivision apply to this section.

(b) "Eligible organization" means a lead contractor, city, board of health, community health department, community action agency as defined in section 119A.374, or community development corporation.

(c) "Commissioner" means the commissioner of ~~education~~ health, or the commissioner of the Minnesota Housing Finance Agency as authorized by section 462A.05, subdivision 15c.

Sec. 2. Minnesota Statutes 2004, section 119A.46, subdivision 2, is amended to read:

Subd. 2. [GRANTS; ADMINISTRATION.] Within the limits of the available appropriation, the commissioner must develop a swab team services program which may make demonstration and training grants to eligible organizations to train workers to provide swab team services and swab team services for residential property. Grants may be awarded to nonprofit organizations to provide technical assistance and training to ensure quality and consistency within the statewide program. Grants must be awarded to help ensure full-time employment to workers providing swab team services and must be awarded for a two-year period.

Grants awarded under this section must be made in consultation with the ~~commissioners of the Department of Health and~~ commissioner of the Housing Finance Agency; and representatives of neighborhood groups from areas at high risk for toxic lead exposure, a labor organization, the lead coalition, community action agencies, and the legal aid society. The consulting team must review grant applications and recommend awards to eligible organizations that meet requirements for receiving a grant under this section.

Sec. 3. Minnesota Statutes 2004, section 119A.46, subdivision 3, is amended to read:

Subd. 3. [APPLICANTS.] (a) Interested eligible organizations may apply to the commissioner for grants under this section. Two or more eligible organizations may jointly apply for a grant. Priority shall be given to community action agencies in greater Minnesota and to either community action agencies or neighborhood based nonprofit organizations in cities of the first class. Of the total annual appropriation, 12.5 percent may be used for administrative purposes. The commissioner may deviate from this percentage if a grantee can justify the need for a larger administrative allowance. Of this amount, up to five percent may be used by the commissioner for state administrative purposes. Applications must provide information requested by the commissioner, including at least the information required to assess the factors listed in paragraph (d).

(b) The commissioner must ~~coordinate with the commissioner of health who must~~ consult with boards of health to provide swab team services for purposes of secondary prevention. The priority for swab teams created by grants to eligible organizations under this section must be work assigned by the commissioner of health, or by a board of health if so designated by the commissioner of health, to provide secondary prevention swab team services to fulfill the requirements of section 144.9504, subdivision 6, in response to a lead order. Swab teams assigned work under this section by the commissioner, that are not engaged daily in fulfilling the requirements of section 144.9504, subdivision 6, must deliver swab team services in response to elevated blood lead levels as defined in section 144.9501, subdivision 9, where lead orders were not issued, and for purposes of primary prevention in census tracts known to be in areas at high risk for toxic lead exposure as described in section 144.9503, subdivision 2.

(c) Any additional money must be used for grants to establish swab teams for primary prevention under section 144.9503, in census tracts in areas at high risk for toxic lead exposure as determined under section 144.9503, subdivision 2.

(d) In evaluating grant applications, the commissioner must consider the following criteria:

- (1) the use of lead contractors and lead workers for residential swab team services;
- (2) the participation of neighborhood groups and individuals, as swab team workers, in areas at high risk for toxic lead exposure;
- (3) plans for the provision of swab team services for primary and secondary prevention as required under subdivision 4;
- (4) plans for supervision, training, career development, and postprogram placement of swab team members;

- (5) plans for resident and property owner education on lead safety;
- (6) plans for distributing cleaning supplies to area residents and educating residents and property owners on cleaning techniques;
- (7) sources of other funding and cost estimates for training, lead inspections, swab team services, equipment, monitoring, testing, and administration;
- (8) measures of program effectiveness;
- (9) coordination of program activities with other federal, state, and local public health, job training, apprenticeship, and housing renovation programs including programs under sections 116L.86 to 116L.881; and
- (10) prior experience in providing swab team services.

Sec. 4. Minnesota Statutes 2004, section 119A.46, subdivision 8, is amended to read:

Subd. 8. [TESTING AND EVALUATION.] (a) Testing of the environment is not necessary by swab teams whose work is assigned by the commissioner of health or a designated board of health under section 144.9504. The commissioner of health or designated board of health must share the analytical testing data collected on each residence for purposes of secondary prevention under section 144.9504 with the swab team workers in order to provide constructive feedback on their work and to the commissioner for the purposes set forth in paragraph (c).

(b) For purposes of primary prevention evaluation, the following samples must be collected: pretesting and posttesting of one noncarpeted floor dust lead sample and a notation of the extent and location of bare soil and of deteriorated lead-based paint. The analytical testing data collected on each residence for purposes of primary prevention under section 144.9503 must be shared with the swab team workers in order to provide constructive feedback on their work and to the commissioner for the purposes set forth in paragraph (c).

(c) The commissioner of health must establish a program ~~in cooperation with the commissioner~~ to collect appropriate data as required under paragraphs (a) and (b), in order to conduct an ongoing evaluation of swab team services for primary and secondary prevention. Within the limits of available appropriations, the commissioner of health must conduct ~~or contract with the commissioner~~, on up to 1,000 residences which have received primary or secondary prevention swab team services, a postremediation evaluation, on at least a quarterly basis for a period of at least two years for each residence. The evaluation must note the condition of the paint within the residence, the extent of bare soil on the grounds, and collect and analyze one noncarpeted floor dust lead sample. The data collected must be evaluated to determine the efficacy of providing swab team services as a method of reducing lead exposure in young children. In evaluating this data, the commissioner of health must consider city size, community location, historic traffic flow, soil lead level of the property by area or census tract, distance to industrial point sources that emit lead, season of the year, age of the housing, age and number of children living at the residence, the presence of pets that move in and out of the residence, and other relevant factors as the commissioner of health may determine.

Sec. 5. Minnesota Statutes 2004, section 124D.20, subdivision 3, is amended to read:

Subd. 3. [GENERAL COMMUNITY EDUCATION REVENUE.] The general community education revenue for a district equals ~~\$5.95 for fiscal year 2003 and 2004 and~~ \$5.23 for fiscal year years 2005 and 2006 and \$6.00 for fiscal year 2007 and later, times the greater of 1,335 or the population of the district. The population of the district is determined according to section 275.14.

[EFFECTIVE DATE.] This section is effective for revenue for fiscal year 2007.

Sec. 6. [APPROPRIATION.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [COMMUNITY EDUCATION AID.] For community education aid under Minnesota Statutes, section 124D.20:

<u>\$1,918,000</u>	<u>.....</u>	<u>2006</u>
<u>\$1,837,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$390,000 for 2005 and \$1,528,000 for 2006.

The 2007 appropriation includes \$284,000 for 2006 and \$1,553,000 for 2007.

Subd. 3. [ADULTS WITH DISABILITIES PROGRAM AID.] For adults with disabilities programs under Minnesota Statutes, section 124D.56:

<u>\$710,000</u>	<u>.....</u>	<u>2006</u>
<u>\$710,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$111,000 for 2005 and \$599,000 for 2006.

The 2007 appropriation includes \$111,000 for 2006 and \$599,000 for 2007.

Subd. 4. [HEARING-IMPAIRED ADULTS.] For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

<u>\$70,000</u>	<u>.....</u>	<u>2006</u>
<u>\$70,000</u>	<u>.....</u>	<u>2007</u>

Subd. 5. [SCHOOL-AGE CARE REVENUE.] For extended day aid under Minnesota Statutes, section 124D.22:

<u>\$17,000</u>	<u>.....</u>	<u>2006</u>
<u>\$7,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$4,000 for 2005 and \$13,000 for 2006.

The 2007 appropriation includes \$2,000 for 2006 and \$5,000 for 2007.

ARTICLE 9

SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2004, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. [STATE TOTAL ADULT BASIC EDUCATION AID.] (a) The state total adult basic education aid for fiscal year 2004 equals \$34,388,000. The state total adult basic education aid for fiscal year 2005 and later is \$36,509,000. The state total adult basic education aid for fiscal year 2006 and later is \$36,518,000 plus any amount

that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

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

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to revenue distributions for fiscal year 2006.

Sec. 2. Minnesota Statutes 2004, section 124D.531, subdivision 4, is amended to read:

Subd. 4. **[ADULT BASIC EDUCATION PROGRAM AID LIMIT.]** (a) Notwithstanding subdivisions 2 and 3, the total adult basic education aid for a program per prior year contact hour must not exceed \$21 per prior year contact hour computed under subdivision 3, clause (2).

(b) For fiscal year 2004, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for fiscal year 2003 by more than the greater of eight percent or \$10,000.

(c) For fiscal year 2005, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the sum of the aid for that program under subdivision 3, clause (2), and Laws 2003, First Special Session chapter 9, article 9, section 8, paragraph (a), for the preceding fiscal year by more than the greater of eight percent or \$10,000.

(d) For fiscal year 2006 and later, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of eight percent or \$10,000.

(e) Adult basic education aid is payable to a program for unreimbursed costs occurring in the program year as defined in section 124D.52, subdivision 3.

(f) Any adult basic education aid that is not paid to a program because of the program aid limitation under paragraph (a) must be added to the state total adult basic education aid for the next fiscal year under subdivision 1. Any adult basic education aid that is not paid to a program because of the program aid limitations under paragraph (b), (c), or (d), must be reallocated among programs by adjusting the rate per contact hour under subdivision 3, clause (2).

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to revenue distributions for fiscal year 2006.

Sec. 3. **[GRANTS FOR INTENSIVE ENGLISH INSTRUCTION FOR NEW ADULT REFUGEES.]**

The commissioner of education shall establish a reimbursement grant program to fund intensive English as a second language (ESL) programs for adult refugees. Intensive ESL programming must provide intensive instruction for adult refugees who are making inadequate literacy progress as measured by a standard assessment test. The intensive instruction must be focused on participants gaining sufficient literacy to achieve self-sufficiency through employment.

Organizations eligible for grants under this section include adult basic education programs, school districts, postsecondary institutions, and nonprofit or community-based organizations or other private organizations with experience in providing English language instruction to non-English speaking immigrants and refugees. Grant applications must contain information required by the commissioner in the form prescribed by the commissioner. At a minimum, the application must document experience in literacy programs serving immigrants and refugees, describe fiscal accounting systems and reporting capacity, ensure that administrative expenses are limited to five percent of grant funds, and provide a description of the proposed instructional services and training plans. Funds must be paid to programs on a reimbursement basis. The grant program expires on June 30, 2007.

Sec. 4. [REVISOR'S INSTRUCTION.]

In the next edition of Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes, section 119A.46, as section 144.9512 and make necessary cross-reference changes.

Sec. 5. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [ADULT BASIC EDUCATION AID.] For adult basic education aid under Minnesota Statutes:

<u>\$36,518,000</u>	<u>.....</u>	<u>2006</u>
<u>\$36,540,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$5,707,000 for 2005 and \$30,811,000 for 2006.

The 2007 appropriation includes \$5,737,000 for 2006 and \$30,803,000 for 2007.

Subd. 3. [GED TESTS.] For payment of 60 percent of the costs of GED tests under Laws 1993, chapter 224, article 4, section 44, subdivision 10:

<u>\$125,000</u>	<u>.....</u>	<u>2006</u>
<u>\$125,000</u>	<u>.....</u>	<u>2007</u>

Subd. 4. [INTENSIVE ENGLISH INSTRUCTION.] For grants for intensive English instruction for adult refugees under section 3:

<u>\$1,000,000</u>	<u>.....</u>	<u>2006</u>
<u>\$1,000,000</u>	<u>.....</u>	<u>2007</u>

Subd. 5. [LEAD HAZARD REDUCTION.] For lead hazard reduction under Minnesota Statutes, section 119A.46:

<u>\$100,000</u>	<u>.....</u>	<u>2006</u>
<u>\$100,000</u>	<u>.....</u>	<u>2007</u>

Any balance in the first year does not cancel but is available in the second year. The commissioner of education may transfer this appropriation to the commissioner of health.

ARTICLE 10

STATE AGENCIES

Section 1. Minnesota Statutes 2004, section 122A.09, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules must require college and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a postsecondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a postsecondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board must adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board but not later than September 1, 2001.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law. Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in understanding the key warning signs of early-onset mental illness in children and adolescents.

(o) The board, in consultation with the department, representatives of innovative schools and programs as determined by the board, and representatives of charter schools, alternative schools, small schools, and rural schools, must adopt rules to create an interdisciplinary teaching license.

Sec. 2. Minnesota Statutes 2004, section 122A.09, subdivision 10, is amended to read:

Subd. 10. [VARIANCES.] (a) Notwithstanding subdivision 9 and section 14.05, subdivision 4, the Board of Teaching may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or management.

(b) To enable a school district to meet the needs of students enrolled in an alternative education program and to enable licensed teachers instructing those students to satisfy content area licensure requirements, the Board of Teaching annually may permit a licensed teacher teaching in an alternative education program to instruct students in a content area for which the teacher is not licensed, consistent with paragraph (a).

(c) A special education license variance issued by the Board of Teaching for a primary employer's low-incidence region shall be valid in all low-incidence regions.

Sec. 3. [122A.245] [TEACHER TRAINING PROGRAM FOR QUALIFIED PROFESSIONALS.]

Subdivision 1. [SCOPE AND REQUIREMENTS.] (a) As an alternative to postsecondary teacher preparation programs, a teacher training program is established for qualified professionals to acquire an entrance license. Program providers, approved by the Board of Teaching under subdivision 3, may offer the program in the instructional fields of science, mathematics, world languages, English as a second language, and special education.

(b) To participate in the teacher training program, the teacher applicant must:

(1) have, at a minimum, a bachelor's degree from an accredited four-year postsecondary institution;

(2) have an undergraduate major or postbaccalaureate degree in the subject to be taught or in an equivalent or related subject area in which the applicant is seeking licensure;

(3) pass a skills examination in reading, writing, and mathematics required under section 122A.18;

(4) pass the Praxis II subject assessment for each subject area to be taught;

(5) have a cumulative grade point average of 2.75 or higher on a 4.0 scale for a bachelor's degree;

(6) show employment related to the subject to be taught; and

(7) show a district offer for employment as a teacher contingent on participating in an approved program described in subdivision 2.

Subd. 2. [PROGRAM.] A teacher training program under this section is one year in duration and must include:

(1) a nine-credit summer or preinduction preparation program that includes classroom management techniques and on-site classroom observation that are completed before the candidate is employed in the classroom;

(2) 200 clock hours of instruction in standards of effective practice and essential skills that include curriculum, instructional strategies, and classroom management presented after school or on Saturdays throughout the year leading to a teaching license and up to 15 graduate credits toward a master's degree in education;

(3) on-the-job mentoring, supervision, and evaluation arranged by the employing district that includes mentoring provided by an experienced teacher licensed in the subject taught by the applicant, and three evaluations by an evaluation team composed of the mentor, the principal, and a training program member that include at least three classroom observations where the third evaluation contains the team's recommendation for licensure and where a written report of each evaluation is prepared; and

(4) a one-week intensive workshop that includes analysis and reflection of the first year of teaching after completing the school year, which may be counted as part of 200 clock hours required in clause (2).

Subd. 3. [PROGRAM APPROVAL.] An interested Minnesota public or private postsecondary institution must submit program proposals to the Board of Teaching for approval.

Notwithstanding any law to the contrary, the Board of Teaching must develop criteria for approving teacher training programs under this section after considering the recommendations of an advisory group appointed by the Board of Teaching composed of, at a minimum, the commissioner of education or designee, and representatives of school superintendents, principals, teachers, and postsecondary institutions, including those offering degrees in teaching preparation.

Subd. 4. [ELIGIBILITY LICENSE.] Notwithstanding any law to the contrary, the Board of Teaching must issue to an applicant who successfully meets the criteria under subdivision 1, paragraph (b), a one-year eligibility license to teach at the employing district under subdivision 1, paragraph (b), clause (7). During the one-year eligibility period, the employing district must assign a mentor under subdivision 2, clause (3). The applicant teacher and teacher mentor must meet at least weekly throughout the school year on classroom and instructional issues.

The hiring district may deduct from the participant's salary the cost of providing the mentor for the participant during the training year.

Subd. 5. [STANDARD ENTRANCE LICENSE.] Notwithstanding any law to the contrary, the Board of Teaching must issue a standard entrance license to a training program licensee who successfully completes the program under subdivision 2, successfully teaches in a classroom for one complete school year, successfully passes the Praxis II principles of learning and teaching, and receives a positive recommendation from the applicant's evaluation team.

Subd. 6. [QUALIFIED TEACHER.] A person with a valid eligibility license under subdivision 5 is a qualified teacher under section 122A.16.

Sec. 4. Minnesota Statutes 2004, section 122A.40, subdivision 5, is amended to read:

Subd. 5. [PROBATIONARY PERIOD.] (a) The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district is deemed to be a probationary period of employment, and after completion thereof, the probationary period in each district in which the teacher is thereafter employed shall be one year. The school board must adopt a plan for written evaluation of teachers during the probationary period. Evaluation must occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school must not be included in determining the number of school days on which a teacher performs services. Except as otherwise provided in paragraph (b), during the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit. However, the board must give any such teacher whose contract it declines to renew for the following school year written notice to that effect before July 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the board must give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 122A.44.

(b) A board must discharge a probationary teacher, effective immediately, upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for child abuse or sexual abuse.

(c) A probationary teacher must complete at least 60 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 5. Minnesota Statutes 2004, section 122A.41, subdivision 2, is amended to read:

Subd. 2. [PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.] (a) All teachers in the public schools in cities of the first class during the first three years of consecutive employment shall be deemed to be in a probationary period of employment during which period any annual contract with any teacher may, or may not, be renewed as the school board, after consulting with the peer review committee charged with evaluating the probationary teachers under subdivision 3, shall see fit. The school site management team or the school board if there is no school site management team, shall adopt a plan for a written evaluation of teachers during the probationary period according to subdivision 3. Evaluation by the peer review committee charged with evaluating probationary teachers under subdivision 3 shall occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. The school board may, during such probationary period, discharge or demote a teacher for any of the causes as specified in this code. A written statement of the cause of such discharge or demotion shall be given to the teacher by the school board at least 30 days before such removal or demotion shall become effective, and the teacher so notified shall have no right of appeal therefrom.

(b) A probationary teacher must complete at least 60 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 6. [REPORT.]

The Board of Teaching, in consultation with approved alternative teacher training program providers and the Department of Education, must evaluate the efficacy of the alternative teacher training program under Minnesota Statutes, section 122A.245, through the 2013-2014 school year and by February 15, 2015, submit a written report to the kindergarten through grade 12 education policy committees of the legislature that includes, among other content, recommendations about whether to extend or expand the alternative teacher training program.

Sec. 7. [LICENSED STUDENT SUPPORT SERVICES.]

Subdivision 1. [ACCESS TO SERVICES.] School districts and the Department of Education shall work to provide for students' educational achievement, to provide for student safety, and to enhance student physical, emotional, and social well-being by providing access to licensed student support services, such as licensed school nurses, licensed school counselors, licensed school social workers, and licensed school psychologists.

Subd. 2. [FUNDING.] Districts and the department shall explore opportunities for obtaining additional funds to improve students' access to needed licensed student support services including, but not limited to, medical assistance reimbursements, local collaborative time study funds, federal funds, public health funds, and specifically designated funds.

Subd. 3. [IMPROVING ACCESS.] Districts and the department must consider nationally recommended licensed staff-to-student ratios, work loads, and best practices when working to improve student access to needed licensed student support services.

Sec. 8. [STATEWIDE STUDENT INFORMATION AND REPORTING SYSTEM.]

Subdivision 1. [WORKING GROUP CONVENED.] (a) The commissioner of education must convene a working group composed of:

(1) representatives from school districts, charter schools, and area learning centers of diverse size and location chosen by the commissioner;

(2) officials from the Department of Administration Materials Management Division; and

(3) at least three citizens with a demonstrated expertise in Web-based student information systems.

The working group must develop a plan to improve the quality and decrease the cost of Minnesota's student information systems.

(b) When developing its plan under paragraph (a), the group at least must determine whether the student information system:

(1) best operates as a single integrated management system or a system with a specified number of vendors that seamlessly transfer student data between school districts;

(2) includes a software license, technical support, and also hardware on which the software runs;

(3) is run in each school district or at a central data center; and

(4) can be run by private sector companies having access to students' educational records.

Subd. 2. [REQUEST FOR PROPOSALS.] The working group, consistent with its determinations in subdivision 1, paragraph (b), shall develop the framework for a request for proposal or "RFP" for the student information and reporting system. The RFP must require a vendor to implement a system that:

(1) meets all of the data collection and reporting requirements of the Minnesota Automated Reporting Student System;

(2) enhances state and federal student data collection;

(3) facilitates value-added assessment systems;

(4) ensures that the system has secure Web-based capabilities for entering and editing data; and

(5) provides robust data management tools including reporting features.

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

Sec. 9. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. [DEPARTMENT.] (a) For the Department of Education:

<u>\$22,057,000</u>	<u>.....</u>	<u>2006</u>
<u>\$23,887,000</u>	<u>.....</u>	<u>2007</u>

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

(b) \$260,000 each year is for the Minnesota Children's Museum.

(c) \$41,000 each year is for the Minnesota Academy of Science.

(d) \$605,000 each year is for the Board of Teaching. In addition, the commissioner must provide necessary resources to complete rulemaking under Minnesota Statutes, section 122A.09, subdivision 4.

(e) \$160,000 each year is for the Board of School Administrators.

(f) \$10,000 in fiscal year 2006 and \$15,000 in fiscal year 2007 are for administration of single purpose charter school sponsors.

(g) \$500,000 in fiscal year 2007 is for alternative teacher licensure programs.

(h) \$300,000 in fiscal year 2006 and \$1,600,000 in fiscal year 2007 are for value-added index assessment model.

(i) \$50,000 in fiscal year 2006 and \$75,000 in fiscal year 2007 are for the development and distribution to school districts of materials addressing the dangers of methamphetamine.

(j) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

Sec. 10. [APPROPRIATIONS; MINNESOTA STATE ACADEMIES.]

The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

<u>\$11,078,000</u>	.....	<u>2006</u>
<u>\$11,153,000</u>	.....	<u>2007</u>

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

Sec. 11. [APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

<u>\$6,255,000</u>	.....	<u>2006</u>
<u>\$6,255,000</u>	.....	<u>2007</u>

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

Sec. 12. [REPEALER.]

Minnesota Statutes 2004, section 122A.24, is repealed.

ARTICLE 11

FORECAST DEFICIENCIES

A. GENERAL EDUCATION

Section 1. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 2, as amended by Laws 2004, chapter 272, article 1, section 1, is amended to read:

Subd. 2. [GENERAL EDUCATION AID.] For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

<u>\$4,726,466,000</u>	.....	<u>2004</u>
\$5,026,983,000 <u>\$5,281,781,000</u>	.....	<u>2005</u>

The 2004 appropriation includes \$860,552,000 for 2003 and \$3,865,914,000 for 2004.

The 2005 appropriation includes ~~\$1,009,822,000~~ \$1,009,526,000 for 2004 and ~~\$4,017,161,000~~ \$4,272,255,000 for 2005.

Sec. 2. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 3, as amended by Laws 2004, chapter 272, article 1, section 2, is amended to read:

Subd. 3. [REFERENDUM TAX BASE REPLACEMENT AID.] For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

\$8,096,000	.....	2004
\$8,596,000 <u>\$9,007,000</u>	.....	2005

The 2004 appropriation includes \$1,419,000 for 2003 and \$6,677,000 for 2004.

The 2005 appropriation includes \$1,669,000 for 2004 and ~~\$6,927,000~~ \$7,338,000 for 2005.

Sec. 3. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 11, as amended by Laws 2004, chapter 272, article 1, section 5, is amended to read:

Subd. 11. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$14,411,000	.....	2004
\$15,072,000 <u>\$15,304,000</u>	.....	2005

The 2004 appropriation includes \$2,715,000 for 2003 and \$11,696,000 for 2004.

The 2005 appropriation includes \$2,923,000 for 2004 and ~~\$12,149,000~~ \$12,381,000 for 2005.

Sec. 4. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 12, as amended by Laws 2004, chapter 272, article 1, section 6, is amended to read:

Subd. 12. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$20,471,000	.....	2004
\$21,421,000 <u>\$21,703,000</u>	.....	2005

The 2004 appropriation includes \$3,990,000 for 2003 and \$16,481,000 for 2004.

The 2005 appropriation includes \$4,120,000 for 2004 and ~~\$17,301,000~~ \$17,583,000 for 2005.

B. EDUCATION EXCELLENCE

Sec. 5. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 2, as amended by Laws 2004, chapter 272, article 1, section 7, is amended to read:

Subd. 2. [CHARTER SCHOOL BUILDING LEASE AID.] For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$16,753,000	.....	2004
\$21,347,000 <u>\$21,410,000</u>	.....	2005

The 2004 appropriation includes \$2,524,000 for 2003 and \$14,229,000 for 2004.

The 2005 appropriation includes \$3,557,000 for 2004 and ~~\$17,790,000~~ \$17,853,000 for 2005.

Sec. 6. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 5, as amended by Laws 2004, chapter 272, article 1, section 10, is amended to read:

Subd. 5. [INTEGRATION AID.] For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

\$55,911,000	.....	2004
\$55,893,000 <u>\$57,756,000</u>	.....	2005

The 2004 appropriation includes \$8,428,000 for 2003 and \$47,483,000 for 2004.

The 2005 appropriation includes \$11,870,000 for 2004 and ~~\$44,023,000~~ \$45,886,000 for 2005.

Sec. 7. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 9, as amended by Laws 2004, chapter 272, article 1, section 12, is amended to read:

Subd. 9. [SUCCESS FOR THE FUTURE.] For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

\$2,061,000	.....	2004
\$2,137,000 <u>\$2,229,000</u>	.....	2005

The 2004 appropriation includes \$351,000 for 2003 and \$1,710,000 for 2004.

The 2005 appropriation includes \$427,000 for 2004 and ~~\$1,710,000~~ \$1,802,000 for 2005.

Sec. 8. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 12, as amended by Laws 2004, chapter 272, article 1, section 13, is amended to read:

Subd. 12. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$1,617,000	.....	2004
\$2,185,000 <u>\$2,203,000</u>	.....	2005

The 2004 appropriation includes \$285,000 for 2003 and \$1,332,000 for 2004.

The 2005 appropriation includes \$333,000 for 2004 and ~~\$1,852,000~~ \$1,870,000 for 2005.

C. SPECIAL PROGRAMS

Sec. 9. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 2, is amended to read:

Subd. 2. [SPECIAL EDUCATION; REGULAR.] For special education aid under Minnesota Statutes, section 125A.75:

\$515,091,000	.....	2004
\$529,460,000 <u>\$552,214,000</u>	.....	2005

The 2004 appropriation includes \$90,577,000 for 2003 and \$424,514,000 for 2004.

The 2005 appropriation includes \$106,128,000 for 2004 and ~~\$423,332,000~~ \$446,086,000 for 2005.

Sec. 10. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 4, as amended by Laws 2004, chapter 272, article 1, section 14, is amended to read:

Subd. 4. [AID FOR CHILDREN WITH DISABILITIES.] For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$2,311,000	.....	2004
\$2,550,000 <u>\$3,155,000</u>	.....	2005

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

Sec. 11. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 5, as amended by Laws 2004, chapter 272, article 1, section 15, is amended to read:

Subd. 5. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$173,000	.....	2004
\$178,000 <u>\$187,000</u>	.....	2005

The 2004 appropriation includes \$34,000 for 2003 and \$139,000 for 2004.

The 2005 appropriation includes \$34,000 for 2004 and ~~\$144,000~~ \$153,000 for 2005.

Sec. 12. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 8, as amended by Laws 2004, chapter 272, article 1, section 18, is amended to read:

Subd. 8. [TRANSITION FOR DISABLED STUDENTS.] For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

\$8,570,000	.....	2004
\$8,760,000 <u>\$9,176,000</u>	.....	2005

The 2004 appropriation includes \$1,516,000 for 2003 and \$7,054,000 for 2004.

The 2005 appropriation includes \$1,763,000 for 2004 and ~~\$6,997,000~~ \$7,413,000 for 2005.

Sec. 13. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 9, as amended by Laws 2004, chapter 272, article 1, section 19, is amended to read:

Subd. 9. [COURT-PLACED SPECIAL EDUCATION REVENUE.] For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$36,000	.....	2004
\$61,000 <u>\$62,000</u>	.....	2005

D. FACILITIES AND TECHNOLOGY

Sec. 14. Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 2, as amended by Laws 2004, chapter 272, article 1, section 21, is amended to read:

Subd. 2. [HEALTH AND SAFETY REVENUE.] For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$5,356,000	.....	2004
\$1,920,000 <u>\$2,099,000</u>	.....	2005

The 2004 appropriation includes \$1,516,000 for 2003 and \$3,840,000 for 2004.

The 2005 appropriation includes \$960,000 for 2004 and ~~\$960,000~~ \$1,139,000 for 2005.

Sec. 15. Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 3, as amended by Laws 2004, chapter 272, article 1, section 22, is amended to read:

Subd. 3. [DEBT SERVICE EQUALIZATION.] For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$35,598,000	.....	2004
\$31,220,000 <u>\$32,495,000</u>	.....	2005

The 2004 appropriation includes \$5,586,000 for 2003 and \$30,012,000 for 2004.

The 2005 appropriation includes \$7,503,000 for 2004 and ~~\$23,717,000~~ \$24,992,000 for 2005.

Sec. 16. Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 4, is amended to read:

Subd. 4. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$18,708,000	.....	2004
\$19,287,000 <u>\$20,116,000</u>	.....	2005

The 2004 appropriation includes \$3,278,000 for 2003 and \$15,430,000 for 2004.

The 2005 appropriation includes \$3,857,000 for 2004 and ~~\$15,430,000~~ \$16,259,000 for 2005.

E. NUTRITION, SCHOOL ACCOUNTING, OTHER PROGRAMS

Sec. 17. Laws 2003, First Special Session chapter 9, article 5, section 35, subdivision 3, as amended by Laws 2004, chapter 272, article 1, section 24, is amended to read:

Subd. 3. [TRADITIONAL SCHOOL BREAKFAST; KINDERGARTEN MILK.] For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

\$4,382,000	.....	2004
\$4,460,000 <u>\$4,548,000</u>	.....	2005

F. LIBRARIES

Sec. 18. Laws 2003, First Special Session chapter 9, article 6, section 4, as amended by Laws 2004, chapter 272, article 1, section 25, and Laws 2004, chapter 286, section 3, is amended to read:

Sec. 4. [APPROPRIATIONS.]

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

Subd. 2. [BASIC SYSTEM SUPPORT.] For basic system support grants under Minnesota Statutes, section 134.355:

\$8,312,000	.....	2004
\$8,570,000 <u>\$8,939,000</u>	.....	2005

The 2004 appropriation includes \$1,456,000 for 2003 and \$6,856,000 for 2004.

The 2005 appropriation includes \$1,714,000 for 2004 and ~~\$6,856,000~~ \$7,225,000 for 2005.

Subd. 3. [REGIONAL LIBRARY TELECOMMUNICATIONS AID.] For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$960,000	.....	2004
\$1,200,000 <u>\$1,252,000</u>	.....	2005

The 2004 appropriation includes \$960,000 for 2004.

The 2005 appropriation includes \$240,000 for 2004 and ~~\$960,000~~ \$1,012,000 for 2005.

Subd. 4. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$876,000	.....	2004
\$903,000 <u>\$942,000</u>	.....	2005

The 2004 appropriation includes \$153,000 for 2003 and \$723,000 for 2004.

The 2005 appropriation includes \$180,000 for 2004 and ~~\$723,000~~ \$762,000 for 2005.

Subd. 5. [ELECTRONIC LIBRARY FOR MINNESOTA.] For statewide licenses to on-line databases selected in cooperation with the higher education services office for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

\$400,000	.....	2004
\$400,000	.....	2005

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

G. EARLY CHILDHOOD FAMILY SUPPORT

Sec. 19. Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 2, is amended to read:

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

\$9,536,000	.....	2004
\$9,258,000 <u>\$9,594,000</u>	.....	2005

The 2004 appropriation includes \$1,605,000 for 2003 and \$7,931,000 for 2004.

The 2005 appropriation includes \$1,982,000 for 2004 and ~~\$7,276,000~~ \$7,612,000 for 2005.

Sec. 20. Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 4, is amended to read:

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

\$2,581,000	.....	2004
\$2,661,000 <u>\$2,776,000</u>	.....	2005

The 2004 appropriation includes \$452,000 for 2003 and \$2,129,000 for 2004.

The 2005 appropriation includes \$532,000 for 2004 and ~~\$2,129,000~~ \$2,244,000 for 2005.

H. PREVENTION

Sec. 21. Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 2, as amended by Laws 2004, chapter 272, article 1, section 27, is amended to read:

Subd. 2. [COMMUNITY EDUCATION AID.] For community education aid under Minnesota Statutes, section 124D.20:

\$5,351,000	.....	2004
\$3,137,000 <u>\$3,198,000</u>	.....	2005

The 2004 appropriation includes \$956,000 for 2003 and \$4,395,000 for 2004.

The 2005 appropriation includes \$1,098,000 for 2004 and ~~\$2,039,000~~ \$2,100,000 for 2005.

Sec. 22. Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 3, is amended to read:

Subd. 3. [ADULTS WITH DISABILITIES PROGRAM AID.] For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$688,000	.....	2004
\$710,000 <u>\$741,000</u>	.....	2005

The 2004 appropriation includes \$120,000 for 2003 and \$568,000 for 2004.

The 2005 appropriation includes \$142,000 for 2004 and ~~\$568,000~~ \$599,000 for 2005.

Sec. 23. Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 5, as amended by Laws 2004, chapter 272, article 1, section 28, is amended to read:

Subd. 5. [SCHOOL-AGE CARE REVENUE.] For extended day care aid under Minnesota Statutes, section 124D.22:

\$40,000	.....	2004
\$24,000 <u>\$30,000</u>	.....	2005

The 2004 appropriation includes \$14,000 for 2003 and \$26,000 for 2004.

The 2005 appropriation includes \$6,000 for 2004 and ~~\$18,000~~ \$24,000 for 2005.

I. SELF-SUFFICIENCY AND LIFELONG LEARNING

Sec. 24. Laws 2003, First Special Session chapter 9, article 9, section 9, subdivision 2, as amended by Laws 2004, chapter 272, article 1, section 29, is amended to read:

Subd. 2. [ADULT BASIC EDUCATION AID.] For adult basic education aid under Minnesota Statutes, section 124D.52, in fiscal year 2004 and Minnesota Statutes, section 124D.531, in fiscal year 2005:

\$33,014,000	.....	2004
\$35,808,000 <u>\$37,444,000</u>	.....	2005

The 2004 appropriation includes \$5,827,000 for 2003 and \$27,187,000 for 2004.

The 2005 appropriation includes \$6,796,000 for 2004 and ~~\$29,012,000~~ \$30,648,000 for 2005.

Sec. 25. [EFFECTIVE DATE.]

Sections 1 to 24 are effective the day following final enactment.

ARTICLE 12

TECHNICAL AND CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 2004, section 120B.31, subdivision 4, is amended to read:

Subd. 4. [STATISTICAL ADJUSTMENTS.] In developing policies and assessment processes to hold schools and districts accountable for high levels of academic standards, ~~including the profile of learning under section 120B.021,~~ the commissioner shall aggregate student data over time to report student performance levels measured at the school district, regional, or statewide level. When collecting and reporting the data, the commissioner shall: (1) acknowledge the impact of significant demographic factors such as residential instability, the number of single parent families, parents' level of education, and parents' income level on school outcomes; and (2) organize and report the data so that state and local policy makers can understand the educational implications of changes in districts' demographic profiles over time. Any report the commissioner disseminates containing summary data on student performance must integrate student performance and the demographic factors that strongly correlate with that performance.

Sec. 2. Minnesota Statutes 2004, section 121A.41, subdivision 10, is amended to read:

Subd. 10. [SUSPENSION.] "Suspension" means an action by the school administration, under rules promulgated by the school board, prohibiting a pupil from attending school for a period of no more than ten school days. If a suspension is longer than five days, the suspending administrator must provide the superintendent with a reason for the longer suspension. This definition does not apply to dismissal from school for one school day or less, except as provided in federal law for a student with a disability. Each suspension action may include a readmission plan. The readmission plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission and may not be used to extend the current suspension. Consistent with section ~~125A.09~~ 125A.091, subdivision ~~3~~ 5, the readmission plan must not obligate a parent to provide a sympathomimetic medication for the parent's child as a condition of readmission. The school administration may not impose consecutive suspensions against the same pupil for the same course of conduct, or incident of misconduct, except where the pupil will create an immediate and substantial danger to self or to surrounding persons or property, or where the district is in the process of initiating an expulsion, in which case the school administration may extend the suspension to a total of 15 days. In the case of a student with a disability, the student's individual education plan team must meet immediately but not more than ten school days after the date on which the decision to remove the student from the student's current education placement is made. The individual education plan team and other qualified personnel shall at that meeting: conduct a review of the relationship between the child's disability and the behavior subject to disciplinary action; and determine the appropriateness of the child's education plan.

The requirements of the individual education plan team meeting apply when:

- (1) the parent requests a meeting;
- (2) the student is removed from the student's current placement for five or more consecutive days; or
- (3) the student's total days of removal from the student's placement during the school year exceed ten cumulative days in a school year. The school administration shall implement alternative educational services when the suspension exceeds five days. A separate administrative conference is required for each period of suspension.

Sec. 3. Minnesota Statutes 2004, section 124D.40, is amended to read:

124D.40 [YOUTH WORKS GRANTS.]

Subdivision 1. [APPLICATION.] An eligible organization interested in receiving a grant under sections 124D.39 to 124D.44 may prepare and submit an application to the commission ~~an application that complies with section 124D.41.~~

Subd. 2. [GRANT AUTHORITY.] The commission must use any state appropriation and any available federal funds, including any grant received under federal law, to award grants to establish programs for youth works ~~meeting the requirements of section 124D.41.~~ At least one grant each must be available for a metropolitan proposal, a rural proposal, and a statewide proposal. If a portion of the suburban metropolitan area is not included in the metropolitan grant proposal, the statewide grant proposal must incorporate at least one suburban metropolitan area. In awarding grants, the commission may select at least one residential proposal and one nonresidential proposal; ~~provided the proposals meet or exceed the criteria in section 124D.41.~~

Sec. 4. Minnesota Statutes 2004, section 127A.41, subdivision 8, is amended to read:

Subd. 8. [APPROPRIATION TRANSFERS.] (a) If a direct appropriation from the general fund to the department for any education aid or grant authorized in this chapter and chapters 122A, 123A, 123B, 124D, 125A, 126C, and 134, excluding appropriations under sections 124D.135, 124D.16, 124D.20, ~~124D.21~~, 124D.22, 124D.52, 124D.531, ~~124D.54~~, 124D.55, and 124D.56, exceeds the amount required, the commissioner may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 126C.20 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations must be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

(b) Transfers for aids paid under section 127A.45, subdivisions 12, paragraph (a), 12a, paragraph (a), and 13, shall be made during the fiscal year after the fiscal year of the entitlement. Transfers for aids paid under section 127A.45, subdivisions 11, 12, paragraph (b), and 12a, paragraph (b), shall be made during the fiscal year of the appropriation.

Sec. 5. Minnesota Statutes 2004, section 127A.45, subdivision 12, is amended to read:

Subd. 12. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] (a) One hundred percent of the aid for the current fiscal year must be paid for the following aids: reimbursement for enrollment options transportation, according to sections 124D.03, subdivision 8, 124D.09, subdivision 22, and 124D.10; school lunch aid, according to section 124D.111; hearing impaired support services aid, according to section 124D.57; and Indian postsecondary preparation grants according to section ~~124D.80~~ 124D.81.

(b) One hundred percent of the aid for the current fiscal year, based on enrollment in the previous year, must be paid for the first grade preparedness program according to section 124D.081."

Delete the title and insert:

"A bill for an act relating to education; providing for early childhood, adult, family, and kindergarten through grade 12 education including general education, excellence in education, special programs, facilities and technology, nutrition and accounting, libraries, early education, prevention, self-sufficiency and lifelong learning, state agencies, forecast deficiencies, and technical and conforming amendments; authorizing rulemaking; providing for reports; appropriating money; amending Minnesota Statutes 2004, sections 13.32, subdivisions 1, 8; 119A.46, subdivisions 1, 2, 3, 8; 120A.05, by adding a subdivision; 120A.22, subdivision 12; 120B.02; 120B.021, by adding a subdivision; 120B.11, subdivisions 1, 2, 3, 4, 5, 8; 120B.13, subdivisions 1, 3, by adding a subdivision; 120B.23; 120B.30, subdivisions 1, 1a; 120B.31, subdivision 4; 121A.03, subdivision 1; 121A.06, subdivisions 2, 3; 121A.17, subdivisions 1, 3, 5; 121A.19; 121A.41, subdivision 10; 121A.47, subdivision 14; 121A.53; 121A.55; 122A.06, subdivision 4; 122A.09, subdivisions 4, 10; 122A.12, subdivision 2; 122A.18, subdivision 2a; 122A.40, subdivision 5; 122A.41, subdivisions 2, 14; 122A.414; 122A.415, subdivisions 1, 3; 123A.05, subdivision 2; 123A.06,

subdivision 1; 123A.24, subdivision 2; 123B.02, by adding a subdivision; 123B.09, subdivision 8; 123B.143, subdivision 1; 123B.36, subdivision 1; 123B.42, subdivision 3; 123B.49, subdivision 4; 123B.53, subdivision 1; 123B.54; 123B.59, subdivisions 3, 3a; 123B.63, subdivision 2; 123B.71, subdivisions 8, 12; 123B.749; 123B.75, subdivision 5, by adding a subdivision; 123B.76, subdivision 3; 123B.79, subdivision 6; 123B.81, subdivision 1; 123B.82; 123B.83, subdivision 2; 123B.92, subdivisions 1, 5, 9; 124D.095, subdivision 8; 124D.10, subdivisions 3, 4, 6, 8, 15, 23; 124D.11, subdivisions 1, 2, 5, 6; 124D.111, subdivisions 1, 2; 124D.118, subdivision 4; 124D.135, subdivisions 1, 5; 124D.15, subdivisions 1, 3, 5, 10, 12, by adding subdivisions; 124D.16, subdivisions 2, 3; 124D.20, subdivision 3; 124D.40; 124D.531, subdivisions 1, 4; 124D.66, subdivision 3; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.74, subdivision 1; 124D.81, subdivision 1; 124D.84, subdivision 1; 125A.091, subdivision 5; 125A.11, subdivision 1; 125A.24; 125A.28; 125A.51; 125A.76, subdivisions 1, 4, by adding subdivisions; 125A.79, subdivisions 1, 5, 6, 7, by adding subdivisions; 126C.01, subdivision 11; 126C.05, by adding a subdivision; 126C.10, subdivisions 1, 2, 3, 6, 7, 8, 13, 13a, 17, 18, 24, 31, by adding subdivisions; 126C.13, subdivision 4; 126C.15, subdivisions 1, 2, 3, by adding a subdivision; 126C.17, subdivisions 2, 5, 7, 9, 13; 126C.21, subdivision 4; 126C.40, subdivision 1; 126C.43, subdivisions 2, 3; 126C.44; 126C.457; 126C.48, subdivisions 2, 8, by adding a subdivision; 126C.63, subdivisions 5, 8; 127A.41, subdivision 8; 127A.42, subdivision 2; 127A.45, subdivisions 2, 10, 11, 12, 13, 14, 16; 127A.47, subdivisions 7, 8; 127A.49, subdivisions 2, 3; 127A.50, subdivision 5; 128C.12, subdivision 1; 134.31, by adding a subdivision; 171.04, subdivision 1; 171.05, subdivisions 2, 2b, 3; 179A.03, subdivision 14; 260C.007, subdivision 6, by adding a subdivision; 260C.201, subdivision 1; 275.14; 275.16; 469.177, subdivision 9; Laws 1996, chapter 412, article 5, section 24; Laws 2003, First Special Session chapter 9, article 1, section 53, subdivisions 2, as amended, 3, as amended, 11, as amended, 12, as amended; Laws 2003, First Special Session chapter 9, article 2, section 55, subdivisions 2, as amended, 5, as amended, 9, as amended, 12, as amended; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivisions 2, 4, as amended, 5, as amended, 6, as amended, 8, as amended, 9, as amended; Laws 2003, First Special Session chapter 9, article 4, section 31, subdivisions 2, as amended, 3, as amended, 4; Laws 2003, First Special Session chapter 9, article 5, section 35, subdivision 3, as amended; Laws 2003, First Special Session chapter 9, article 6, section 4, as amended; Laws 2003, First Special Session chapter 9, article 7, section 11, subdivisions 2, 4; Laws 2003, First Special Session chapter 9, article 8, section 7, subdivisions 2, as amended, 3, 5, as amended; Laws 2003, First Special Session chapter 9, article 9, section 9, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapters 120A; 120B; 121A; 122A; 123A; 123B; 124D; 125B; 129C; 171; 179A; repealing Minnesota Statutes 2004, sections 122A.24; 122A.415, subdivision 2; 123B.05; 123B.83, subdivision 1; 124D.095; 124D.15, subdivisions 2, 4, 6, 7, 8, 9, 11, 13; 124D.16, subdivisions 1, 4; 126C.12; 126C.42, subdivisions 1, 4."

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

The report was adopted.

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

H. F. No. 1420, A bill for an act relating to state government; appropriating money for environmental, natural resources, agricultural, and economic development purposes; establishing and modifying certain programs; reorganizing environmental agencies; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; amending Minnesota Statutes 2004, sections 15.01; 16A.125, subdivision 5; 17.03, subdivision 13; 17.117, by adding a subdivision; 18B.08, subdivision 4; 18B.26, subdivision 3; 18B.31, subdivision 5; 18B.315, subdivision 6; 18B.32, subdivision 6; 18B.33, subdivision 7; 18B.34, subdivision 5; 18C.141, subdivisions 1, 3, 5; 18C.425, subdivision 6; 18E.03, subdivision 2; 18G.10, subdivisions 5, 7; 18H.07, subdivisions 1, 2, 3; 19.64, subdivision 1; 25.341, subdivision 2; 25.39, subdivisions 1, 4; 60A.14, subdivision 1; 60K.55, subdivision 2; 72B.04, subdivision 10; 82B.09, subdivision 1; 84.631; 85.052, subdivision 4; 85.055, subdivision 2, by adding a subdivision; 85.42; 89.039, subdivision 1; 89.37, by adding a subdivision; 93.22, subdivision 1; 97A.071, subdivision 2; 97A.075; 103G.271, subdivision 6; 103G.301, subdivision 2; 103I.681, subdivision 11;

115A.06, subdivision 5; 115A.07, subdivision 1; 115A.15, subdivision 7; 115A.38, subdivision 1; 116.03, subdivision 1; 116.07, subdivision 4b; 116C.779, subdivision 2; 116J.551, subdivision 1; 116J.63, subdivision 2; 116J.8731, subdivision 5; 168.1296, subdivision 1; 183.41, by adding a subdivision; 183.411, subdivisions 2a, 3; 183.42; 183.44, subdivision 1; 183.51, subdivision 2, by adding a subdivision; 183.545; 183.57; 216C.41, subdivisions 2, 5, 5a; 223.17, subdivision 3; 231.16; 232.22, subdivision 3; 236.02, subdivision 4; 282.09, by adding a subdivision; 297H.13, subdivision 2; 326.975, subdivision 1; 345.47, subdivisions 3, 3a; 373.40, subdivisions 1, 3; 462A.05, subdivision 3a; 462A.33, subdivision 2; 473.846; 517.08, subdivisions 1b, 1c; proposing coding for new law in Minnesota Statutes, chapters 25; 45; 84; 92; 93; 116; 477A; repealing Minnesota Statutes 2004, sections 18B.065, subdivision 5; 19.64, subdivision 4a; 45.0295; 84.901; 115A.03, subdivisions 8a, 22a; 115A.055, subdivision 1; 115A.158, subdivision 3; 115D.03, subdivision 4; 116.02, subdivision 5; 116.04; 116J.58, subdivision 3; 462C.15; 473.801, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

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

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2006" and "2007," where used in this act, mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2006, or June 30, 2007, respectively. The term "the first year" means the year ending June 30, 2006, and the term "the second year" means the year ending June 30, 2007.

SUMMARY BY FUND

	2006	2007	TOTAL
General	\$44,303,000	\$41,557,000	\$85,860,000
Remediation	388,000	388,000	776,000
TOTAL	\$44,691,000	\$41,945,000	\$86,636,000

APPROPRIATIONS

Available for the Year
Ending June 30

2006 2007

Sec. 2. DEPARTMENT OF AGRICULTURE

Subdivision 1. Total Appropriation	40,122,000	37,384,000
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Summary by Fund

General	39,734,000	36,996,000
Remediation	388,000	388,000

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

APPROPRIATIONS Available for the Year Ending June 30	
2006	2007
Subd. 2. Protection Services	10,490,000
	10,495,000

Summary by Fund

General	10,102,000	10,107,000
Remediation	388,000	388,000

\$388,000 the first year and \$388,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

The balance in the waste pesticide account in the agricultural fund is canceled to the pesticide regulatory account in the agricultural fund and the waste pesticide account is abolished.

\$145,000 the first year and \$150,000 the second year are for increased monitoring of pesticides in groundwater and surface waters throughout the state. This appropriation must be used primarily for sample collection and laboratory analytical costs. This appropriation is in addition to other appropriations and funding for the water monitoring program.

Subd. 3. Agricultural Marketing and Development	4,467,000	4,197,000
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\$71,000 the first year and \$71,000 the second year are for transfer to the Minnesota grown matching account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.109. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2007, for Minnesota grown grants in this subdivision are available until June 30, 2009.

\$80,000 the first year and \$80,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture as authorized in Minnesota Statutes, section 17.116. Of the amount for grants, up to \$20,000 may be used for dissemination of information about the demonstration projects. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2007, for sustainable agriculture grants in this subdivision are available until June 30, 2009.

APPROPRIATIONS

Available for the Year

Ending June 30

2006

2007

The commissioner of agriculture, in consultation with the commissioner of transportation, shall conduct an economic impact study of a rail container load-out facility located in the west-central area of Minnesota. The study must include benefits of such a facility to the region and to the state transportation system. By January 15, 2006, the commissioner shall report to the governor and the agriculture policy committees of the senate and house on the findings of the study.

\$100,000 the first year and \$100,000 the second year are to provide training and technical assistance to county and town officials relating to livestock siting issues and local zoning and land use planning including a checklist template that would clarify the federal, state, and local government requirements for consideration of an animal agriculture modernization or expansion project. In developing the training and technical assistance program, the commissioner may seek assistance from the local planning assistance center of the Department of Administration and shall seek guidance, advice, and support of livestock producer organizations, general agricultural organizations, local government associations, academic institutions, other government agencies, and others with expertise in land use and agriculture.

\$220,000 the first year is to contract with the University of Minnesota for further research and development of livestock odor and air quality management. This is a onetime appropriation.

\$50,000 is for a grant to Second Harvest Heartland on behalf of Minnesota's six Second Harvest food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Second Harvest food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses.

APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

Subd. 4. Value-Added Agricultural Products

18,745,000 15,268,000

\$18,745,000 the first year and \$15,268,000 the second year are for ethanol producer payments under Minnesota Statutes, section 41A.09. Payments for eligible ethanol production in fiscal years 2006 and 2007 shall be disbursed at the rate of \$0.13 per gallon. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make payments on a pro rata basis. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year for scheduled payments, the balance must be used to reimburse ethanol producers for deficiencies as provided in Minnesota Statutes, section 41A.09, subdivision 3a, paragraphs (h) and (i). The appropriation remains available until spent.

Subd. 5. Administration and Financial Assistance

6,420,000 7,424,000

\$1,005,000 the first year and \$1,005,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a work plan detailing plans for expenditures under this program to the chairs of the house and senate committees dealing with agricultural policy and budget on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs.

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

\$19,000 the first year and \$19,000 the second year are for a grant to the Minnesota Livestock Breeders Association.

APPROPRIATIONS
Available for the Year
Ending June 30
2006 2007

\$1,000 the first year and \$1,000 the second year are for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. No new loans may be approved in fiscal year 2006 or 2007.

Aid payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1, must be disbursed not later than July 15 for annual fairs held in the previous calendar year.

The commissioner is instructed to increase expenditures from the accounts in the agriculture fund by \$190,000 the first year and \$310,000 the second year. This increase is for a portion of the increased rent cost.

\$70,000 the first year and \$75,000 the second year are for annual grants to the Northern Minnesota Forage-Turf Seed Advisory Committee for basic and applied research on the improved production of forage and turf seed related to new and improved varieties. The grant recipient may subcontract with a qualified third party for some or all of the basic and applied research.

\$18,000,000 is from the bond proceeds fund for purposes as set forth in the Minnesota Constitution, article XI, section 5, clause (h), to the Rural Finance Authority to purchase participation interests in or to make direct agricultural loans to farmers under Minnesota Statutes, chapter 41B. This appropriation is for the beginning farmer program under Minnesota Statutes, section 41B.039, the loan restructuring program under Minnesota Statutes, section 41B.04, the seller-sponsored program under Minnesota Statutes, section 41B.042, the agricultural improvement loan program under Minnesota Statutes, section 41B.043, and the livestock expansion loan program under Minnesota Statutes, section 41B.045. All debt service on bond proceeds used to finance this appropriation must be repaid by the Rural Finance Authority under Minnesota Statutes, section 16A.643. Loan participations must be priced to provide full interest and principal coverage and a reserve for potential losses. Priority for loans must be given first to basic beginning farmer loans; second, to seller-sponsored loans; and third, to agricultural improvement loans.

To provide the money appropriated in this subdivision from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$18,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

	APPROPRIATIONS Available for the Year Ending June 30	
	2006	2007
Sec. 3. BOARD OF ANIMAL HEALTH	2,959,000	2,961,000
Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	1,600,000	1,600,000
Sec. 5. MINNESOTA HORTICULTURE SOCIETY	10,000	-0-

This is a onetime appropriation.

Sec. 6. Minnesota Statutes 2004, section 13.643, is amended by adding a subdivision to read:

Subd. 6. [ANIMAL IDENTIFICATION DATA.] (a) The following data collected and maintained by the Board of Animal Health related to registration and identification of premises and animals under chapter 35, are classified as private or nonpublic:

(1) the names and addresses of the applicants;

(2) the location of the premises where animals are kept; and

(3) the identification number of the premises or the animal.

(b) Nothing in this subdivision prohibits a state agency from carrying out the statutory duties of the agency.

Sec. 7. [16C.137] [MINIMIZING ENERGY USE; RENEWABLE FUELS.]

Subdivision 1. [GOALS AND ACTIONS.] (a) Using 2005 as a baseline, the state of Minnesota shall reduce the use of gasoline by on-road vehicles owned by state departments by 25 percent by 2010 and by 50 percent by 2015, and the use of petroleum-based diesel fuel in diesel-fueled vehicles by ten percent by 2010 and 25 percent by 2015.

(b) To meet the goals established in paragraph (a), each state department will, whenever legally, technically, and economically feasible, subject to the specific needs of the department and responsible management of agency finances:

(1) ensure that at least 75 percent of purchases of new on-road vehicles:

(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1, clauses (1), (3), and (4); or

(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles per gallon for highway usage, including but not limited to hybrid electric cars and hydrogen-powered vehicles;

(2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and hydrogen from agricultural products; and

(3) increase its use of Web-based Internet applications and other electronic information technologies to enhance the access to and delivery of government information and services to the public, and reduce the reliance on the department's fleet for the delivery of such information and services.

Subd. 2. [SMARTFLEET COMMITTEE.] (a) The commissioner of administration, or the commissioner's designee, shall chair a SmartFleet Committee consisting of representatives designated by the commissioners of the Pollution Control Agency, the Departments of Agriculture and Commerce, and other state departments that wish to participate. To ensure effective and efficient state participation, the SmartFleet Committee must assist state departments in implementing the requirements of this section, including providing information, guidance, sample policies and procedures, and technical and planning assistance.

(b) The SmartFleet Committee must evaluate the goals and directives established in this section by December 2006 and periodically thereafter. The committee must make recommendations to the governor and appropriate committees of the legislature on February 1 of each year for new or adjusted goals and directives, in light of the progress the state has made implementing this section, and of the availability of new or improved technologies.

(c) For the systematic and efficient monitoring of progress in implementing this section by the SmartFleet Committee, the Department of Administration shall implement a fleet reporting and information management system. Each department will use this management system to demonstrate its progress in complying with this section.

Subd. 3. [EXCLUSION.] Petroleum-based diesel fuel used in a vehicle which a department has retrofit to use ultra low sulfur diesel fuel and to add additional emissions control technologies is excluded when evaluating progress toward the reduction goals established in subdivision 1. This exclusion applies only to vehicles purchased before the model year in which the federal Environmental Protection Agency's new clean diesel emission reduction rules take effect.

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

Sec. 8. Minnesota Statutes 2004, section 17.03, subdivision 13, is amended to read:

Subd. 13. [SEMIANNUAL REPORTS.] (a) ~~By October 15 and April 15 of each year,~~ The commissioner shall submit to the legislative committees having jurisdiction over appropriations from the agricultural fund in section 16A.531 ~~a report~~ reports on the amount of revenue raised in each fee account within the fund, the expenditures from each account, and the purposes for which the expenditures were made. The reports must be issued in February and November each year, to coincide with the forecasts of revenue and expenditures prepared under section 16A.103.

(b) The report delivered ~~on October 15~~ in February of each year must include the commissioner's recommendations, if any, for changes in statutes relating to the fee accounts of the agricultural fund.

Sec. 9. Minnesota Statutes 2004, section 17.117, is amended by adding a subdivision to read:

Subd. 5b. [APPLICATION FEE.] The commissioner may impose a nonrefundable application fee of \$50 for each loan issued under the program. The fees must be credited to the agricultural best management practices administration account, which is hereby established in the agricultural fund. Interest earned in the account accrues to the account. Money in the account and interest earned in the accounts established in the agricultural fund under subdivision 5a are appropriated to the commissioner for administrative expenses of the program.

Sec. 10. Minnesota Statutes 2004, section 17.117, subdivision 11, is amended to read:

Subd. 11. [LOANS ISSUED TO BORROWER.] (a) Local lenders may issue loans only for projects that are approved and certified by the local government unit as meeting priority needs identified in a comprehensive water management plan or other local planning documents, are in compliance with accepted practices, standards, specifications, or criteria, and are eligible for financing under Environmental Protection Agency or other applicable guidelines.

(b) The local lender may use any additional criteria considered necessary to determine the eligibility of borrowers for loans.

(c) Local lenders shall set the terms and conditions of loans to borrowers, except that:

(1) no loan to a borrower may exceed ~~\$50,000~~ \$100,000;

(2) no loan for a project may exceed ~~\$50,000~~ \$100,000; and

(3) no borrower shall, at any time, have multiple loans from this program with a total outstanding loan balance of more than ~~\$50,000~~ \$100,000.

(d) The maximum term length for ~~conservation tillage and individual sewage treatment system projects is five years. The maximum term length for other projects in this paragraph is ten years.~~

(e) Fees charged at the time of closing must:

(1) be in compliance with normal and customary practices of the local lender;

(2) be in accordance with published fee schedules issued by the local lender;

(3) not be based on participation program; and

(4) be consistent with fees charged other similar types of loans offered by the local lender.

(f) The interest rate assessed to an outstanding loan balance by the local lender must not exceed three percent per year.

Sec. 11. Minnesota Statutes 2004, section 17.452, is amended by adding a subdivision to read:

Subd. 5a. [OTHER APPLICABLE DEFINITIONS.] The definitions in section 35.153 apply to this section.

Sec. 12. Minnesota Statutes 2004, section 17.982, subdivision 1, is amended to read:

Subdivision 1. [CRIMINAL PENALTIES.] A person who violates a provision of chapter 28A, 29, 31, 31A, 31B, or 34 for which a penalty has not been prescribed is guilty of a misdemeanor.

Sec. 13. Minnesota Statutes 2004, section 17.983, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATIVE PENALTIES; CITATION.] If a person has violated chapter 28A, 29, 31, 31A, 31B, 32, or 34, the commissioner may issue a written citation to the person by personal service or by certified mail. The citation ~~shall~~ must describe the nature of the violation and the statute or rule alleged to have been violated; ~~state the time for correction;~~ and the amount of any proposed fine. The citation must advise the person to notify the commissioner in writing within 30 days if the person wishes to appeal the citation. If the person fails to appeal the citation, the citation is the final order and not subject to further review.

Sec. 14. Minnesota Statutes 2004, section 17.983, subdivision 3, is amended to read:

Subd. 3. [CONTESTED CASE.] If a person appeals a citation or a penalty assessment within the time limits in ~~subdivisions subdivision 1 and 2,~~ the commissioner, ~~within 40 days after receiving the appeal,~~ shall initiate a contested proceeding under chapter 14. The report of the administrative law judge is the final decision of the commissioner of agriculture.

Sec. 15. Minnesota Statutes 2004, section 17B.03, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER'S POWERS.] The commissioner of agriculture shall exercise general supervision over the inspection, grading, weighing, sampling, and analysis of grain subject to the provisions of the United States Grain Standards Act of 1976 and the rules promulgated thereunder by the United States Department of Agriculture. This activity may take place within or outside the state of Minnesota. Scale testing must be performed at export locations or, upon request from and with the consent of the delegated authority, at domestic locations. Fees for the testing of scales and weighing equipment shall be fixed by the commissioner and must be uniform with those charged by the Division of Weights and Measures of the Department of Commerce.

Sec. 16. Minnesota Statutes 2004, section 18B.08, subdivision 4, is amended to read:

Subd. 4. [APPLICATION FEE.] A person ~~initially~~ applying for a chemigation permit must pay a nonrefundable application fee of ~~\$50~~ \$250. A person who holds a fertilizer chemigation permit under section 18C.205, is exempt from the fee in this subdivision.

Sec. 17. Minnesota Statutes 2004, section 18B.26, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FEE.] (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at ~~one tenth of one percent for calendar year 1990, at one fifth of one percent for calendar year 1991, and at two fifths of one~~ 0.4 percent ~~for calendar year 1992 and thereafter~~ of annual gross sales within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee of \$250. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. The commissioner shall spend at least \$300,000 per fiscal year from the pesticide regulatory account for the purposes of the waste pesticide collection program.

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

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

(d) A registrant who is required to pay more than the minimum fee for any pesticide under paragraph (a) must pay a late fee penalty of \$100 for each pesticide application fee paid after March 1 in the year for which the license is to be issued.

Sec. 18. Minnesota Statutes 2004, section 18B.31, subdivision 5, is amended to read:

Subd. 5. [APPLICATION FEE.] (a) An application for a pesticide dealer license must be accompanied by a nonrefundable application fee of ~~\$50~~ \$150.

(b) If an application for renewal of a pesticide dealer license is not filed before January 1 of the year for which the license is to be issued, an additional fee of \$20 must be paid by the applicant before the license is issued.

Sec. 19. Minnesota Statutes 2004, section 18B.315, subdivision 6, is amended to read:

Subd. 6. [FEES.] (a) An applicant for an aquatic pest control license for a business must pay a nonrefundable application fee of ~~\$100~~ \$200. An employee of a licensed business must pay a nonrefundable application fee of \$50 for an individual aquatic pest control license.

(b) An application received after expiration of the aquatic pest control license is subject to a penalty of 50 percent of the application fee.

(c) An applicant that meets renewal requirements by reexamination instead of attending workshops must pay the equivalent workshop fee for the reexamination as determined by the commissioner.

Sec. 20. Minnesota Statutes 2004, section 18B.32, subdivision 6, is amended to read:

Subd. 6. [FEES.] (a) An applicant for a structural pest control license for a business must pay a nonrefundable application fee of ~~\$100~~ \$200. An employee of a licensed business must pay a nonrefundable application fee of \$50 for an individual structural pest control license.

(b) An application received after expiration of the structural pest control license is subject to a penalty fee of 50 percent of the application fee.

(c) An applicant that meets renewal requirements by reexamination instead of attending workshops must pay the equivalent workshop fee for the reexamination as determined by the commissioner.

Sec. 21. Minnesota Statutes 2004, section 18B.33, subdivision 7, is amended to read:

Subd. 7. [APPLICATION FEES.] (a) A person initially applying for or renewing a commercial applicator license must pay a nonrefundable application fee of \$50.

(b) ~~If A license renewal application is not filed before received after March 1 of in the year for which the license is to be issued, an additional is subject to a penalty fee of \$10 must be paid before the commercial applicator 50 percent of the application fee. The penalty fee must be paid before the renewal~~ license may be issued.

(c) An application for a duplicate commercial applicator license must be accompanied by a nonrefundable application fee of \$10.

Sec. 22. Minnesota Statutes 2004, section 18B.34, subdivision 5, is amended to read:

Subd. 5. [FEES.] (a) A person initially applying for or renewing a noncommercial applicator license must pay a nonrefundable application fee of \$50, except an applicant who is a government or a Minnesota Conservation Corps employee who uses pesticides in the course of performing official duties must pay a nonrefundable application fee of \$10.

(b) ~~If an A license renewal application for renewal of a noncommercial license is not filed before~~ received after March 1 in the year for which the license is to be issued, ~~an additional is subject to a penalty fee of \$10 must be paid before the 50 percent of the application fee. The penalty fee must be paid before the~~ renewal license may be issued.

(c) An application for a duplicate noncommercial applicator license must be accompanied by a nonrefundable application fee of \$10.

Sec. 23. Minnesota Statutes 2004, section 18C.141, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHMENT.] The commissioner shall establish ~~a program~~ voluntary programs to certify the accuracy of analyses from soil and manure testing laboratories and promote standardization of soil and manure testing procedures and analytical results.

Sec. 24. Minnesota Statutes 2004, section 18C.141, subdivision 3, is amended to read:

Subd. 3. [ANALYSES REPORTING STANDARDS.] (a) The results obtained from soil, manure, or plant analysis must be reported in accordance with standard reporting units established by the commissioner by rule. The standard reporting units must conform as far as practical to uniform standards that are adopted on a regional or national basis.

(b) If a certified laboratory offers a recommendation for use in Minnesota, the University of Minnesota recommendation or that of another land grant college in a contiguous state must be offered in addition to other recommendations, and the source of the recommendation must be identified on the recommendation form. If relative levels such as low, medium, or high are presented to classify the analytical results, the corresponding relative levels based on the analysis as designated by the University of Minnesota or the land grant college in a contiguous state must also be presented.

Sec. 25. Minnesota Statutes 2004, section 18C.141, subdivision 5, is amended to read:

Subd. 5. [~~CERTIFICATION~~ FEES.] (a) The commissioner may charge the actual costs for check sample preparation and shipping.

(b) A laboratory applying for certification ~~shall pay an application fee of \$100 and a certification fee of \$100 before the certification is issued~~ may be charged a nonrefundable certification fee to cover the actual costs for administration of the program.

~~(b) (c) Certification is valid for one year and the renewal fee is \$100. The commissioner shall charge an additional application fee of \$100 if a certified laboratory allows certification to lapse before applying for renewed certification renewable on an annual basis.~~

~~(e) The commissioner shall notify a certified lab that its certification lapses within 30 to 60 days of the date when the certification lapses.~~

(d) The commissioner may accept donations to support the development and operation of soil and manure programs.

(e) Revenues under this section are deposited in the fertilizer account of the agricultural fund.

Sec. 26. Minnesota Statutes 2004, section 18C.425, subdivision 6, is amended to read:

Subd. 6. [INSPECTION FEES.] The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay an inspection fee of ~~45~~ 30 cents per ton of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of \$10 on all tonnage reports. Products sold or distributed to manufacturers or exchanged between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

Sec. 27. Minnesota Statutes 2004, section 18E.03, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURES.] (a) Money in the agricultural chemical response and reimbursement account may only be used:

(1) to pay for the commissioner's responses to incidents under chapters 18B, 18C, and 18D that are not eligible for payment under section 115B.20, subdivision 2;

(2) to pay for emergency responses that are otherwise unable to be funded;

(3) to reimburse and pay corrective action costs under section 18E.04; and

(4) by the board to reimburse the commissioner for board staff and other administrative costs up to ~~\$175,000~~ \$225,000 per fiscal year.

(b) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments as provided in this subdivision.

Sec. 28. Minnesota Statutes 2004, section 18G.03, subdivision 1, is amended to read:

Subdivision 1. [ENTRY AND INSPECTION.] (a) The commissioner may enter and inspect a public or private place that might harbor plant pests and may require that the owner destroy or treat plant pests, plants, or other material.

(b) If the owner fails to properly comply with a directive of the commissioner, the commissioner may have any necessary work done at the owner's expense. The commissioner shall notify the owner of the deadline for paying those expenses. If the owner does not reimburse the commissioner for an expense within a time specified by the commissioner, the expense is a charge upon the county as provided in subdivision 4.

(c) If a ~~dangerous~~ harmful plant pest infestation or infection threatens plants of an area in the state, the commissioner may take any measures necessary to eliminate or alleviate the ~~danger~~ potential significant damage or harm.

(d) The commissioner may collect fees required by this chapter.

(e) The commissioner may issue and enforce a written or printed "stop-sale" ~~order~~ orders, compliance agreements, and other directives and requests to the owner or custodian of any plants or articles infested or infected with ~~dangerously injurious~~ a harmful plant ~~pests~~ pest.

Sec. 29. Minnesota Statutes 2004, section 18G.10, subdivision 5, is amended to read:

Subd. 5. [CERTIFICATE FEES.] (a) The commissioner shall assess the fees in paragraphs (b) to (f) for the inspection, service, and work performed in carrying out the issuance of a phytosanitary certificate or export certificate. The inspection fee must be based on mileage and inspection time.

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

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

(d) ~~A fee must be charged for any certificate issued that requires laboratory analysis before issuance. The fee must be deposited into the laboratory account as authorized in section 17.85. If laboratory analysis or other technical analysis is required to issue a certificate, the commissioner must set and collect the fee to recover this additional cost.~~

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

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

(g) For services provided for in subdivision 7 that are goods and services provided for the direct and primary use of a private individual, business, or other entity, the commissioner must set and collect the fees to cover the cost of the services provided.

Sec. 30. Minnesota Statutes 2004, section 18G.10, subdivision 7, is amended to read:

Subd. 7. [~~PLANT PROTECTION INSPECTIONS, SUPPLEMENTAL, ADDITIONAL, OR OTHER CERTIFICATES, AND PERMITS, AND FEES.~~] (a) The commissioner may provide inspection, sampling, or certification services to ensure that Minnesota plant products or commodities meet import requirements of other states or countries.

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

Sec. 31. Minnesota Statutes 2004, section 18H.02, is amended by adding a subdivision to read:

Subd. 12a. [INDIVIDUAL.] "Individual" means a human being.

Sec. 32. Minnesota Statutes 2004, section 18H.02, subdivision 21, is amended to read:

Subd. 21. [NURSERY STOCK BROKER.] "Nursery stock broker" means a nursery stock dealer engaged in the business of selling or reselling certified nursery stock as a business transaction without taking ownership or handling the nursery stock.

Sec. 33. Minnesota Statutes 2004, section 18H.02, subdivision 22, is amended to read:

Subd. 22. [NURSERY STOCK DEALER.] "Nursery stock dealer" means a person involved in the acquisition and further distribution of certified nursery stock; the utilization of certified nursery stock for landscaping or purchase of certified nursery stock for other persons; or the distribution of certified nursery stock with a mechanical digger, commonly known as a tree spade, or by any other means. A person who purchases more than half of the certified nursery stock offered for sale at a sales location during the current certificate year is considered a nursery stock dealer rather than a nursery stock grower for the purposes of determining a proper fee schedule. Nursery stock brokers, landscapers, and tree spade operators are considered nursery stock dealers for purposes of determining proper certification.

Sec. 34. Minnesota Statutes 2004, section 18H.02, subdivision 23, is amended to read:

Subd. 23. [NURSERY STOCK GROWER.] "Nursery stock grower" includes, but is not limited to, a person who raises, grows, or propagates nursery stock, outdoors or indoors. A person who grows more than half of the certified nursery stock offered for sale at a sales location during the current certificate year is considered a nursery stock grower for the purpose of determining a proper fee schedule.

Sec. 35. Minnesota Statutes 2004, section 18H.02, subdivision 32, is amended to read:

Subd. 32. [SALES LOCATION.] "Sales location" means a fixed location from which certified nursery stock is displayed or distributed.

Sec. 36. Minnesota Statutes 2004, section 18H.02, subdivision 34, is amended to read:

Subd. 34. [TREE SPADE OPERATOR.] "Tree spade operator" means a ~~nursery stock dealer~~ person who uses a tree spade to dig ~~nursery stock and sells, sell, offers offer~~ for sale, ~~distributes distribute, and transports or transport~~ certified nursery stock.

Sec. 37. Minnesota Statutes 2004, section 18H.05, is amended to read:

18H.05 [NURSERY CERTIFICATE REQUIREMENTS.]

(a) No person may offer for sale or distribute certified nursery stock as a nursery stock grower or dealer without first obtaining the appropriate nursery stock certificate from the commissioner. The commissioner may not issue a certificate to a person who does not sell certified nursery stock. Certificates are issued solely for these purposes and may not be used for other purposes.

(b) A certificate issued by the commissioner expires on December 31 of the year it is issued.

(c) A person required to be certified by this section must apply for a certificate or for renewal on a form furnished by the commissioner which must contain:

(1) the name and address of the applicant, the number of locations to be operated by the applicant and their addresses, and the assumed business name of the applicant;

(2) if other than an individual, a statement whether a person is a partnership, corporation, or other organization; ~~and~~

(3) the type of business to be operated and, if the applicant is an agent, the principals the applicant represents; ~~and~~

(4) source or sources of purchased nursery stock.

(d) No person may:

(1) falsely claim to be a certified dealer, grower, broker, or agent; ~~or~~

(2) make willful false statements when applying for a certificate; or

(3) sell or distribute certified nursery stock to an uncertified nursery stock dealer or nursery stock grower.

(e) Each application for a certificate must be accompanied by the appropriate certificate fee under section 18H.07.

(f) Certificates issued by the commissioner must be prominently displayed to the public in the place of business where certified nursery stock is sold or distributed.

(g) The commissioner may refuse to issue a certificate for cause.

(h) Each grower or dealer is entitled to one sales location under the certificate of the grower or dealer. Each additional sales location maintained by the person requires the payment of the full certificate fee for each additional sales outlet.

(i) A grower who is also a dealer is certified only as a grower for that specific site.

(j) A certificate is personal to the applicant and may not be transferred. A new certificate is necessary if the business entity is changed or if the membership of a partnership is changed, whether or not the business name is changed.

(k) The certificate issued to a dealer or grower applies to the particular premises named in the certificate. However, if prior approval is obtained from the commissioner, the place of business may be moved to the other premises or location without an additional certificate fee.

(l) A collector of nursery stock from the wild is required to obtain a dealer's certificate from the commissioner and is subject to all the requirements that apply to the inspection of nursery stock. All collected nursery stock must be labeled as "collected from the wild."

Sec. 38. Minnesota Statutes 2004, section 18H.06, is amended to read:

18H.06 [EXEMPT NURSERY SALES.]

Subdivision 1. [NOT-FOR-PROFIT SALES.] An organization or individual may offer for sale certified nursery stock and be exempt from the requirement to obtain a nursery stock dealer certificate if sales are conducted by a nonprofit charitable, educational, or religious organization that:

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

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

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

- (1) the gross sales of all nursery stock in a calendar year do not exceed \$2,000;
 - (2) all nursery stock sold or distributed by the ~~hobbyist~~ individual is intended for planting in Minnesota; ~~and~~
 - (3) all nursery stock purchased or procured for resale or distribution was grown in Minnesota and has been certified by the commissioner; and
 - (4) conducts sales or distributions of nursery stock on ten or fewer days in a calendar year.
- (b) The commissioner may prescribe the conditions of the exempt nursery sales under this subdivision and may conduct routine inspections of the nursery stock offered for sale.

Sec. 39. Minnesota Statutes 2004, section 18H.07, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF FEES.] The commissioner shall establish fees sufficient to allow for the administration and enforcement of this chapter and rules adopted under this chapter, including the portion of general support costs and statewide indirect costs of the agency attributable to that function, with a reserve sufficient for up to six months. The commissioner shall review the fee schedule annually in consultation with the Minnesota Nursery and Landscape Advisory Committee. For the certificate year beginning January 1, ~~2004~~ 2006, the fees are as described in this section.

Sec. 40. Minnesota Statutes 2004, section 18H.07, subdivision 2, is amended to read:

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

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

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month, or portion thereof, that the fee is delinquent up to a maximum of 30 percent for any application for renewal not received by January 1 of the year following expiration of a certificate.

Sec. 41. Minnesota Statutes 2004, section 18H.07, subdivision 3, is amended to read:

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

- (1) gross sales up to ~~\$20,000~~ \$5,000, \$150;
- (2) gross sales over ~~\$20,000~~ \$5,000 up to ~~\$100,000~~ \$20,000, \$175;
- (3) gross sales over ~~\$100,000~~ \$20,000 up to ~~\$250,000~~ \$50,000, \$300;
- (4) gross sales over ~~\$250,000~~ \$50,000 up to ~~\$500,000~~ \$75,000, \$425;
- (5) gross sales over ~~\$500,000~~ \$75,000 up to ~~\$1,000,000~~ \$100,000, \$550;
- (6) gross sales over ~~\$1,000,000~~ \$100,000 up to ~~\$2,000,000~~ \$200,000, \$675; and
- (7) gross sales over ~~\$2,000,000~~ \$200,000, \$800.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month, or portion thereof, that the fee is delinquent up to a maximum of 30 percent for any application for renewal not received by January 1 of the year following expiration of a certificate.

Sec. 42. Minnesota Statutes 2004, section 18H.09, is amended to read:

18H.09 [NURSERY ~~INSPECTIONS REQUIRED~~ STOCK CERTIFICATION REQUIREMENTS.]

(a) All nursery stock growing at sites in Minnesota must have had an identified by nursery stock growers and submitted for inspection must be inspected by the commissioner during within the previous 12 months prior to sale and found apparently free from quarantine and regulated nonquarantine pests as well as significantly dangerous or potentially damaging plant pests. The commissioner may waive a site inspection under the following conditions:

- (1) the nursery stock is not going to be sold within 12 months;
- (2) the nursery stock will not be moved out of Minnesota; and
- (3) the nursery site or stock is not subject to certification requirements associated with a state or federally regulated or quarantined plant pest.

All nursery stock originating from out of state and offered for sale in Minnesota must have been inspected by the appropriate state or federal agency during the previous 12 months and found free from quarantine and regulated nonquarantine pests as well as significantly dangerous or potentially damaging plant pests. A nursery stock certificate is valid from January 1 to December 31.

(b) Nursery stock must be accessible to the commissioner for inspection during regular business hours. Weeds or other growth that hinder a proper inspection are grounds to suspend or withhold a certificate or require a reinspection.

(c) Inspection reports issued to growers must contain a list of the plant pests found at the time of inspection. Withdrawal-from-distribution orders are considered part of the inspection reports. A withdrawal-from-distribution order must contain a list of plants withdrawn from distribution and the location of the plants.

(d) The commissioner may post signs to delineate sections withdrawn from distribution. These signs must remain in place until the commissioner removes them or grants written permission to the grower to remove the signs.

(e) Inspection reports issued to dealers must outline the violations involved and corrective actions to be taken including withdrawal-from-distribution orders which would specify nursery stock that could not be distributed from a certain area.

(f) Optional inspections of plants may be conducted by the commissioner upon request by any persons desiring an inspection. A fee as provided in section 18H.07 must be charged for such an inspection.

Sec. 43. Minnesota Statutes 2004, section 18H.13, subdivision 1, is amended to read:

Subdivision 1. [~~LABELING IDENTIFICATION OF ORIGIN.~~] ~~Plants, plant materials, or nursery stock distributed into Minnesota must be conspicuously labeled on the exterior with the name of the consignor, the state of origin, and the name of the consignee and must be accompanied by certification documents to satisfy all applicable state and federal quarantines.~~ Proof of valid nursery certification and origin of all nursery stock must also accompany the shipment. It is the shared responsibility of both the consignee and consignor to examine all shipments for the presence of current and applicable nursery stock certifications for all plant material from all sources of stock in each shipment.

Sec. 44. Minnesota Statutes 2004, section 18H.15, is amended to read:

18H.15 [VIOLATIONS.]

(a) A person who offers to distribute nursery stock that is uncertified, uninspected, or falsely labeled or advertised possesses an illegal regulated commodity that is considered infested or infected with harmful plant pests and subject to regulatory action and control. If the commissioner determines that the provisions of this section have been violated, the commissioner may order the destruction of all of the plants unless the person:

- (1) provides proper phytosanitary preclearance, phytosanitary certification, or nursery stock certification;
- (2) agrees to have the plants, plant materials, or nursery stock returned to the consignor; and
- (3) provides proper documentation, certification, or compliance to support advertising claims.

(b) The plant owner is liable for all costs associated with a withdrawal-from-distribution order or the quarantine, treatment, or destruction of plants. The commissioner is not liable for actual or incidental costs incurred by a person due to the commissioner's actions. The commissioner must be reimbursed by the owner of the plants for the actual expenses incurred in carrying out a withdrawal-from-distribution order or the quarantine, treatment, or destruction of any plants.

(c) It is unlawful for a person to:

(1) misrepresent, falsify, or knowingly distribute, sell, advertise, or display damaged, mislabeled, misrepresented, infested, or infected nursery stock;

- (2) fail to obtain a nursery certificate as required by the commissioner;
- (3) fail to renew a nursery certificate, but continue business operations;
- (4) fail to display a nursery certificate;
- (5) misrepresent or falsify a nursery certificate;
- (6) refuse to submit to a nursery inspection;
- (7) fail to provide the cooperation necessary to conduct a successful nursery inspection;
- (8) offer for sale uncertified plants, plant materials, or nursery stock;
- (9) possess an illegal regulated commodity;
- (10) violate or disobey a commissioner's order;
- (11) violate a quarantine issued by the commissioner;
- (12) fail to obtain phytosanitary certification for plant material or nursery stock brought into Minnesota;
- (13) deface, mutilate, or destroy a nursery stock certificate, phytosanitary certificate, or phytosanitary preclearance certificate, or other commissioner mark, permit, or certificate;
- (14) fail to notify the commissioner of an uncertified shipment of plants, plant materials, or nursery stock; ~~or~~
- (15) transport uncertified plants, plant materials, or nursery stock in Minnesota; or
- (16) sell nursery stock to an uncertified nursery stock dealer.

Sec. 45. Minnesota Statutes 2004, section 18H.18, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTIONS ON COLLECTING.] No person shall distribute ~~the state flower (Cypripedium reginae), or any species of lady slipper (Cypripedaceae) orchids (Orchidaceae), any member of the orchid family,~~ any gentian (Gentiana), arbutus (Epigaea repens), lilies (Lilium species), coneflowers (Echinacea species), bloodroot (Sanguinaria canadensis), mayapple (Podophyllum peltatum), any species of trillium (Trillium species), or lotus (Nelumbo lutea), which have been collected in any manner from any public or private property without the written permission of the property owner and written authorization from the commissioner.

Sec. 46. Minnesota Statutes 2004, section 19.64, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION.] Every person who owns, leases, or possesses colonies of bees ~~or who intends to bring bees into the state under an entry permit~~ shall register the bees with the commissioner on or before April 15 June 1 of each year or within 15 days of entry into Minnesota or taking possession of hives, whichever comes first. The registration application shall include the name and address of the applicant, a description of the exact location of each of the applicant's apiaries by county, township, range and quarter section, and other information required by the commissioner. The fee for registration under this subdivision is ~~\$40~~ \$25 for beekeepers with fewer than 50 colonies and \$50 for beekeepers with 50 or more colonies maintained in the state. ~~The commissioner shall provide registered beekeepers with the Minnesota pest report. The registration required by this section is not transferable. At least one colony in each location must be plainly and legibly marked with the owner's name and telephone number and address, and other information required by the commissioner. The department shall provide information on colony locations as reported on the registrations on an Internet Web site or through other appropriate measures.~~

Sec. 47. Minnesota Statutes 2004, section 25.341, subdivision 2, is amended to read:

Subd. 2. [APPLICATION; FEE; TERM.] A person who is required to have a commercial feed license shall submit an application on a form provided or approved by the commissioner accompanied by a ~~license~~ fee of \$25 paid to the commissioner for each ~~facility~~ location. A license is not transferable from one person to another, from one ownership to another, or from one location to another. The license year is the calendar year. A license expires on December 31 of the year for which it is issued, except that a license is valid through January 31 of the next year or until the issuance of the renewal license, whichever comes first, if the licensee has filed a renewal application with the commissioner on or before December 31 of the year for which the current license was issued. ~~A new applicant who~~ Any person who is required to have, but fails to obtain a license ~~within 15 working days of notification of the requirement to obtain a license,~~ or a licensee who fails to comply with license renewal requirements, shall pay a \$50 late fee in addition to the license fee. ~~The commissioner may issue a withdrawal from distribution order on any commercial feed that an unlicensed person produces or distributes in the state until a license is issued.~~

Sec. 48. [25.342] [CERTIFICATES, FREE SALE.]

A nonrefundable application fee of \$25 must accompany all free sale certificate requests to facilitate the movement of Minnesota processed and manufactured feeds destined for export from the state. Each label submitted for review must be accompanied by a nonrefundable \$50 application fee.

Sec. 49. Minnesota Statutes 2004, section 25.39, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF FEE.] (a) An inspection fee at the rate of 16 cents per ton must be paid to the commissioner on commercial feeds distributed in this state by the person who first distributes the commercial feed, except that;

(1) no fee ~~needs to need~~ be paid on:

(~~1~~) (i) a commercial feed if the payment has been made by a previous distributor; or

(~~2~~) (ii) customer formula feeds if the inspection fee is paid on the commercial feeds which are used as ingredients; or

(~~3~~) ~~commercial feeds used as ingredients for the manufacture of commercial feeds if the fee has been paid by a previous distributor. If the fee has already been paid, credit must be given for that payment.~~ (2) a Minnesota feed distributor who distributes can substantiate that greater than 50 percent of the distribution of commercial feed is to purchasers outside the state may purchase commercial feeds, without payment ~~by any person~~ of the inspection fee ~~required on those purchases,~~ under a tonnage fee exemption permit issued by the commissioner. Such location specific permits shall only be issued on a calendar year basis to commercial feed distributors who submit a \$100 nonrefundable application fee and comply with rules adopted by the commissioner relative to record keeping, tonnage of commercial feed distributed in Minnesota, total of all commercial feed tonnage distributed, and all other information which the commissioner may require so as to ensure that proper inspection fee payment has been made.

(b) In the case of pet food distributed in the state only in packages of ten pounds or less, a listing of each product and a current label for each product must be submitted annually on forms provided by the commissioner and accompanied by an annual fee of \$50 for each product in lieu of the inspection fee. This annual fee is due by July 1. The inspection fee required by paragraph (a) applies to pet food distributed in packages exceeding ten pounds.

(c) In the case of specialty pet food distributed in the state only in packages of ten pounds or less, a listing of each product and a current label for each product must be submitted annually on forms provided by the commissioner and accompanied by an annual fee of \$25 for each product in lieu of the inspection fee. This annual fee is due by July 1. The inspection fee required by paragraph (a) applies to specialty pet food distributed in packages exceeding ten pounds.

(d) The minimum inspection fee is \$10 per annual reporting period.

Sec. 50. Minnesota Statutes 2004, section 25.39, subdivision 4, is amended to read:

Subd. 4. [COMMERCIAL FEED INSPECTION ACCOUNT.] A commercial feed inspection account is established in the agricultural fund. Fees and penalties collected under ~~sections 25.35 to 25.43~~ this chapter and interest attributable to money in the account must be deposited in the agricultural fund and credited to the commercial feed inspection account. Money in the account, including interest earned, is appropriated to the commissioner for the administration and enforcement of ~~sections 25.341 to 25.43~~ this chapter.

Sec. 51. Minnesota Statutes 2004, section 31.94, is amended to read:

31.94 [COMMISSIONER DUTIES.]

(a) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies of how state or federal programs could utilize and support organic agriculture practices; and

(5) work closely with producers, the University of Minnesota, the Minnesota Trade Office, and other appropriate organizations to identify opportunities and needs as well as ensure coordination and avoid duplication of state agency efforts regarding research, teaching, marketing, and extension work relating to organic agriculture.

(b) By November 15 of each even-numbered year the commissioner, in conjunction with the task force created in paragraph (c), shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include:

(1) a description of current state or federal programs directed toward organic agriculture, including significant results and experiences of those programs;

(2) a description of specific actions the department of agriculture is taking in the area of organic agriculture, including the proportion of the department's budget spent on organic agriculture;

(3) a description of current and future research needs at all levels in the area of organic agriculture;

(4) suggestions for changes in existing programs or policies or enactment of new programs or policies that will affect organic agriculture;

- (5) a description of market trends and potential for organic products;
 - (6) available information, using currently reliable data, on the price received, yield, and profitability of organic farms, and a comparison with data on conventional farms; and
 - (7) available information, using currently reliable data, on the positive and negative impacts of organic production on the environment and human health.
- (c) The commissioner shall appoint a Minnesota Organic Advisory Task Force to advise the commissioner on policies and practices to improve organic agriculture in Minnesota. The task force must consist of the following residents of the state:
- (1) three farmers using organic agriculture methods;
 - (2) two organic food wholesalers, retailers, or distributors;
 - (3) one representative of organic food certification agencies;
 - (4) two organic food processors;
 - (5) one representative from the Minnesota Extension Service;
 - (6) one representative from a Minnesota postsecondary research institution;
 - (7) one representative from a nonprofit organization representing producers;
 - (8) one at-large member;
 - (9) one representative from the United States Department of Agriculture; and
 - (10) one organic consumer representative.

Terms, compensation, and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, ~~2005~~ 2007.

(d) For the purposes of expanding, improving, and developing production and marketing of the organic products of Minnesota agriculture, the commissioner may receive funds from state and federal sources and spend them, including through grants or contracts, to assist producers and processors to achieve certification, to conduct education or marketing activities, to enter into research and development partnerships, or to address production or marketing obstacles to the growth and well-being of the industry.

(e) The commissioner may facilitate the registration of state organic production and handling operations including those exempt from organic certification according to Code of Federal Regulations, title 7, section 205.101, and certification agents operating within the state.

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

Sec. 52. Minnesota Statutes 2004, section 35.02, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS; OFFICERS.] The board has five members appointed by the governor with the advice and consent of the senate, three of whom are producers of livestock in the state, and two of whom are practicing veterinarians licensed in Minnesota. The dean of the College of Veterinary Medicine and the director of the Veterinary Diagnostic Laboratory of the University of Minnesota may serve as ~~consultant~~ consultants to the

board without vote. Appointments to fill unexpired terms must be made from the classes to which the retiring members belong. The board shall elect a president and a vice-president from among its members and a veterinarian licensed in Minnesota who is not a member to be its executive director for a term of one year and until a successor qualifies. The board shall set the duties of the director.

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

Sec. 53. Minnesota Statutes 2004, section 35.03, is amended to read:

35.03 [POWERS, DUTIES, AND REPORTS.]

The board shall protect the health of Minnesota domestic animals and carry out the provisions of this chapter. The board shall make rules necessary to protect the health of domestic animals. The board shall meet at least quarterly. Officers must be elected each April. On or before November 1 of each year the board shall publish an annual report. The University of Minnesota Veterinary Diagnostic Laboratory is the official laboratory for the board. At least quarterly, the director of the Veterinary Diagnostic Laboratory must report on the laboratory's activities.

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

Sec. 54. Minnesota Statutes 2004, 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 implement the United States Voluntary Johne's Disease Herd Status Program for Cattle 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) Rules adopted by the board under authority of this chapter must be published in the State Register.

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

Sec. 55. [35.153] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to section 17.452, this section, and section 35.155.

Subd. 2. [CERVIDAE.] "Cervidae" means animals that are members of the family Cervidae and includes, but is not limited to, white-tailed deer, mule deer, red deer, elk, moose, caribou, reindeer, and muntjac.

Subd. 3. [FARMED CERVIDAE.] "Farmed cervidae" means cervidae that are:

(1) raised for any purpose; and

(2) registered in a manner approved by the Board of Animal Health.

Subd. 4. [OWNER.] "Owner" means a person who owns or is responsible for the raising of farmed cervidae.

Subd. 5. [HERD.] "Herd" means all cervidae:

(1) maintained on common ground for any purpose; or

(2) under common ownership or supervision, geographically separated, but that have an interchange or movement of animals without regard to whether the animals are infected with or exposed to diseases.

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

Sec. 56. Minnesota Statutes 2004, section 35.155, is amended to read:

35.155 [FARMED CERVIDAE.]

Subdivision 1. [RUNNING AT LARGE PROHIBITED.] (a) An owner may not allow farmed cervidae to run at large. The owner must make all reasonable efforts to return escaped farmed cervidae to their enclosures as soon as possible. The owner must notify the commissioner of natural resources of the escape of farmed cervidae if the farmed cervidae are not returned or captured by the owner within 24 hours of their escape.

(b) An owner is liable for expenses of another person in capturing, caring for, and returning farmed cervidae that have left their enclosures if the person capturing the farmed cervidae contacts the owner as soon as possible.

(c) If an owner is unwilling or unable to capture escaped farmed cervidae, the commissioner of natural resources may destroy the escaped farmed cervidae. The commissioner of natural resources must allow the owner to attempt to capture the escaped farmed cervidae prior to destroying the farmed cervidae. Farmed cervidae that are not captured by 24 hours after escape may be destroyed.

Subd. 2. [WILD CERVIDAE INSIDE CONFINEMENT AREA.] An owner or an employee or agent under the direction of the owner must destroy wild cervidae found within the owner's farmed cervidae confinement area. The owner, employee, or agent must report the wild cervidae destroyed to a conservation officer or an employee of the Department of Natural Resources, Division of Wildlife, within 24 hours. The wild cervidae must be disposed of as prescribed by the commissioner of natural resources.

Subd. 3. [FARMING IN NATIVE ELK AREA.] A person may not raise farmed red deer in the native elk area without written approval of the commissioner of natural resources. The native elk area is the area north of U.S. Highway 2 and west of U.S. Highway 71 and trunk highway 72. The commissioner of natural resources shall review the proposed farming operation and approve with any condition or deny approval based on risks to the native elk population.

Subd. 4. [FENCING.] Farmed cervidae must be confined in a manner designed to prevent escape. All perimeter fences for farmed cervidae must be at least 96 inches in height and be constructed and maintained in a way that prevents the escape of farmed cervidae or entry into the premises by free-roaming cervidae.

Subd. 5. [DISEASE CONTROL PROGRAMS.] Farmed cervidae are subject to this chapter and the rules of the Board of Animal Health in the same manner as other livestock and domestic animals, including provisions related to importation and transportation.

Subd. 6. [IDENTIFICATION.] (a) Farmed cervidae must be identified by means approved by the Board of Animal Health. The identification must be visible to the naked eye during daylight under normal conditions at a distance of 50 yards. Newborn animals must be identified before December 31 of the year in which the animal is born or before movement from the premises, whichever occurs first.

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

Subd. 7. [INSPECTION.] The commissioner of agriculture and the Board of Animal Health may inspect farmed cervidae, farmed cervidae facilities, and farmed cervidae records. For each herd, the owner or owners must, on or before January 1, pay an annual inspection fee equal to \$10 for each cervid in the herd as reflected in the most recent inventory submitted to the Board of Animal Health, up to a maximum fee of \$100. The commissioner of natural resources may inspect farmed cervidae, farmed cervidae facilities, and farmed cervidae records with reasonable suspicion that laws protecting native wild animals have been violated and must notify the owner in writing at the time of the inspection of the reason for the inspection and must inform the owner in writing after the inspection of whether (1) the cause of the inspection was unfounded; or (2) there will be an ongoing investigation or continuing evaluation.

Subd. 8. [CERVIDAE INSPECTION ACCOUNT.] A cervidae inspection account is established in the state treasury. The fees collected under this section and interest attributable to money in the account must be deposited in the state treasury and credited to the cervidae inspection account in the special revenue fund. Money in the account, including interest earned, is appropriated to the Board of Animal Health for the administration and enforcement of this section.

Subd. 9. [CONTESTED CASE HEARING.] A person raising farmed cervidae that is aggrieved with any decision regarding the farmed cervidae may request a contested case hearing under chapter 14.

Subd. 10. [MANDATORY REGISTRATION.] A person may not possess live cervidae in Minnesota unless the person is registered with the Board of Animal Health and meets all the requirements for farmed cervidae under this section. Cervidae possessed in violation of this subdivision may be seized and destroyed by the commissioner of natural resources.

Subd. 11. [MANDATORY SURVEILLANCE FOR CHRONIC WASTING DISEASE.] (a) An inventory for each farmed cervidae herd must be verified by an accredited veterinarian and filed with the Board of Animal Health every 12 months.

(b) Movement of farmed cervidae from any premises to another location must be reported to the Board of Animal Health within 14 days of the movement on forms approved by the Board of Animal Health.

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

Subd. 12. [IMPORTATION.] A person must not import cervidae into the state from a herd that is infected or exposed to chronic wasting disease or from a known chronic wasting disease endemic area, as determined by the board. A person may import cervidae into the state only from a herd that is not in a known chronic wasting disease

endemic area, as determined by the board, and the herd has been subject to a state or provincial approved chronic wasting disease monitoring program for at least three years. Cervidae imported in violation of this section may be seized and destroyed by the commissioner of natural resources.

Subd. 13. [RULES.] The Board of Animal Health shall adopt rules as necessary to implement this section and to otherwise provide for the control of cervidae diseases.

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

Sec. 57. Minnesota Statutes 2004, section 38.01, is amended to read:

38.01 [COUNTY AGRICULTURAL SOCIETIES; FORMATION, POWERS.]

(a) An agricultural society or association may be incorporated by citizens of any county, or two or more counties jointly, but only one agricultural society shall be organized in any county. An agricultural society may sue and be sued in its corporate name; may adopt bylaws, rules, and regulations, alter and amend the same; may purchase and hold, lease and control any real or personal property deemed to promote the objects of the society, and may rent, lease, sell, and convey the same. Any income from the rental or lease of ~~such~~ the property may be used for any or all of the following purposes: (1) Acquisition of additional real property; (2) Construction of additional buildings; or (3) Maintenance and care of the society's property. This section shall not be construed to preclude the continuance of any agricultural society now existing or the granting of aid ~~thereto~~ to the society.

(b) An agricultural society shall have jurisdiction and control of the grounds upon which its fairs are held and of the streets and ~~grounds~~ adjacent ~~thereto~~ grounds during ~~such~~ the fair, so far as may be necessary for ~~such purpose~~ fair purposes, and are exempt from local zoning ordinances throughout the year as provided in section 38.16. At or before the time of holding any fair, the agricultural society may appoint, in writing, as many persons to act as special constables as necessary, for and during the time of holding the same and for a reasonable time prior and subsequent ~~thereto~~ to the fair. These constables, before entering upon their duties, shall take and subscribe the usual oath of office, endorsed upon their appointment, and have and exercise upon the grounds of the society, and within one-half mile ~~thereof~~ of the grounds, all the power and authority of constables at common law and, in addition ~~thereto~~, may, within these limits, without warrant, arrest any person found violating any laws of the state, or any rule, regulation, or bylaw of the society, and summarily remove the persons and property of ~~such~~ the offenders from the grounds and take them before any court of competent jurisdiction to be dealt with according to law. Each ~~such~~ appointed peace officer shall wear an appropriate badge of office while acting as ~~such~~ one.

(c) As an alternative to the appointment of special constables, the society may contract with the sheriff or local municipality to provide the society with the same police service it may secure by appointing special constables. A person providing police service pursuant to ~~such~~ a contract is not, by reason of the contract, classified as an employee of the agricultural society for any purpose other than the discharge of powers and duties under the contract.

(d) Any person who shall willfully violate any rule or regulation made by ~~such~~ agricultural societies during the days of a fair shall be guilty of a misdemeanor.

The provisions of this section supersede all special laws on the same subject.

Sec. 58. Minnesota Statutes 2004, section 38.16, is amended to read:

38.16 [EXEMPTION FROM ZONING ORDINANCES.]

When lands lying within the corporate limits of towns or cities are owned by a county or agricultural society and used for agricultural fair purposes, the lands and the buildings now or hereafter erected are exempt from the zoning, building, and other ordinances of the town or city; ~~provided, that~~. No license or permit need be obtained from, nor fee paid to, the town or city in connection with the use of the lands. For the purposes of this section, "agricultural fair purposes" includes the management of property as provided in section 38.01, paragraph (a).

Sec. 59. Minnesota Statutes 2004, section 41A.09, subdivision 2a, is amended to read:

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

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

(1) meets all of the specifications in ASTM specification D4806-01; and

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

(b) "Ethanol plant" means a plant at which ethanol is produced.

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

(d) "Rural economic infrastructure" means the development of activities that will enhance the value of agricultural crop or livestock commodities or by-products or waste from farming operations through new and improved value-added conversion processes and technologies, the development of more timely and efficient infrastructure delivery systems, and the enhancement of marketing opportunities. "Rural economic infrastructure" also means land, buildings, structures, fixtures, and improvements located or to be located in Minnesota and used or operated primarily for the processing or the support of production of marketable products from agricultural commodities produced in Minnesota.

Sec. 60. Minnesota Statutes 2004, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [ETHANOL PRODUCER PAYMENTS.] (a) The commissioner shall make cash payments to producers of ethanol located in the state that have begun production by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production, except as provided in paragraph (c), is 20 cents per gallon for each gallon of ethanol produced on or before June 30, 2000, or ten years after the start of production, whichever is later. Annually, within 90 days of the end of its fiscal year, an ethanol producer receiving payments under this subdivision must file a disclosure statement on a form provided by the commissioner. The initial disclosure statement must include a summary description of the organization of the business structure of the claimant, a listing of the percentages of ownership by any person or other entity with an ownership interest of five percent or greater, and a copy of its annual audited financial statements, including the auditor's report and footnotes. The disclosure statement must include information demonstrating what percentage of the entity receiving payments under this section is owned by farmers or other entities eligible to farm or own agricultural land in Minnesota under the provisions of section 500.24. Subsequent annual reports must reflect noncumulative changes in ownership of ten

percent or more of the entity. The report need not disclose the identity of the persons or entities eligible to farm or own agricultural land with ownership interests, individuals residing within 30 miles of the plant, or of any other entity with less than ten percent ownership interest, but the claimant must retain information within its files confirming the accuracy of the data provided. This data must be made available to the commissioner upon request. Not later than the 15th day of February in each year the commissioner shall deliver to the chairs of the standing committees of the senate and the house of representatives that deal with agricultural policy and agricultural finance issues an annual report summarizing aggregated data from plants receiving payments under this section during the preceding calendar year. Audited financial statements and notes and disclosure statements submitted to the commissioner are nonpublic data under section 13.02, subdivision 9. Notwithstanding the provisions of chapter 13 relating to nonpublic data, summaries of the submitted audited financial reports and notes and disclosure statements will be contained in the report to the committee chairs and will be public data.

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

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

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

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

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

(g) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the fourth quarter of each fiscal year to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the fourth quarter of the year that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first three quarters of the fiscal year due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal year, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

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

(i) The commissioner may make direct payments to producers of rural economic infrastructure with any amount of the annual appropriation for ethanol producer payments and rural economic infrastructure that is in excess of the amount required to make scheduled ethanol producer payments and deficiency payments for payments delayed because of unallotment or because appropriated funds in earlier fiscal years were insufficient.

Sec. 61. Minnesota Statutes 2004, section 41B.046, subdivision 5, is amended to read:

Subd. 5. [LOANS.] (a) The authority may participate in a stock loan with an eligible lender to a farmer who is eligible under subdivision 4. Participation is limited to 45 percent of the principal amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed 50 percent of the lender's interest rate.

(b) No more than 95 percent of the purchase price of the stock may be financed under this program.

(c) Security for stock loans must be the stock purchased, a personal note executed by the borrower, and whatever other security is required by the eligible lender or the authority.

(d) The authority may impose a reasonable nonrefundable application fee for each application for a stock loan. The authority may review the fee annually and make adjustments as necessary. The application fee is initially \$50. Application fees received by the authority must be deposited in the value-added agricultural product revolving fund.

(e) Stock loans under this program will be made using money in the ~~value-added agricultural product revolving fund~~ loan account established under subdivision 3 in section 41B.06.

(f) The authority may not grant stock loans in a cumulative amount exceeding \$2,000,000 for the financing of stock purchases in any one cooperative.

(g) Repayments of financial assistance under this section, including principal and interest, must be deposited into the revolving loan account established in section 41B.06.

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

Sec. 62. Minnesota Statutes 2004, section 41B.049, subdivision 2, is amended to read:

Subd. 2. ~~[REVOLVING FUND DEPOSIT OF REPAYMENTS.] There is established in the state treasury a revolving fund, which is eligible to receive appropriations and the transfer of funds from other services. All repayments of financial assistance granted under subdivision 1, including principal and interest, must be deposited into this fund. Interest earned on money in the fund accrues to the fund, and money in the fund is appropriated to the commissioner of agriculture for purposes of the manure digester loan program, including costs incurred by the authority to establish and administer the program~~ the revolving loan account established in section 41B.06.

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

Sec. 63. Minnesota Statutes 2004, section 41B.049, subdivision 4, is amended to read:

Subd. 4. [LOANS.] (a) The authority may make a direct loan or participate in a loan with an eligible lender to a farmer who is eligible under subdivision 3. ~~The interest rates and~~ Repayment terms of the authority's participation interest may differ from ~~the interest rates and~~ repayment terms of the lender's retained portion of the loan. ~~The authority's interest rate for a direct loan or a loan participation must not exceed four percent. Loans made under this section before July 1, 2003, must be no-interest loans.~~

(b) Application for a direct loan or a loan participation must be made on forms prescribed by the authority.

(c) Standards for loan amortization shall be set by the Rural Finance Authority not to exceed ten years.

(d) Security for the loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(e) No loan proceeds may be used to refinance a debt existing prior to application.

(f) The authority may impose a reasonable nonrefundable application fee for each application for a direct loan or a loan participation. The authority may review the application fees annually and make adjustments as necessary. The application fee is initially set at \$100 for a loan under subdivision 1. The fees received by the authority must be deposited in the revolving fund created in subdivision 2.

[EFFECTIVE DATE.] This section is effective retroactively for any loan made on or after July 1, 2003.

Sec. 64. [41B.055] [LIVESTOCK EQUIPMENT PILOT LOAN PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The authority must establish and implement a livestock equipment pilot loan program to help finance the first purchase of livestock-related equipment and make livestock facilities improvements.

Subd. 2. [ELIGIBILITY.] Notwithstanding section 41B.03, to be eligible for this program a borrower must:

(1) be a resident of Minnesota or general partnership or a family farm corporation, authorized farm corporation, family farm partnership, or authorized farm partnership as defined in section 500.24, subdivision 2;

(2) be the principal operator of a livestock farm;

(3) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, no greater than the amount stipulated in section 41B.03, subdivision 3;

(4) demonstrate an ability to repay the loan; and

(5) hold an appropriate feedlot registration or be using the loan under this program to meet registration requirements. In addition to the requirements in clauses (1) to (5), preference must be given to applicants who have farmed less than ten years as evidenced by their filing of schedule F in their federal tax returns.

Subd. 3. [LOANS.] (a) The authority may participate in a livestock equipment loan equal to 90 percent of the purchased equipment value with an eligible lender to a farmer who is eligible under subdivision 2. Participation is limited to 45 percent of the principal amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed three percent. The authority may review the interest annually and make adjustments as necessary.

(b) Standards for loan amortization must be set by the rural finance authority and must not exceed seven years.

(c) Security for a livestock equipment loan must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(d) Refinancing of existing debt is not an eligible purpose.

(e) The authority may impose a reasonable, nonrefundable application fee for a livestock equipment loan. The authority may review the fee annually and make adjustments as necessary. The initial application fee is \$50. Application fees received by the authority must be deposited in the revolving loan account established in section 41B.06.

(f) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

Subd. 4. [ELIGIBLE EXPENDITURES.] Money may be used for loans for the acquisition of equipment for animal housing, confinement, animal feeding, milk production, and waste management.

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

Sec. 65. [41B.06] [RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.]

There is established in the rural finance administration fund a rural finance authority revolving loan account that is eligible to receive appropriations and the transfer of loan funds from other programs. All repayments of financial assistance granted from this account, including principal and interest, must be deposited into this account. Interest earned on money in the account accrues to the account, and the money in the account is appropriated to the commissioner of agriculture for purposes of the rural finance authority, livestock equipment methane digester, and value-added agricultural product loan programs, including costs incurred by the authority to establish and administer the programs.

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

Sec. 66. [156.075] [REQUIREMENT FOR EQUINE TEETH FLOATERS.]

Subdivision 1. [DEFINITIONS.] For purposes of this section the following terms have the meanings given them.

(a) "Floating equine teeth" means:

(1) removal of enamel points from teeth with handheld, nonmotorized, non-air-powered files or rasps;

(2) reestablishing normal molar table angles and freeing up lateral excursion and other normal movements of the mandible;

(3) shaping the lingual aspect of the lower arcades and the buccal aspect of the upper arcades to a rounded smooth surface; and

(4) removing points from the buccal aspect of the upper arcade and the lingual aspect of the lower arcade.

(b) "Indirect supervision" means a veterinarian must be available by telephone or other form of immediate communication. The veterinarian must be currently licensed under this chapter.

Subd. 2. [SERVICES.] A person may perform floating equine teeth services under indirect supervision.

Sec. 67. Minnesota Statutes 2004, section 174.52, subdivision 5, is amended to read:

Subd. 5. [GRANT PROCEDURES AND CRITERIA.] The commissioner shall establish procedures for statutory or home rule charter cities, towns, and counties to apply for grants or loans from the fund and criteria to be used to select projects for funding. The commissioner shall establish these procedures and criteria in consultation

with representatives appointed by the Association of Minnesota Counties, League of Minnesota Cities, ~~and Minnesota Township Officers Association of Townships, and the appropriate state agency, as needed.~~ The criteria for determining project priority and the amount of a grant or loan must be based upon consideration of:

- (1) the availability of other state, federal, and local funds;
- (2) the regional significance of the route;
- (3) effectiveness of the proposed project in eliminating a transportation system deficiency;
- (4) the number of persons who will be positively impacted by the project;
- (5) the project's contribution to other local, regional, or state economic development or redevelopment efforts, including livestock and other agricultural operations permitted after the effective date of this section; and
- (6) ability of the local unit of government to adequately provide for the safe operation and maintenance of the facility upon project completion.

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

Sec. 68. Minnesota Statutes 2004, section 223.17, subdivision 3, is amended to read:

Subd. 3. [GRAIN BUYERS AND STORAGE ACCOUNT; FEES.] The commissioner shall set the fees for inspections under sections 223.15 to 223.22 at levels necessary to pay the expenses of administering and enforcing sections 223.15 to 223.22.

The fee for any license issued or renewed after June 30, ~~2004~~ 2005, shall be set according to the following schedule:

- (a) ~~\$425~~ \$140 plus ~~\$400~~ \$110 for each additional location for grain buyers whose gross annual purchases are less than \$100,000;
- (b) ~~\$250~~ \$275 plus ~~\$400~~ \$110 for each additional location for grain buyers whose gross annual purchases are at least \$100,000, but not more than \$750,000;
- (c) ~~\$375~~ \$415 plus ~~\$200~~ \$220 for each additional location for grain buyers whose gross annual purchases are more than \$750,000 but not more than \$1,500,000;
- (d) ~~\$500~~ \$550 plus ~~\$200~~ \$220 for each additional location for grain buyers whose gross annual purchases are more than \$1,500,000 but not more than \$3,000,000; and
- (e) ~~\$625~~ \$700 plus ~~\$200~~ \$220 for each additional location for grain buyers whose gross annual purchases are more than \$3,000,000.

A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

There is created the grain buyers and storage account in the agricultural fund. Money collected pursuant to sections 223.15 to 223.19 shall be paid into the state treasury and credited to the grain buyers and storage account and is appropriated to the commissioner for the administration and enforcement of sections 223.15 to 223.22.

Sec. 69. Minnesota Statutes 2004, section 231.08, is amended by adding a subdivision to read:

Subd. 3. [TENDER FOR STORAGE.] At the time of or prior to tender of goods for storage by a depositor, a storage order must be signed in writing by the depositor or the depositor's duly authorized representative and must show the name and address of the warehouse operator in whose custody the goods are to be deposited.

Sec. 70. Minnesota Statutes 2004, section 231.08, is amended by adding a subdivision to read:

Subd. 4. [GOODS; LABELING.] A warehouse operator who receives a lot of goods must identify each article or lot by tag or lot number, as recorded on the operator's books and on the warehouse receipt or contract.

Sec. 71. Minnesota Statutes 2004, section 231.08, is amended by adding a subdivision to read:

Subd. 5. [FIRE PROTECTION.] All warehouses must be protected against fire by an automatic device or fire extinguishers. Extinguishers must be recharged at least once a year or as required by state or local fire codes and ordinances and tagged, showing the date of the most recent recharge. If an automatic device is in place, it must be kept in complete working condition at all times. Goods, wares, or merchandise must not be piled to a height that would interfere with the outlets of the automatic device or as required by state or local fire codes or ordinances.

Sec. 72. Minnesota Statutes 2004, section 231.08, is amended by adding a subdivision to read:

Subd. 6. [FLOOR LOAD.] A warehouse floor or part of floor must not at any time be loaded or stored with a greater weight of goods or materials per square foot than the floor will sustain with safety. If the department directs a warehouse operator to ascertain from a competent registered architect or engineer or from the proper municipal authorities what may be the safe load capacity in pounds per square foot of each floor of the operator's warehouse or warehouses, the operator must do so without unnecessary delay and must post signs in several conspicuous places on each floor stating the safe live load that floor will sustain.

Sec. 73. Minnesota Statutes 2004, section 231.08, is amended by adding a subdivision to read:

Subd. 7. [STORAGE CONDITIONS.] (a) On each floor where there is open storage of goods, wares, or merchandise, there must be aisles wide enough to permit the free and unimpeded passage of goods, wares, or merchandise. All aisles must be kept free from obstructions, dust, and litter.

(b) Pieces of overstuffed furniture, mattresses, rugs, carpets, and other goods not stored in containers must be protected by wrapping before being placed in permanent storage.

(c) Warehouse operators storing household goods must have available a packing or crating room partitioned off from the storage of goods on the same floor.

Sec. 74. Minnesota Statutes 2004, section 231.09, is amended to read:

231.09 [OBLIGATION TO ISSUE UNIFORM RECEIPTS.]

Subdivision 1. [RECEIPTS.] A warehouse operator receiving goods in store shall issue for the goods a receipt embodying the terms of such receipts as authorized by article 7 of the Uniform Commercial Code. Receipts or records of storage in electronic form are acceptable.

Subd. 2. [COPY TO DEPARTMENT.] A copy of the form of receipt used by the warehouse operator must be furnished to the department with the application for license.

Subd. 3. [INSURANCE.] Receipts must show in conspicuous type whether or not the property for which the receipt has been issued is insured for the benefit of the depositor against fire or any other casualty.

Subd. 4. [LOT NUMBER.] The property of each depositor must be specifically designated under a lot number, which must appear on the receipt for the purpose of identification.

Subd. 5. [CORRECTNESS OF RECEIPT.] Unless notice is given by the depositor to the warehouse operator in writing within 30 days after the date of mailing or delivery to the depositor of the warehouse receipt stating that there are errors or omissions in the list of goods and specifying them, the operator is entitled to assume that the list of goods on the warehouse receipt is a complete and correct list of goods tendered to the operator for storage under the terms and conditions of the contract and that the depositor has accepted all terms and conditions of the contract.

Subd. 6. [STORING ADDITIONAL GOODS.] If the depositor, subsequent to the original storing, places other goods with the warehouse operator for storage, the additional goods may come in under the same terms and conditions as if they were part of the original lot.

Subd. 7. [NOTICES TO DEPOSITOR.] Notices by the warehouse operator to the depositor pertaining to the goods, wares, or merchandise must be sent to the depositor at the address given at the time of depositing the goods, wares, or merchandise with the operator, unless written notice of a change of address is received by the operator from the depositor. Notices mailed by the operator to the last address given by the depositor constitute effective notice for all purposes.

Subd. 8. [LIABILITY LIMITATIONS; OTHER THAN HOUSEHOLD GOODS.] Unless otherwise specified by the depositor in writing, it is agreed and is prima facie proof that no piece, package, or complete article with its contents enumerated in the list of goods in the warehouse receipt of contract exceeds the sum of \$50 in value. If the depositor declares in writing a higher valuation, the warehouse operator may charge a higher rate for storing the pieces, packages, or complete articles. Each operator must, upon the day of storage, clearly inform the depositor, in writing, that the depositor may declare a higher valuation.

Subd. 9. [LIABILITY LIMITATIONS; HOUSEHOLD GOODS.] (a) From and after the date of storage, the warehouse operator storing household goods must, on behalf of the depositor, cause the stored goods of the depositor to be insured at least in the amount of \$1.25 per pound per article against loss from any peril covered by standard fire and extended coverage policies. The depositor must pay to the operator the cost of the insurance in addition to other warehousing charges. Provided, however, that the depositor may declare in writing that the value of the stored goods does not exceed 60 cents per pound per article, in which case the depositor is limited to that amount in the recovery of any damages against the warehouse operator.

(b) Warehouse operators whose charges for storage are not based upon actual weight, and who may not have available an actual weight figure, may use a weight figure obtained by application of the constructive weight rule in effect in the operator's tariff.

(c) Each warehouse operator must, on the day of storage, clearly inform the depositor in writing of the substance of paragraph (a). If the depositor's goods are delivered to the operator for storage by another person, the operator must inform that person of the depositor's rights and obligations under paragraph (a).

(d) Nothing in this section imposes liability upon a warehouse operator for damages where the liability would not otherwise be imposed under the provisions of the Uniform Commercial Code, chapter 336, and specifically section 336.7-204.

Sec. 75. Minnesota Statutes 2004, section 231.11, is amended to read:

231.11 [SCHEDULE OF RATES; STORING HOUSEHOLD GOODS.]

Subdivision 1. [FILING; INSPECTION.] A household goods warehouse operator must file with the department and keep open for public inspection a printed schedule of rates and charges complying with subdivision 2. All tariffs of rates and charges must contain terms and conditions under which the rates and charges are assessed.

Subd. 2. [RATE-MAKING PROCEDURE.] In order to ensure nondiscriminatory rates and charges for all depositors of household goods, the commissioner shall establish a collective rate-making procedure which will ensure the publication and maintenance of just and reasonable rates and charges under uniform, reasonably related rate structures. These procedures must provide for the joint consideration, initiation, and establishment of rates and charges and ensure that the respective revenues and expenses of household goods warehouse operators are ascertained. Any participating household goods warehouse operator party to a collectively mandated rate or charge has the right to petition the commissioner for the establishment of a rate or charge which deviates from the collectively set rate. Upon receiving the commissioner's approval, that household goods warehouse operator may proceed to establish the requested rate or charge. All household goods warehouse operators subject to rate regulation under this chapter must comply with the commissioner's rate-making procedures. No household goods warehouse operator shall undertake to perform any service or store any household goods until a schedule of rates has been filed and published in accordance with this chapter. In case of emergency, however, a service or storage not specifically covered by the schedules filed, may be performed or furnished at a reasonable rate, which must then be promptly filed, and which is subject to review in accordance with this chapter.

Sec. 76. Minnesota Statutes 2004, section 231.16, is amended to read:

231.16 [WAREHOUSE OPERATOR OR HOUSEHOLD GOODS WAREHOUSE OPERATOR TO OBTAIN LICENSE.]

A warehouse operator or household goods warehouse operator must be licensed annually by the department. The department shall prescribe the form of the written application. If the department approves the license application and the applicant files with the department the necessary bond, in the case of household goods warehouse operators, or proof of warehouse operators legal liability insurance coverage in an amount of \$50,000 or more, as provided for in this chapter, the department shall issue the license upon payment of the license fee required in this section. A warehouse operator or household goods warehouse operator to whom a license is issued shall pay a fee as follows:

Building square footage used for public storage

(1) 5,000 or less	\$100 <u>\$110</u>
(2) 5,001 to 10,000	\$200 <u>\$220</u>
(3) 10,001 to 20,000	\$300 <u>\$330</u>
(4) 20,001 to 100,000	\$400 <u>\$440</u>
(5) 100,001 to 200,000	\$500 <u>\$550</u>
(6) over 200,000	\$600

A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

Fees collected under this chapter must be paid into the grain buyers and storage account established in section 232.22.

The license must be renewed annually on or before July 1, and always upon payment of the full license fee required in this section. No license shall be issued for any portion of a year for less than the full amount of the license fee required in this section. Each license obtained under this chapter must be publicly displayed in the main office of the place of business of the warehouse operator or household goods warehouse operator to whom it is issued. The license authorizes the warehouse operator or household goods warehouse operator to carry on the business of warehousing only in the one city or town named in the application and in the buildings therein described. The department, without requiring an additional bond and license, may issue permits from time to time to any warehouse operator already duly licensed under the provisions of this chapter to operate an additional warehouse in the same city or town for which the original license was issued during the term thereof, upon the filing an application for a permit in the form prescribed by the department.

A license may be refused for good cause shown and revoked by the department for violation of law or of any rule adopted by the department, upon notice and after hearing.

Sec. 77. Minnesota Statutes 2004, section 231.18, subdivision 3, is amended to read:

Subd. 3. [WHERE TO FILE.] All claims must be filed ~~at with the following address:~~ Minnesota Department of Agriculture, Grain Licensing and Auditing ~~Division, 316 Grain Exchange Building, Minneapolis, Minnesota 55415~~ Section.

Sec. 78. Minnesota Statutes 2004, section 231.18, subdivision 5, is amended to read:

Subd. 5. [PUBLIC NOTICE OF A CLAIM.] Upon determining that a depositor has filed a valid claim, the department shall publish notice of the claim in the official county newspaper of the county in which the licensee's primary place of business is located.

The notice must state that a claim against the bond of a licensee has been filed with the department, the name and address of the licensee, that any additional claims should be filed with the department, the ~~bond disbursement~~ date by which claims must be filed, and where the claims should be filed.

The public notice of the claim must appear for three consecutive days in newspapers with a daily circulation and for two consecutive publications in newspapers published less than daily.

Sec. 79. [231.375] [OPENING OR ABANDONMENT OF WAREHOUSES.]

No building or structure may be used as a warehouse or branch warehouse until it has been inspected and approved for warehousing purposes by the department.

On ceasing to use a building or other structure, a warehouse operator must promptly notify the department.

Sec. 80. Minnesota Statutes 2004, section 232.22, subdivision 3, is amended to read:

Subd. 3. [FEES; GRAIN BUYERS AND STORAGE ACCOUNT.] There is created in the agricultural fund an account known as the grain buyers and storage account. The commissioner shall set the fees for inspections, certifications and licenses under sections 232.20 to 232.25 at levels necessary to pay the costs of administering and enforcing sections 232.20 to 232.25. All money collected pursuant to sections 232.20 to 232.25 and chapters 233 and 236 shall be paid by the commissioner into the state treasury and credited to the grain buyers and storage account and is appropriated to the commissioner for the administration and enforcement of sections 232.20 to 232.25 and chapters 233 and 236. All money collected pursuant to chapter 231 shall be paid by the commissioner into the grain buyers and storage account and is appropriated to the commissioner for the administration and enforcement of chapter 231.

The fees for a license to store grain are as follows:

(a) For a license to store grain, \$110 for each home rule charter or statutory city or town in which a public grain warehouse is operated.

(b) A person with a license to store grain in a public grain warehouse is subject to an examination fee for each licensed location, based on the following schedule for one examination:

<u>Bushel Capacity</u>	<u>Examination Fee</u>
<u>Less than 150,001</u>	<u>\$300</u>
<u>150,001 to 250,000</u>	<u>\$425</u>
<u>250,001 to 500,000</u>	<u>\$545</u>
<u>500,001 to 750,000</u>	<u>\$700</u>
<u>750,001 to 1,000,000</u>	<u>\$865</u>
<u>1,000,001 to 1,200,000</u>	<u>\$1,040</u>
<u>1,200,001 to 1,500,000</u>	<u>\$1,205</u>
<u>1,500,001 to 2,000,000</u>	<u>\$1,380</u>
<u>More than 2,000,000</u>	<u>\$1,555</u>

(c) The fee for the second examination is \$55 per hour per examiner for warehouse operators who choose to have it performed by the commissioner.

(d) A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

Sec. 81. Minnesota Statutes 2004, section 236.02, subdivision 4, is amended to read:

Subd. 4. [FEES.] The license fee is \$140 for each home rule charter or statutory city or town in which a private grain warehouse is operated and which will be used to operate a grain bank. A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent. The license fee must be set by the commissioner in an amount sufficient to cover the costs of administering and enforcing this chapter. Fees collected under this chapter must be paid into the grain buyers and storage account established in section 232.22.

Sec. 82. Minnesota Statutes 2004, section 327.23, subdivision 2, is amended to read:

Subd. 2. [MANUFACTURED HOME PARK.] (a) The term "manufactured home park" shall not be construed to include;

(1) manufactured homes, buildings, tents or other structures temporarily maintained by any individual or company on premises associated with a work project and used exclusively to house labor or other personnel occupied in such work project; or

(2) two or less manufactured homes maintained by an individual or company on the premises located within 100 yards of an existing residence and associated with an area zoned agricultural and used exclusively to house family or labor, as defined in the United States Internal Revenue Code, section 3121(g), engaged in the agricultural operation, provided the homes:

(i) meet the requirements of section 326.243 and Minnesota Rules, parts 4630.0600, subpart 1, 4630.0700, 4630.1200, 4630.3500, and 4715.0310;

(ii) are equipped with at least one automatic smoke detector that conforms to the applicable provisions of the National Fire Protection Association standard, identified as NFPA 501B, outside each sleeping area; and

(iii) meet the requirements of sections 327.31 to 327.35 and Minnesota Rules, chapter 1350.

(b) The state Department of Health may by rule prescribe such sanitary facilities as it may deem necessary to provide for the sanitation of such structures and the safety of the occupants thereof.

Sec. 83. Minnesota Statutes 2004, section 327.23, is amended by adding a subdivision to read:

Subd. 2a. [SEASONAL AGRICULTURAL OPERATIONS.] The term "manufactured home park" shall not be construed to include up to four manufactured homes maintained by an individual or a company on premises associated with a seasonal agricultural operation, in an area zoned agricultural, and used exclusively to house individuals or families performing labor as defined in section 3121(g) of the Internal Revenue Code if:

(1) the manufactured homes are equipped with indoor plumbing facilities and the standards for water and sanitation established in Minnesota Rules, parts 4630.0600, subpart 1; 4630.0700; 4630.1200; 4630.3500; and 4715.0310 are met;

(2) the manufactured homes provide at least 80 square feet of indoor living space per inhabitant of each home;

(3) the manufactured homes and their installation comply with section 327.34, subdivision 1, and Minnesota Rules, chapter 1350;

(4) the individual or company maintaining the manufactured homes, with the assistance and approval of the city or town where the homes are located, develops and posts in conspicuous locations near the homes, a shelter or safe evacuation plan in the event of severe weather conditions, such as tornadoes, high winds, and floods; and

(5) the individual or company maintains the homes in a clean, orderly, and sanitary condition.

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

Sec. 84. Minnesota Statutes 2004, section 394.25, subdivision 3c, is amended to read:

Subd. 3c. [FEEDLOT ZONING ORDINANCES.] (a) A county proposing to adopt a new feedlot ordinance or amend an existing feedlot ordinance must notify the Pollution Control Agency and commissioner of agriculture at the beginning of the process, no later than the notice of the first hearing proposing to adopt or amend an ordinance purporting to address feedlots.

(b) Prior to final approval of a feedlot ordinance, a county board may submit a copy of the proposed ordinance to the Pollution Control Agency and to the commissioner of agriculture and request review, comment, and preparation of recommendations.

(c) The agencies' response to the county may include:

(1) any recommendations for improvements in the ordinance; and

(2) the legal, economic, or scientific justification for each recommendation under clause (1).

(d) At the request of any member of the county board, the county must prepare a report on the environmental and agricultural economic effects from specific provisions in the ordinance. Economic analysis must state whether the ordinance will affect the local economy and describe the kinds of businesses affected and the projected impact the proposal will have on those businesses. To assist the county, the commissioner of agriculture, in cooperation with the Department of Employment and Economic Development, must develop a template for measuring local economic effects and make it available to the county. The report must be submitted to the commissioners of employment and economic development and agriculture along with the proposed ordinance.

~~(e) The report may include:~~

~~(1) any recommendations for improvements in the ordinance; and~~

~~(2) the legal, social, economic, or scientific justification for each recommendation under clause (1).~~

~~(d)~~ (e) A local ordinance that contains a setback for new feedlots from existing residences must also provide for a new residence setback from existing feedlots located in areas zoned agricultural at the same distances and conditions specified in the setback for new feedlots, unless the new residence is built to replace an existing residence. A county may grant a variance from this requirement under section 394.27, subdivision 7.

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

Sec. 85. Minnesota Statutes 2004, section 462.355, subdivision 4, is amended to read:

Subd. 4. [INTERIM ORDINANCE.] (a) If a municipality is conducting studies or has authorized a study to be conducted or has held or has scheduled a hearing for the purpose of considering adoption or amendment of a comprehensive plan or official controls as defined in section 462.352, subdivision 15, or if new territory for which plans or controls have not been adopted is annexed to a municipality, the governing body of the municipality may adopt an interim ordinance applicable to all or part of its jurisdiction for the purpose of protecting the planning process and the health, safety and welfare of its citizens. The interim ordinance may regulate, restrict or prohibit any use, development, or subdivision within the jurisdiction or a portion thereof for a period not to exceed one year from the date it is effective.

(b) If a proposed interim ordinance purports to regulate, restrict, or prohibit activities relating to livestock production, a public hearing must be held following a ten-day notice given by publication in a newspaper of general circulation in the municipality before the interim ordinance takes effect.

(c) The period of an interim ordinance applicable to an area that is affected by a city's master plan for a municipal airport may be extended for such additional periods as the municipality may deem appropriate, not exceeding a total additional period of 18 months in the case where the Minnesota Department of Transportation has requested a city to review its master plan for a municipal airport prior to August 1, 2004. In all other cases, no interim ordinance may halt, delay, or impede a subdivision which has been given preliminary approval, nor may any interim ordinance extend the time deadline for agency action set forth in section 15.99 with respect to any application filed prior to the effective date of the interim ordinance. The governing body of the municipality may extend the interim ordinance after a public hearing and written findings have been adopted based upon one or more of the conditions in clause (1), (2), or (3). The public hearing must be held at least 15 days but not more than 30 days before the expiration of the interim ordinance, and notice of the hearing must be published at least ten days before the hearing. The interim ordinance may be extended for the following conditions and durations, but, except as provided in clause (3), an interim ordinance may not be extended more than an additional 18 months:

(1) up to an additional 120 days following the receipt of the final approval or review by a federal, state, or metropolitan agency when the approval is required by law and the review or approval has not been completed and received by the municipality at least 30 days before the expiration of the interim ordinance;

(2) up to an additional 120 days following the completion of any other process required by a state statute, federal law, or court order, when the process is not completed at least 30 days before the expiration of the interim ordinance; or

(3) up to an additional one year if the municipality has not adopted a comprehensive plan under this section at the time the interim ordinance is enacted.

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

Sec. 86. Minnesota Statutes 2004, section 462.357, is amended by adding a subdivision to read:

Subd. 9. [FEEDLOT ZONING CONTROLS.] (a) A municipality proposing to adopt a new feedlot zoning control or to amend an existing feedlot zoning control must notify the Pollution Control Agency and commissioner of agriculture at the beginning of the process, no later than the date notice is given of the first hearing proposing to adopt or amend a zoning control purporting to address feedlots.

(b) Prior to final approval of a feedlot zoning control, a municipality may submit a copy of the proposed zoning control to the Pollution Control Agency and to the commissioner of agriculture and request review, comment, and recommendations.

(c) The agencies' response to the municipality may include:

(1) any recommendations for improvements in the ordinance; and

(2) the legal, economic, or scientific justification for each recommendation under clause (1).

(d) At the request of any member of the municipality's governing body, the municipality must prepare a report on the economic effects from specific provisions in the ordinance. Economic analysis must state whether the ordinance will affect the local economy and describe the kinds of businesses affected and the projected impact the proposal will have on those businesses. To assist the municipality, the commissioner of agriculture, in cooperation with the Department of Employment and Economic Development, must develop a template for measuring local economic effects and make it available to the municipality. The report must be submitted to the commissioners of employment and economic development and agriculture along with the proposed ordinance.

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

Sec. 87. [583.215] [EXPIRATION.]

Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to 583.32, expire June 30, 2009.

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

Sec. 88. [604.17] [PERSONAL RESPONSIBILITY IN FOOD CONSUMPTION ACT.]

Subdivision 1. [TITLE.] This act 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, obesity, or a health condition associated with weight gain or obesity and 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, if the violation is knowing and willful, and the claimed injury was proximately caused by the violation.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to any action brought by any party on or after the effective date.

Sec. 89. [TRANSFER OF FUNDS; DEPOSIT OF REPAYMENTS.]

The remaining balances in the revolving accounts in Minnesota Statutes, sections 41B.046 and 41B.049, that are dedicated to rural finance authority loan programs under those sections, are transferred to the revolving loan account established in Minnesota Statutes, section 41B.06, on the effective date of this section. All future receipts from value-added agricultural product loans and methane digester loans originated under Minnesota Statutes, sections 41B.046 and 41B.049, must be deposited in the revolving loan account established in Minnesota Statutes, section 41B.06.

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

Sec. 90. [AGRICULTURAL NUTRIENT TASK FORCE.]

(a) There is created an Agricultural Nutrient Task Force consisting of two members of the senate appointed by the chair of the senate Committee on Agriculture, Veterans and Gaming; two members of the house of representatives appointed by the chair of the house Committee on Agriculture and Rural Development, and at least 15 public members appointed by the commissioner of agriculture. The public members must be broadly representative of the diverse range of persons interested in and knowledgeable about agricultural soil nutrients and must include representatives of agricultural crop growers, fertilizer retailers, soil nutrient consultants, and agricultural soil and nutrient researchers. Public members of the task force must serve without compensation or reimbursement of personal expenses.

(b) The commissioner of agriculture must convene the first meeting of the task force and must provide office support services to the task force as needed. The task force may determine the date, location, and agenda of additional meetings.

(c) The task force must review and make recommendations on at least the following topics and practices:

(1) the need for research, education, and training in the selection and application of agricultural fertilizer and soil nutrients in the state;

(2) the imposition of a tonnage fee on all agricultural fertilizer applied in Minnesota and the designated uses of the proceeds from the fee; and

(3) the desirability of amending statutes and rules that apply to the selection, purchase, storage, and application of agricultural fertilizer and soil nutrients, including the reasonableness of rules for their on-farm storage.

(d) On behalf of the task force, not later than February 15, 2006, the commissioner of agriculture shall prepare and deliver to the standing agriculture policy committees of the senate and the house of representatives a report and list of recommendations for changes in statutes and rules.

(e) The task force expires June 30, 2006.

[EFFECTIVE DATE.] This section is effective the day following final enactment for purposes of making membership appointments to the Agricultural Nutrient Task Force.

Sec. 91. [STUDY; BIODIESEL FUEL FOR RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL HEATING.]

(a) From the money available to the commissioner of commerce 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 Minnesota Statutes, section 16B.325, the reliability administrator shall perform a comprehensive technical and economic analysis of the benefits to be derived from using biodiesel fuel as defined in Minnesota Statutes, section 239.77, subdivision 1, or biodiesel fuel blends, as a residential, commercial, and industrial heating fuel. The analysis must consider blends ranging from B2 to B100.

(b) Not later than March 15, 2007, the reliability administrator shall report the results of the study and analysis to the appropriate standing committees of the Minnesota senate and house of representatives.

Sec. 92. [REVISOR'S INSTRUCTION.]

The revisor of statutes shall change cross-references in Minnesota Statutes and Minnesota Rules to reflect the amendments and repeals in section 93, paragraph (f), and Minnesota Statutes, sections 17.452, subdivision 5a; 35.153; and 35.155, as amended in this article.

Sec. 93. [REPEALER.]

(a) Minnesota Statutes 2004, section 41B.046, subdivision 3, is repealed effective the day following final enactment.

(b) Minnesota Statutes 2004, sections 18B.065, subdivision 5; and 19.64, subdivision 4a, are repealed.

(c) Minnesota Statutes 2004, section 18H.02, subdivisions 15 and 19, are repealed.

(d) Minnesota Statutes 2004, section 17.983, subdivision 2, is repealed.

(e) Minnesota Statutes 2004, section 35.0661, subdivision 4, is repealed.

(f) Minnesota Statutes 2004, sections 17.451; and 17.452, subdivisions 6, 6a, 7, 10, 11, 12, 13, 13a, 14, 15, and 16, are repealed.

(g) Laws 1986, chapter 398, article 1, section 18, as amended by Laws 1987, chapter 292, section 37; Laws 1989, chapter 350, article 16, section 8; Laws 1990, chapter 525, section 1; Laws 1991, chapter 208, section 2; Laws 1993, First Special Session chapter 2, article 6, section 2; Laws 1995, chapter 212, article 2, section 11; Laws 1997, chapter 183, article 3, section 29; Laws 1998, chapter 395, section 7; Laws 1998, chapter 402, section 6; Laws 1999, chapter 214, article 2, section 19; Laws 2001, chapter 195, article 1, section 23; Laws 2001, First Special Session chapter 1, article 2, section 25; and Laws 2001, First Special Session chapter 2, section 150, is repealed.

(h) Minnesota Rules, parts 1560.7700; 1560.7750; 1560.7800; 1560.7850; 1560.7900; 1560.8000; 1560.8100; 1560.8200; 1560.8300; 1560.8400; 1560.8500; 1560.8600; 1560.8700; and 1560.8800, are repealed."

Delete the title and insert:

"A bill for an act relating to agriculture; appropriating money for agricultural purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; amending Minnesota Statutes 2004, sections 13.643, by adding a subdivision; 17.03, subdivision 13; 17.117, subdivision 11, by adding a subdivision; 17.452, by adding a subdivision; 17.982, subdivision 1; 17.983, subdivisions 1, 3; 17B.03, subdivision 1; 18B.08, subdivision 4; 18B.26, subdivision 3; 18B.31, subdivision 5; 18B.315, subdivision 6; 18B.32, subdivision 6; 18B.33, subdivision 7; 18B.34, subdivision 5; 18C.141, subdivisions 1, 3, 5; 18C.425, subdivision 6; 18E.03, subdivision 2; 18G.03, subdivision 1; 18G.10, subdivisions 5, 7; 18H.02, subdivisions 21, 22, 23, 32, 34, by adding a subdivision; 18H.05; 18H.06; 18H.07, subdivisions 1, 2, 3; 18H.09; 18H.13, subdivision 1; 18H.15; 18H.18, subdivision 1; 19.64, subdivision 1; 25.341, subdivision 2; 25.39, subdivisions 1, 4; 31.94; 35.02, subdivision 1; 35.03; 35.05; 35.155; 38.01; 38.16; 41A.09, subdivisions 2a, 3a; 41B.046, subdivision 5; 41B.049, subdivisions 2, 4; 174.52, subdivision 5; 223.17, subdivision 3; 231.08, by adding subdivisions; 231.09; 231.11; 231.16; 231.18, subdivisions 3, 5; 232.22, subdivision 3; 236.02, subdivision 4; 327.23, subdivision 2, by adding a subdivision; 394.25, subdivision 3c; 462.355, subdivision 4; 462.357, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 16C; 25; 35; 41B; 156; 231; 583; 604; repealing Minnesota Statutes 2004, sections 17.451; 17.452, subdivisions 6, 6a, 7, 10, 11, 12, 13, 13a, 14, 15, 16; 17.983, subdivision 2; 18B.065, subdivision 5; 18H.02, subdivisions 15, 19; 19.64, subdivision 4a; 35.0661, subdivision 4; 41B.046, subdivision 3; Laws 1986, chapter 398, article 1, section 18, as amended; Minnesota Rules, parts 1560.7700; 1560.7750; 1560.7800; 1560.7850; 1560.7900; 1560.8000; 1560.8100; 1560.8200; 1560.8300; 1560.8400; 1560.8500; 1560.8600; 1560.8700; 1560.8800."

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. 1578, A bill for an act relating to spousal maintenance; authorizing the Department of Human Services to collect spousal maintenance; amending Minnesota Statutes 2004, sections 518.54, subdivision 4a; 518.551, subdivision 1.

Reported the same back with the following amendments:

Page 1, after line 25, insert:

"Sec. 2. Minnesota Statutes 2004, section 518.54, subdivision 14, is amended to read:

Subd. 14. [IV-D CASE.] "IV-D case" means a case where a party has assigned to the state rights to child support because of the receipt of public assistance as defined in section 256.741 or has applied for child support services under title IV-D of the Social Security Act, United States Code, title 42, section 654(4). The definition in this section does not apply to an obligation for spousal maintenance under subdivision 4, paragraph (a), clause (3).

Sec. 3. Minnesota Statutes 2004, section 518.54, is amended by adding a subdivision to read:

Subd. 15. [INCOME WITHHOLDING ONLY SERVICES.] "Income withholding only services" means the services provided by the public authority connected to processing payments pursuant to a support order but does not include any other enforcement remedies and services provided by the public authority for IV-D cases. Notices required for income withholding under this section are initiated by the applicant for services. An obligation for spousal maintenance under subdivision 4, paragraph (a), clause (3), is only eligible for income withholding only services."

Page 1, line 26, delete "2" and insert "4"

Page 2, after line 24, insert:

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

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "modifying spousal maintenance provisions;"

Page 1, line 5, delete "subdivision 4a" and insert "subdivisions 4a, 14, by adding a subdivision"

With the recommendation that when so amended the bill pass.

The report was adopted.

Holberg from the Committee on Transportation Finance to which was referred:

H. F. No. 2086, A bill for an act relating to the metropolitan government; providing residency requirements for members of the Metropolitan Council and Metropolitan Airports Commission; expanding membership of the Metropolitan Airports Commission to include the mayor of Bloomington; providing term limits for certain members; creating a nominating committee; modifying a reporting requirement; amending Minnesota Statutes 2004, sections 473.123, subdivisions 2a, 3; 473.604, subdivisions 1, 5; 473.608, subdivision 18; 473.621, subdivision 1b.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2004, section 473.123, subdivision 2a, is amended to read:

Subd. 2a. [TERMS.] Following each apportionment of council districts, as provided under subdivision 3a, council members must be appointed from newly drawn districts as provided in subdivision 3a. At the time of appointment, each council member, other than the chair, must reside in the council district represented and must have resided in the council district for at least six months and in the state for at least one year immediately preceding the appointment. Each council district must be represented by one member of the council. The terms of members end with the term of the governor, except that all terms expire on the effective date of the next apportionment. A member serves at the pleasure of the governor. A member shall continue to serve the member's district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the governor appoints 16 council members, one from each of the newly drawn council districts as provided under subdivision 3a, to serve terms as provided under this section. The appointment to the council must be made by the first Monday in March of the year in which the term ends.

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

Sec. 2. Minnesota Statutes 2004, section 473.123, subdivision 3, is amended to read:

Subd. 3. [MEMBERSHIP; APPOINTMENT; QUALIFICATIONS.] (a) Sixteen members must be appointed by the governor from districts defined by this section. At the time of appointment, each council member must reside in the council district represented and must have resided in the council district for at least six months and in the state for at least one year immediately preceding the appointment. Each council district must be represented by one member of the council.

(b) In addition to the notice required by section 15.0597, subdivision 4, notice of vacancies and expiration of terms must be published in newspapers of general circulation in the metropolitan area and the appropriate districts. The governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the district for which a member is to be appointed must be notified in writing. The notices must describe the appointments process and invite participation and recommendations on the appointment.

(c) The governor shall create a nominating committee, composed of seven metropolitan citizens appointed by the governor, to nominate persons for appointment to the council from districts. Three of the committee members must be local elected officials. Following the submission of applications as provided under section 15.0597, subdivision 5, the nominating committee shall conduct public meetings, after appropriate notice, to accept statements from or on behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and local elected officials. The committee shall hold the meeting on each appointment in the district or in a reasonably convenient and accessible location in the part of the metropolitan area in which the district is located. The committee may consolidate meetings. Following the meetings, the committee shall submit to the governor a list of nominees for each appointment. The governor is not required to appoint from the list.

(d) Before making an appointment, the governor shall consult with all members of the legislature from the council district for which the member is to be appointed.

(e) Appointments to the council are subject to the advice and consent of the senate as provided in section 15.066.

(f) Members of the council must be appointed to reflect fairly the various demographic, political, and other interests in the metropolitan area and the districts.

(g) Members of the council must be persons knowledgeable about urban and metropolitan affairs.

(h) Any vacancy in the office of a council member shall immediately be filled for the unexpired term. In filling a vacancy, the governor may forgo the requirements of paragraph (c) if the governor has made appointments in full compliance with the requirements of this subdivision within the preceding 12 months.

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

Sec. 3. Minnesota Statutes 2004, section 473.604, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION.] The commission consists of:

- (1) the mayor of each of the cities, or a qualified voter appointed by the mayor, for the term of office as mayor;
- (2) eight members, appointed by the governor, one from each of the following agency districts:
 - (i) district A, consisting of council districts 1 and 2;
 - (ii) district B, consisting of council districts 3 and 4;
 - (iii) district C, consisting of council districts 5 and 6;
 - (iv) district D, consisting of council districts 7 and 8;
 - (v) district E, consisting of council districts 9 and 10;
 - (vi) district F, consisting of council districts 11 and 12;
 - (vii) district G, consisting of council districts 13 and 14; and
 - (viii) district H, consisting of council districts 15 and 16.

Each member shall be a resident of the district represented. The terms of the members from districts A, B, F, and H expire on January 1, 2007. The terms of the members from districts C, D, E, and G expire on January 5, 2009. The successors of each member must be appointed to four-year terms. Before making an appointment, the governor shall consult with each member of the legislature from the district for which the member is to be appointed, to solicit the legislator's recommendation on the appointment;

(3) four members appointed by the governor from outside of the metropolitan area to reflect fairly the various regions and interests throughout the state that are affected by the operation of the commission's major airport and airport system. Two of these members must be residents of statutory or home rule charter cities, towns, or counties containing an airport designated by the commissioner of transportation as a key airport. The other two must be residents of statutory or home rule charter cities, towns, or counties containing an airport designated by the commissioner of transportation as an intermediate airport. ~~The members must be appointed by the governor as follows: one for a term of one year, one for a term of two years, one for a term of three years, and one for a term of four years. All of the terms start on July 1, 1989. The terms of the two members representing key airports expire on January 2, 2006, and January 7, 2008. The terms of the two members representing intermediate airports expire on January 1, 2007, and January 5, 2009.~~ The successors of each member must be appointed to four-year terms ~~commencing on the first Monday in January of each fourth year after the expiration of the original term.~~ Before making an appointment, the governor shall consult each member of the legislature representing the municipality or county from which the member is to be appointed, to solicit the legislator's recommendation on the appointment; and

(4) a chair appointed by the governor for a term of four years. The chair may be removed at the pleasure of the governor. Effective January 1, 2007, the appointment of the chair is subject to the advice and consent of the senate as provided in section 15.066.

Sec. 4. Minnesota Statutes 2004, section 473.621, subdivision 1b, is amended to read:

Subd. 1b. [ANNUAL REPORT TO LEGISLATURE.] The corporation shall report to the legislature by ~~February 15~~ March 30 of each year concerning operations at Minneapolis-St. Paul International Airport and each reliever airport. Regarding Minneapolis-St. Paul International Airport, the report must include the number of aircraft operations and passenger enplanements at the airport in the preceding year, current airport capacity in terms of operations and passenger enplanements, average length of delay statistics, and technological developments affecting aviation and their effect on operations and capacity at the airport. ~~The report must include information in all the foregoing categories as it relates to operations at Wayne County Metropolitan Airport in Detroit. The report must compare the number of passenger enplanements and the number of aircraft operations with the 1993 Metropolitan Airports Commission baseline forecasts of total passengers and total aircraft operations. The report must include the aircraft operations, based aircraft, and status of major development programs at each reliever airport."~~

Delete the title and insert:

"A bill for an act relating to metropolitan government; modifying membership provisions for the Metropolitan Airports Commission; modifying a reporting requirement; amending Minnesota Statutes 2004, sections 473.123, subdivisions 2a, 3; 473.604, subdivision 1; 473.621, subdivision 1b."

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.

Holberg from the Committee on Transportation Finance to which was referred:

H. F. No. 2461, A bill for an act relating to appropriations; appropriating money for transportation, Metropolitan Council, and public safety activities; authorizing issuance of trunk highway bonds; providing for general contingent accounts and tort claims; modifying provision for handling state mail; modifying vehicle registration plate, tax, and fee provisions and providing for definitions; modifying motor vehicle, traffic regulation, driver's license, and driving record provisions relating to commercial motor vehicles; proposing amendments to Minnesota Constitution to allocate proceeds of taxes on sales of motor vehicles and motor fuels; increasing or modifying fees for motor vehicle transfers and driver and vehicle services; allowing state transportation funds to be used for design and preliminary engineering of bridges in smaller cities; authorizing billing for highway sign program and establishing special account; modifying apportionments for county state-aid highways; increasing amount deductible from county state-aid highway fund for administrative costs; redefining recreational vehicle combination to include certain combinations hauling horse trailers and related vehicles; increasing maximum gross weight for certain vehicles and combinations hauling livestock on noninterstate trunk highways; modifying driver's license and permit provisions; providing a bidding exception for certain federally subsidized transit facilities; providing for metropolitan transit operations and funding; permitting development of bus rapid transit in Cedar Avenue transit corridor; providing for the speed limit on marked Interstate Highway 35E; requiring discontinuance of insurance verification sampling program until modified and providing remedies for charged violations; establishing accounts; abolishing statewide bicycle registration program; requiring reports; making technical and clarifying revisions; amending Minnesota Statutes 2004, sections 16B.49; 115A.908, subdivision 1; 161.04, by adding a subdivision; 162.06, subdivision 2; 162.07, subdivision 1, by adding a subdivision; 162.08, subdivision 3; 168.011, subdivisions 3, 4, 5, 5a, 6, 7, 25, by adding subdivisions; 168.013, subdivisions 1a, 8; 168.09, subdivision 7; 168.091, subdivision 1; 168.105, subdivisions 2, 3, 5; 168.12; 168.123, subdivisions 1, 2, 4, by adding a subdivision; 168.1235; 168.124; 168.125;

168.1255; 168.127, subdivision 6; 168.128; 168.129; 168.1291; 168.1293; 168.1296; 168.1297; 168.15, subdivision 1; 168.16; 168.27, subdivision 11; 168.31, subdivision 5; 168.33; 168.345, subdivisions 1, 2; 168.381; 168.54, subdivisions 4, 5; 168A.152, subdivision 2; 168A.29; 168A.31; 169.01, subdivisions 75, 76, 78; 169.09, subdivision 13; 169.14, by adding a subdivision; 169.81, subdivision 3c; 169.824, subdivision 2; 169.86, subdivision 5; 169A.52, subdivision 3; 169A.60, subdivision 16; 171.01, subdivisions 22, 35, 47, by adding a subdivision; 171.02; 171.03; 171.04, subdivision 2; 171.05, subdivisions 1, 2; 171.06, subdivisions 2, 2a; 171.061, subdivision 4; 171.07, subdivision 11; 171.09; 171.12, subdivisions 3, 6; 171.13, subdivisions 2, 6, by adding a subdivision; 171.165, subdivisions 1, 2, 6; 171.20, subdivision 4; 171.26; 171.29, subdivision 2; 171.36; 174.50, by adding a subdivision; 297B.09, subdivision 1; 469.015, subdivision 4; 473.446, subdivision 3; 473.4461; 473F.08, subdivision 3b; 609.855, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 160; 168; 171; 299A; repealing Minnesota Statutes 2004, sections 168.011, subdivision 19; 168.012, subdivision 12; 168.041, subdivision 11; 168.105, subdivision 6; 168.15, subdivision 2; 168.231; 168.345, subdivisions 3, 4; 168C.01; 168C.02; 168C.03; 168C.04; 168C.05; 168C.06; 168C.07; 168C.08; 168C.09; 168C.10; 168C.11; 168C.12; 168C.13; 169.99, subdivision 1b; 170.23; 171.12, subdivision 8; 171.165, subdivisions 3, 4, 4a, 4b; 171.185; Minnesota Rules, parts 7407.0100; 7407.0200; 7407.0300; 7407.0400; 7407.0500; 7407.0600; 7407.0700; 7407.0800; 7407.0900; 7407.1000; 7407.1100; 7407.1200; 7407.1300; 7503.2400.

Reported the same back with the following amendments:

Page 5, after line 44, insert:

"The commissioner shall contract with the University of Minnesota Center for Transportation Studies for a study of the feasibility and effectiveness of a remodeled transit system in the metropolitan area that incorporates the metropolitan freeway system. The study must include consideration of a system whereby passengers board from a freeway median or freeway shoulder, or combination thereof. The study must include:

- (1) similar studies or projects in other states;
- (2) time savings to passengers and cost-effectiveness of using transit vehicles operating without tracks within existing freeway right-of-way; and
- (3) feasibility of realignment of the existing bus transit system to directly feed the transit vehicles operating within freeway right-of-way.

The Center for Transportation Studies shall consult with the Metropolitan Council on the redesign of the system. The Metropolitan Council must provide the center with all relevant ridership and cost information, and must assist and cooperate with the center as necessary to complete the study.

The contract must require the Center for Transportation Studies to report on the study, with findings and recommendations, by June 30, 2006."

Page 13, line 34, delete "16,167,000" and insert "16,413,000" and delete "16,563,000" and insert "16,759,000"

Page 68, after line 30, insert:

"Sec. 36. Minnesota Statutes 2004, section 171.055, subdivision 2, is amended to read:

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

(b) A provisional license holder may not operate a motor vehicle with more than two passengers unless the provisional license holder (1) is accompanied in the vehicle by a member of the provisional license holder's immediate family who is age 21 or older, (2) is accompanied by at least one person age 25 or older, or (3) has in possession a Minnesota provisional license restriction waiver card.

(c) A provisional license holder may not operate a motor vehicle between 12:00 midnight and 5:00 a.m. unless the provisional license holder (1) is accompanied in the vehicle by a parent or guardian, or another immediate family member who is age 21 or older, or (2) has in possession a Minnesota provisional license restriction waiver card.

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

Page 69, after line 4, insert:

"Provisional license restriction waiver card \$8.00"

Page 74, line 10, after "in" insert "subdivision 3:"

Page 74, after line 24, insert:

"Subd. 3. [PROVISIONAL LICENSE RESTRICTION WAIVER CARD ACCOUNT.] All revenue from fees received for provisional license restriction waiver cards must be deposited in a provisional license restriction waiver card account in the special revenue fund. Money in the account is appropriated to the commissioner for costs relating to providing the cards to parents or guardians who apply for them."

Page 77, after line 3, insert:

"Sec. 47. Minnesota Statutes 2004, section 179A.03, subdivision 7, is amended to read:

Subd. 7. [ESSENTIAL EMPLOYEE.] "Essential employee" means firefighters, peace officers subject to licensure under sections 626.84 to 626.863, 911 system and police and fire department public safety dispatchers, guards at correctional facilities, confidential employees, supervisory employees, assistant county attorneys, assistant city attorneys, principals, and assistant principals. However, for state employees, "essential employee" means all employees in law enforcement, public safety radio communications operators, health care professionals, correctional guards, professional engineering, and supervisory collective bargaining units, irrespective of severance, and no other employees. For University of Minnesota employees, "essential employee" means all employees in law enforcement, nursing professional and supervisory units, irrespective of severance, and no other employees. "Firefighters" means

salaries of employees of a fire department whose duties include, directly or indirectly, controlling, extinguishing, preventing, detecting, or investigating fires. Employees for whom the state court administrator is the negotiating employer are not essential employees.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 48. Minnesota Statutes 2004, section 179A.10, subdivision 2, is amended to read:

Subd. 2. [STATE EMPLOYEES.] Unclassified employees, unless otherwise excluded, are included within the units which include the classifications to which they are assigned for purposes of compensation. Supervisory employees shall only be assigned to units 12 and 16. The following are the appropriate units of executive branch state employees:

- (1) law enforcement unit;
- (2) craft, maintenance, and labor unit;
- (3) service unit;
- (4) health care nonprofessional unit;
- (5) health care professional unit;
- (6) clerical and office unit;
- (7) technical unit;
- (8) correctional guards unit;
- (9) state university instructional unit;
- (10) state college instructional unit;
- (11) state university administrative unit;
- (12) professional engineering unit;
- (13) health treatment unit;
- (14) general professional unit;
- (15) professional state residential instructional unit; ~~and~~
- (16) supervisory employees unit; and
- (17) public safety radio communications operator unit.

Each unit consists of the classifications or positions assigned to it in the schedule of state employee job classification and positions maintained by the commissioner. The commissioner may only make changes in the schedule in existence on the day prior to August 1, 1984, as required by law or as provided in subdivision 4.

[EFFECTIVE DATE.] This section is effective July 1, 2005."

Page 78, after line 7, insert:

"Sec. 51. [TRANSITION.]

Subdivision 1. [ASSIGNMENT OF JOB CLASSIFICATION TO UNIT.] The commissioner of the bureau of mediation services shall assign the job classifications and positions of employees working as public safety radio communications operators to state employee bargaining unit 17.

Subd. 2. [TERMS AND CONDITIONS OF EMPLOYMENT.] The terms and conditions of the collective bargaining agreement, memoranda of understanding, or other salary and benefit provisions covering public safety radio communications operators immediately before the effective date of this section remain in effect until a successor agreement between the commissioner of employee relations and the exclusive representative of bargaining unit 17 becomes effective, subject to Minnesota Statutes, section 179A.20, subdivision 6.

Subd. 3. [EXCLUSIVE REPRESENTATIVE.] The employee organization that is the exclusive representative of employees assigned to bargaining unit 17 on the day before the effective date of this section must be certified by the commissioner of the Bureau of Mediation Services as the exclusive representative of newly created bargaining unit 17, subject to future changes as provided in Minnesota Statutes, section 179A.12. For employees assigned to bargaining unit 17, the exclusive representative retains all rights and obligations under the contract governing these employees immediately before the effective date of this section, so long as that contract continues to apply to those employees.

[EFFECTIVE DATE.] This section is effective July 1, 2005."

Page 84, line 22, delete "2" and insert "3"

Pages 85 and 86, delete sections 5 and 6

Page 87, delete lines 27 to 33 and insert:

"(c) After calculating the apportionment for each county each year under this section, but before distribution of money to counties, the commissioner shall:

(1) determine the statewide average money needs percentage for all counties;

(2) rank all counties according to the extent to which each county is above or below the statewide average money needs percentage;

(3) identify those counties that are more than ten percent below the statewide average money needs percentage; and

(4) to the extent permitted by compliance with paragraph (b), allot to each county identified under clause (3) an amount that, if added to the county's construction allocation, would be sufficient to bring that county up to at least 90 percent of the statewide average money needs percentage."

Page 88, after line 11, insert:

"Sec. 2. Minnesota Statutes 2004, section 161.361, subdivision 2, is amended to read:

Subd. 2. [REPAYMENT.] Subject to the availability of state money, the commissioner shall repay the amounts advanced under this section, up to the state's share of project costs, under terms of the agreement. The agreement may provide for payment of interest for funds advanced under subdivisions 1a and 1b at a rate of interest agreed

~~upon by the parties. The maximum interest rate that may be paid is the rate earned by the state on invested commissioner of finance cash for the month before the date the agreement is executed or the actual interest paid by the road authority in borrowing for the amount advanced, whichever rate is less."~~

Page 94, after line 25, insert:

"Sec. 17. Minnesota Statutes 2004, section 168.10, subdivision 1c, is amended to read:

Subd. 1c. [COLLECTOR'S VEHICLE, COLLECTOR LICENSE.] (a) The owner of any motor vehicle, including any truck, (1) that is (i) at least 20 model years old, or (ii) at least ten model years old and with a body or engine style of which not more than 500 were manufactured or imported into the United States in any model year, (2) that was manufactured after 1935, and (3) that is owned and operated solely as a collector's vehicle, shall list the vehicle for taxation and registration as ~~follows:~~ provided in paragraph (b).

~~(4) (b)~~ The owner shall execute an affidavit stating (1) the name and address of the person from whom purchased and of the new owner, (2) the make of the motor vehicle, (3) the year and number of the model, (4) the manufacturer's identification number, (5) in the case of a vehicle described in paragraph (a), clause (1)(ii), that the vehicle has a body or engine style of which not more than 500 were manufactured or imported into the United States in any model year, and (6) that the vehicle is owned and operated solely as a collector's item and not for general transportation purposes; and,

~~(2) (c)~~ The owner shall provide a statement of the manufacturer or importer regarding the number of vehicles manufactured or imported during the model year.

(d) The owner shall also prove that the owner also has one or more vehicles with regular license plates.

If the registrar is satisfied that the affidavit is true and correct and the owner pays a \$25 tax, the registrar shall list the vehicle for taxation and registration and shall issue a single number plate.

~~(b) (e)~~ The number plate issued shall bear the inscription "Collector," "Minnesota," and the registration number or other combination of characters authorized under section 168.12, subdivision 2a, but no date. The number plate is valid without renewal as long as the vehicle is in existence. The registrar has the power to revoke the plate for failure to comply with this subdivision."

Page 95, line 20, after "letters" insert " , or five numbers and letters in the case of personalized special veterans license plates"

Page 97, line 27, strike "An applicant must not be issued" and delete "plates for"

Page 97, strike lines 28 and 29

Page 99, delete lines 35 and 36

Page 100, delete lines 1 to 10, and insert:

"(h) For a veteran who is the recipient of:

(1) the Iraq Campaign Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "IRAQ WAR VET" directly below the special license plate number;

(2) the Afghanistan Campaign Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "AFGHAN WAR VET" directly below the special license plate number; or

(3) the Global War on Terrorism Expeditionary Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "GWOT VETERAN" directly below the special license plate number."

Page 100, line 14, delete "VET SERVICE" and insert "VETERAN"

Page 101, line 1, delete "18" and insert "20"

Page 101, line 2, delete "19" and insert "21"

Page 101, after line 18, insert:

"Sec. 24. [168.1298] [SPECIAL "SUPPORT OUR TROOPS" LICENSE PLATE.]

Subdivision 1. [PURPOSE.] It is the intent of the legislature in enacting this section and section 190.19, to provide financial support and relief to members of the military forces and their families in recognition of their service to Minnesota and the nation and the serious demands currently placed on our military forces. It is also the view of the legislature that the purposes behind enacting this section and section 190.19 are based on a special and unique set of circumstances in history and that the persons and their families and survivors who would benefit under these provisions are facing economic hardship because of the fact that they have served, and in some cases given their lives in the service of, their country. Therefore, it is the intent of the legislature that these provisions of law not be used as a precedent for future unrelated enactments, nor that the scope of these sections be substantially expanded.

Subd. 2. [GENERAL REQUIREMENTS AND PROCEDURES.] (a) The commissioner shall issue special "Support Our Troops" license plates to an applicant who:

(1) is an owner of a passenger automobile, one-ton pickup truck, recreational vehicle, or motorcycle;

(2) pays a fee of \$10 to cover the costs of handling and manufacturing the plates;

(3) pays the registration tax required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of \$30 annually to the Minnesota "Support Our Troops" account established in section 190.19; and

(6) complies with laws and rules governing registration and licensing of vehicles and drivers.

(b) The license application under this section must indicate that the annual contribution specified under paragraph (a), clause (5), is a minimum contribution to receive the plate and that the applicant may make an additional contribution to the account.

Subd. 3. [DESIGN.] After consultation with interested groups, the adjutant general and the commissioner of veterans affairs shall design the special plate, subject to the approval of the commissioner.

Subd. 4. [NO REFUND.] Contributions under this section must not be refunded.

Subd. 5. [PLATE TRANSFERS.] Notwithstanding section 168.12, subdivision 1, on payment of a transfer fee of \$5, plates issued under this section may be transferred to another passenger automobile, one-ton pickup truck, recreational vehicle, or motorcycle owned by the individual to whom the special plates were issued.

Subd. 6. [CONTRIBUTION AND FEES CREDITED.] Contributions under subdivision 2, paragraph (a), clause (5), must be paid to the commissioner and credited to the Minnesota "Support Our Troops" account established in section 190.19. The fees collected under this section must be deposited in the vehicle services operating account in the special revenue fund.

Subd. 7. [RECORD.] The commissioner shall maintain a record of the number of plates issued under this section."

Page 106, after line 16, insert:

"Sec. 32. Minnesota Statutes 2004, section 169.71, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITIONS GENERALLY.] No person shall drive or operate any motor vehicle with:

(1) a windshield cracked or discolored to an extent to limit or obstruct proper vision, ~~or;~~

(2) except for law enforcement vehicles, with any objects suspended between the driver and the windshield, other than sun visors ~~and~~, rear vision mirrors, or electronic toll-collection devices; ~~or with~~

(3) any sign, poster, or other nontransparent material upon the front windshield, sidewings, side or rear windows of such vehicle, other than a certificate or other paper required to be so displayed by law, or authorized by the state director of the Division of Emergency Management, or the commissioner of public safety."

Page 107, line 15, before "88,000" insert "On and after August 1, 2006,"

Page 107, after line 34, insert:

"Sec. 35. Minnesota Statutes 2004, section 169.851, subdivision 5, is amended to read:

Subd. 5. [EXCEPTION FOR FARM AND FOREST PRODUCTS.] ~~The maximum weight provisions of this section do~~ Subdivision 4 does not apply to the first haul of unprocessed or raw farm products and the transportation of raw and unfinished forest products, including wood chips, when the ~~prescribed~~ maximum weight ~~limitation is~~ limitations permitted under sections 169.822 to 169.829 are not exceeded by more than ten percent."

Page 108, line 33, after "homes" insert "and manufactured storage buildings"

Page 112, after line 8, insert:

"Sec. 37. [169.864] [SPECIAL PAPER PRODUCTS VEHICLE PERMIT.]

Subdivision 1. [THREE-UNIT VEHICLE.] The commissioner may issue a permit for a vehicle that meets the following requirements:

(1) is a combination of vehicles, including a truck-tractor and a semitrailer drawing one additional semitrailer, which may be equipped with an auxiliary dolly, and no semitrailer used in the three-vehicle combination has an overall length in excess of 28-1/2 feet;

(2) has a maximum gross vehicle weight of 108,000 pounds;

(3) complies with the axle weight limits in section 169.824 or with the federal bridge formula for axle groups not described in that section;

(4) complies with the tire weight limits in section 169.823 or the tire manufacturers' recommended load, whichever is less;

(5) is operated only in this state on Trunk Highway marked 2 between Grand Rapids and the port of Duluth; on Trunk Highway marked 169 between Grand Rapids and its junction with Trunk Highway marked 53; and on Trunk Highway marked 53 between Virginia and the port of Duluth; and

(6) the seasonal weight increases authorized under section 169.826, subdivision 1, do not apply.

Subd. 2. [TWO-UNIT VEHICLE.] The commissioner may issue a permit for a vehicle that meets the following requirements:

(1) is a combination of vehicles consisting of a truck-tractor and a single semitrailer that may exceed 48 feet, but not 53 feet, if the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 43 feet;

(2) has a maximum gross vehicle weight of 90,000 pounds;

(3) has a maximum gross vehicle weight of 98,000 pounds during the time when seasonal weight increases authorized under section 169.826, subdivision 1, are in effect;

(4) complies with the axle weight limits in section 169.824 or with the federal bridge formula for axle groups not described in that section;

(5) complies with the tire weight limits in section 169.823 or the tire manufacturers' recommended load, whichever is less; and

(6) is operated only on the highways specified in subdivision 1, clause (5).

Subd. 3. [RESTRICTIONS.] Vehicles issued permits under subdivisions 1 and 2 must comply with the following restrictions:

(1) the vehicle must be operated in compliance with seasonal load restrictions under section 169.87;

(2) the vehicle may not be operated on the interstate highway system; and

(3) the vehicle may be operated on streets or highways under the control of local authorities only upon the approval of the local authority; however, vehicles may have reasonable access to terminals and facilities for food, fuel, repairs, and rest and for continuity of route within one mile of the national network as provided by section 169.81, subdivision 3, and by Code of Federal Regulations, title 23, part 658.19.

Subd. 4. [PERMIT FEE.] Vehicle permits issued under subdivision 1, clause (1), must be annual permits. The fee is \$850 for each vehicle and must be deposited in the trunk highway fund. An amount sufficient to administer the permit program is appropriated from the trunk highway fund to the commissioner for the costs of administering the permit program.

Sec. 38. Minnesota Statutes 2004, section 169.87, subdivision 4, is amended to read:

Subd. 4. [VEHICLE TRANSPORTING MILK.] Until June 1, ~~2003~~ 2007, a weight restriction imposed under subdivision 1 by the commissioner of transportation or a local road authority, or imposed by subdivision 2, does not apply to a vehicle transporting milk from the point of production to the point of first processing if, at the time the weight restriction is exceeded, the vehicle is carrying milk loaded at only one point of production. This subdivision does not authorize a vehicle described in this subdivision to exceed a weight restriction of five tons per axle by more than two tons per axle.

[EFFECTIVE DATE.] This section is effective June 1, 2005.

Sec. 39. Minnesota Statutes 2004, section 169.99, subdivision 1b, is amended to read:

Subd. 1b. [SPEED.] The uniform traffic ticket must provide a blank or space wherein an officer who issues a citation for a violation of ~~section 169.14, subdivision 2, paragraph (a), clause (3), a speed limit of 55 or 60 miles per hour~~ must specify whether the speed was greater than ten miles per hour in excess of ~~the lawful speed~~ a 55 miles per hour speed limit, or more than five miles per hour in excess of a 60 miles per hour speed limit."

Page 124, line 23, before "has" insert "either (i)"

Page 124, line 24, after "program" insert ", or (ii) is enrolled in a concurrent driver education program that utilizes simulation or behind-the-wheel instruction as approved by the department and completes 15 hours of classroom instruction and one behind-the-wheel lesson with an instructor before driving with any other licensed driver age 21 or older"

Page 127, line 35, strike "section"

Page 127, line 36, strike everything before "unless" and insert "a speed limit of 55 or 60 miles per hour"

Page 128, line 2, strike "the lawful speed" and insert "a 55 miles per hour speed limit, or more than five miles per hour in excess of a 60 miles per hour speed limit"

Page 128, delete lines 3 and 4 and insert:

"(b) This subdivision does not apply to (1) a violation that occurs in a commercial motor vehicle, or (2) a violation committed by a holder of a class A, B, or C commercial driver's license, without regard to"

Page 130, after line 17, insert:

"Sec. 60. Minnesota Statutes 2004, section 171.18, subdivision 1, is amended to read:

Subdivision 1. [OFFENSES.] The commissioner may suspend the license of a driver without preliminary hearing upon a showing by department records or other sufficient evidence that the licensee:

(1) has committed an offense for which mandatory revocation of license is required upon conviction;

(2) has been convicted by a court for violating a provision of chapter 169 or an ordinance regulating traffic, other than a conviction for a petty misdemeanor, and department records show that the violation contributed in causing an accident resulting in the death or personal injury of another, or serious property damage;

(3) is an habitually reckless or negligent driver of a motor vehicle;

- (4) is an habitual violator of the traffic laws;
 - (5) is incompetent to drive a motor vehicle as determined in a judicial proceeding;
 - (6) has permitted an unlawful or fraudulent use of the license;
 - (7) has committed an offense in another state that, if committed in this state, would be grounds for suspension;
 - (8) has committed a violation of section 169.444, subdivision 2, paragraph (a), within five years of a prior conviction under that section;
 - (9) has committed a violation of section 171.22, except that the commissioner may not suspend a person's driver's license based solely on the fact that the person possessed a fictitious or fraudulently altered Minnesota identification card;
 - (10) has failed to appear in court as provided in section 169.92, subdivision 4;
 - (11) has failed to report a medical condition that, if reported, would have resulted in cancellation of driving privileges; ~~or~~
 - (12) has been found to have committed an offense under section 169A.33; or
 - (13) has paid or attempted to pay a fee required under this chapter for a license or permit by means of a dishonored check issued to a deputy registrar, which must be continued until the registrar is informed by the deputy registrar that the dishonored check has been paid in full.
- However, an action taken by the commissioner under clause (2) or (5) must conform to the recommendation of the court when made in connection with the prosecution of the licensee."

Page 130, after line 29, insert:

"Sec. 62. [190.19] [MINNESOTA "SUPPORT OUR TROOPS" ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] The Minnesota "Support Our Troops" account is established in the state treasury. The account shall consist of contributions from private sources and appropriations.

Subd. 2. [GRANTS; APPROPRIATION, ELIGIBILITY.] (a) Money in the Minnesota "Support Our Troops" account is appropriated to the adjutant general for the purpose of making grants:

- (1) directly to eligible individuals; or
- (2) to one or more eligible foundations for the purpose of making grants to eligible individuals, as provided in this section.
- (b) The term "eligible individual" includes any person who is:
 - (1) a member of the Minnesota National Guard or a reserve unit based in Minnesota who has been called to active service as defined in section 190.05, subdivision 5;
 - (2) a Minnesota resident who is a member of a military reserve unit not based in Minnesota, if the member is called to active service as defined in section 190.05, subdivision 5;

(3) any other Minnesota resident performing active service for any branch of the military of the United States; and

(4) members of the immediate family of an individual identified in clause (1), (2), or (3). For purposes of this clause, "immediate family" means the individual's spouse and minor children and, if they are dependents of the member of the military, the member's parents, grandparents, siblings, stepchildren, and adult children.

(c) The term "eligible foundation" includes any organization that:

(1) is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code;

(2) has articles of incorporation under chapter 317A specifying the purpose of the organization as including the provision of financial assistance to members of the Minnesota National Guard and other United States armed forces reserves and their families and survivors; and

(3) agrees in writing to distribute any grant money received from the adjutant general under this section to eligible individuals as defined in this section and in accordance with any written policies and rules the adjutant general may impose as conditions of the grant to the foundation.

(d) The maximum grant awarded to an eligible individual in a calendar year with funds from the Minnesota "Support Our Troops" account, either through an eligible institution or directly from the adjutant general, may not exceed \$2,000.

Subd. 3. [ANNUAL REPORT.] The adjutant general must report by February 1, 2007, and each year thereafter, to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over military and veterans affairs on the number, amounts, and use of grants issued from the Minnesota "Support Our Troops" account in the previous year."

Page 134, line 13, delete "2 to 9" and insert "68 to 74"

Page 135, line 6, delete "3" and insert "69"

Page 135, line 17, delete "1" and insert "67"

Delete page 135, line 28 to page 136, line 20, and insert:

"The commissioner of public safety shall report to the chairs of the house of representatives and senate committees with jurisdiction over transportation policy and finance by September 1, 2007, concerning the operation of the vehicle insurance verification program, and the impact of the program on the identification and number of uninsured motorists.

Sec. 74. [PUBLIC SAFETY FUNDING.]

The commissioner of public safety shall use unspent funds appropriated for purposes of administering Minnesota Statutes, section 169.796, subdivision 3, to carry out the provisions of sections 68 and 70. Funds remaining at the conclusion of fiscal year 2005 may be carried over to fiscal year 2006 until expended, to complete the required provisions of sections 68 and 70.

Sec. 75. [WETLAND REPLACEMENT REQUIREMENT EXEMPTION.]

Notwithstanding any law to the contrary, due to the construction of a trail in or near the city of Cologne on type I and type III wetlands in the area between the improved portion of marked State Highway 284 and Benton Lake, wetland replacement is eligible for replacement under Minnesota Statutes, section 103G.222, subdivision 1, paragraph (l).

Sec. 76. [MAXIMUM TRAIN SPEED IN CITY OF ORR.]

In order to eliminate or reduce local safety hazards, a railway corporation may not permit a train to be operated at a speed in excess of 30 miles per hour while any portion of the engine or train is within the limits of the city of Orr in St. Louis County.

[EFFECTIVE DATE; LOCAL APPROVAL.] This section is effective the day after the governing body of the city of Orr and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Page 136, line 24, delete everything after the first comma

Page 136, line 25, delete "1b; and" and insert "section"

Page 136, after line 25, insert:

"(c) Minnesota Statutes 2004, section 473.408, subdivision 1, is repealed.

(d) Minnesota Statutes 2004, section 325D.71, is repealed."

Page 136, line 26, delete "(c)" and insert "(e)"

Page 136, after line 26, insert:

"(f) Minnesota Rules, parts 7800.0600; 7800.3200, subpart 1; 7805.0700; 8850.6900, subpart 20; and 8855.0500, subpart 1, are repealed."

Page 136, line 28, delete "57 to 64" and insert "67 to 74"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after the semicolon, insert "providing for repayment of money advanced for highways;"

Page 1, line 12, delete "amendments" and insert "amendment"

Page 1, line 13, delete "taxes on sales" and insert "tax on sale"

Page 1, line 14, delete everything before the semicolon

Page 1, line 22, after the semicolon, insert "modifying traffic regulation relating to unimpeded vision from inside vehicles;"

Page 1, line 27, after the semicolon, insert "extending exemption for milk truck weight limit;"

Page 1, line 28, after the semicolon, insert "allowing driver's license suspension for paying license fees with dishonored check;"

Page 1, line 30, after the semicolon, insert "abolishing provision regulating unlawful gasoline sales;"

Page 1, line 31, after the semicolon, insert "abolishing bus fare policy provision;"

Page 1, line 33, delete everything after "for" and insert "speed limits;"

Page 1, line 34, delete "Highway 35E;" and insert "providing for wetland replacement near city of Cologne; modifying employment status of public safety radio communications operators;"

Page 1, line 37, after the semicolon, insert "setting maximum speed for trains in city of Orr;"

Page 1, line 38, after "requiring" insert "studies and"

Page 1, line 41, after the second semicolon, insert "161.361, subdivision 2;"

Page 1, line 46, after "1;" insert "168.10, subdivision 1c;"

Page 2, line 1, delete ", subdivisions 1,"

Page 2, line 2, delete everything before the first semicolon

Page 2, line 10, after the first semicolon, insert "169.71, subdivision 1;"

Page 2, line 11, after "2;" insert "169.851, subdivision 5;" and before "169A.52" insert "169.87, subdivision 4; 169.99, subdivision 1b;"

Page 2, line 15, after "2;" insert "171.055, subdivision 2;"

Page 2, line 19, after "6;" insert "171.18, subdivision 1;"

Page 2, line 21, after the first semicolon, insert "179A.03, subdivision 7; 179A.10, subdivision 2;"

Page 2, line 25, after "168;" insert "169;" and after "171;" insert "190;"

Page 2, line 31, delete 169.99,"

Page 2, line 32, delete "subdivision 1b;"

Page 2, line 33, after "171.185;" insert "325D.71; 473.408, subdivision 1;"

Page 2, line 37, before the period, insert "; 7800.0600; 7800.3200, subpart 1; 7805.0700; 8850.6900, subpart 20; 8855.0500, subpart 1"

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 1578 was read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 767 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Brod, Huntley, Sykora, Thissen and Abeler introduced:

H. F. No. 2470, A bill for an act relating to education; requiring schools to inform students about meningococcal meningitis and influenza and their vaccines; amending Minnesota Statutes 2004, section 124D.10, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 121A.

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

Knoblach introduced:

H. F. No. 2471, A bill for an act relating to education; modifying student transportation fees; amending Minnesota Statutes 2004, sections 123B.36, subdivision 1; 123B.37, subdivision 1; 123B.88, subdivision 1.

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

Dittrich introduced:

H. F. No. 2472, A bill for an act relating to education finance; authorizing a pilot program to allow school districts to spend compensatory revenue at school sites with low test scores; amending Minnesota Statutes 2004, section 126C.15, subdivisions 2, 3.

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

Greiling introduced:

H. F. No. 2473, A bill for an act relating to education; authorizing school districts to participate in the state employee health insurance plan; amending Minnesota Statutes 2004, sections 43A.24, subdivision 2; 43A.30, subdivision 1.

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

Thissen, Huntley and Abeler introduced:

H. F. No. 2474, A bill for an act relating to human services; covering a certain class of drugs for treatment of specific diagnoses; amending Minnesota Statutes 2004, section 256B.0625, subdivision 13d.

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

Peterson, A., and Koenen introduced:

H. F. No. 2475, A bill for an act relating to education; authorizing a fund transfer for Independent School District No. 2853, Lac qui Parle Valley.

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

Peterson, A., introduced:

H. F. No. 2476, A bill for an act relating to education; authorizing a fund transfer for Independent School District No. 2888, Clinton-Graceville-Beardsley.

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

Krinkie, Holberg, DeLaForest and Kohls introduced:

H. F. No. 2477, A bill for an act relating to transportation; providing for an increase in the state general levy to fund transit services; creating a public transit fund; appropriating money; amending Minnesota Statutes 2004, section 275.025, subdivisions 1, 4; proposing coding for new law in Minnesota Statutes, chapter 174.

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

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

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

S. F. Nos. 493 and 1335.

PATRICE DWORAK, First Assistant Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 493, A bill for an act relating to hospital districts; providing for board membership in the Yellow Medicine County Hospital District; amending Laws 1963, chapter 276, section 2, by adding a subdivision.

The bill was read for the first time.

Peterson, A., moved that S. F. No. 493 and H. F. No. 399, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1335, A bill for an act relating to state government; regulating state construction contracts; amending Minnesota Statutes 2004, sections 16B.31, subdivision 1; 16B.33, subdivision 1; 16C.26, subdivisions 3, 4; 16C.28, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 16C.

The bill was read for the first time.

Beard moved that S. F. No. 1335 and H. F. No. 1460, 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. 1481.

H. F. No. 1481 was reported to the House.

The Speaker called Emmer to the Chair.

Seifert moved to amend H. F. No. 1481, the second engrossment, as follows:

Page 88, after line 12, insert:

"Sec. 9. [10A.175] [EXPENDITURES FOR HOUSING.]

A legislator may use funds from the legislator's principal campaign committee to pay for housing expenses incurred due to attending a session of the legislature. These expenditures are noncampaign disbursements."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Seifert, Rukavina, Marquart, Hosch and Olson moved to amend H. F. No. 1481, the second engrossment, as amended, as follows:

Page 59, lines 12 to 13, delete ", except a state mandate under section 471B.03."

Page 59, line 16, delete "under section 471B.03."

Page 61, lines 16 and 23, delete "may" and insert "must"

The motion prevailed and the amendment was adopted.

Knoblach and Mullery moved to amend H. F. No. 1481, the second engrossment, as amended, as follows:

Page 27, line 17, delete the semicolon, and insert a comma

Page 64, line 27, delete everything after the first "investment"

Page 64, delete lines 28 to 36

Page 65, line 1, delete everything before the period

Page 65, line 3, delete everything after "assets" and insert "invested by the State Board of Investment"

Page 65, delete line 4

Page 65, line 5, delete "investment fund"

The motion prevailed and the amendment was adopted.

Vandever, Hilty, Garofalo, Knoblach, Seifert, Juhnke and Solberg moved to amend H. F. No. 1481, the second engrossment, as amended, as follows:

Page 82, after line 1, insert:

"ARTICLE 8

ELECTRONIC REAL ESTATE RECORDING

Section 1. Minnesota Statutes 2004, section 507.093, is amended to read:

507.093 [STANDARDS FOR DOCUMENTS TO BE RECORDED OR FILED.]

(a) The following standards are imposed on documents to be recorded with the county recorder or filed with the registrar of titles:

(1) The document shall consist of one or more individual sheets measuring no larger than 8.5 inches by 14 inches.

(2) The form of the document shall be printed, typewritten, or computer generated in black ink and the form of the document shall not be smaller than 8-point type.

(3) The document shall be on white paper of not less than 20-pound weight with no background color, images, or writing and shall have a clear border of approximately one-half inch on the top, bottom, and each side.

(4) The first page of the document shall contain a blank space at the top measuring three inches, as measured from the top of the page. The right half to be used by the county recorder for recording information or registrar of titles for filing information and the left half to be used by the county auditor or treasurer for certification.

(5) The title of the document shall be prominently displayed at the top of the first page below the blank space referred to in clause (4).

(6) No additional sheet shall be attached or affixed to a page that covers up any information or printed part of the form.

(7) A document presented for recording or filing must be sufficiently legible to reproduce a readable copy using the county recorder's or registrar of title's current method of reproduction.

(b) The standards in this paragraph (a) do not apply to a document that is recorded or filed as part of a pilot project for the electronic filing of real estate documents implemented by the task force created in Laws 2000, chapter 391, or under the Electronic Real Estate Recording Task Force created under section 507.094. A county that participated in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391, may continue to record or file documents electronically, if:

(1) the county complies with standards adopted by that task force; and

(2) the county uses software that was validated by that task force. A county that did not participate in the pilot project may record or file a real estate document electronically, if:

(i) the document to be recorded or filed is of a type included in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391;

(ii) the county complies with the standards adopted by the task force;

(iii) the county uses software that was validated by the task force; and

(iv) the task force created under section 507.094 accepts by a vote of the task force a written certification of compliance by the county board and county recorder of the county to implement electronic filing under this section.

~~(b)~~ (c) The recording or filing fee for a document that does not conform to the standards in paragraph (a) shall be increased as provided in sections 357.18, subdivision 5; 508.82; and 508A.82.

~~(c)~~ (d) The recorder or registrar shall refund the recording or filing fee to the applicant if the real estate documents are not filed or registered within 30 days after receipt, or as otherwise provided by section 386.30.

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

Sec. 2. [507.094] [ELECTRONIC REAL ESTATE RECORDING TASK FORCE.]

Subdivision 1. [CREATION; MEMBERSHIP.] (a) The Electronic Real Estate Recording Task Force is created to study and make recommendations for the establishment of a system for the electronic filing and recording of real estate documents.

(b) The task force consists of 18 members. The secretary of state shall serve as the chair of the task force. The state's chief information officer, as designated under section 16E.02, or the officer's designee, shall serve as the vice-chair of the task force. Members who are appointed under this section shall serve for a term of three years beginning July 1, 2005. The task force must include:

(1) four county government officials appointed by the Association of County Officers, including two county recorders, one county auditor, and one county treasurer;

(2) two county board members recommended by the Association of Minnesota Counties and appointed by the chair, including one board member from within the seven-county metropolitan area and one board member from outside the seven-county metropolitan area;

(3) seven members from the private sector recommended by their industries and appointed by the chair, including representatives of:

(i) real estate attorneys, real estate agents, and public and private land surveyors;

(ii) mortgage companies, and other real estate lenders; and

(iii) technical and industry experts in electronic commerce and electronic records management and preservation;

(4) a representative selected by the Minnesota Historical Society; and

(5) two representatives of title companies.

(c) The task force may refer items to subcommittees. The chair shall appoint the membership of a subcommittee. An individual may be appointed to serve on a subcommittee without serving on the task force.

Subd. 2. [STUDY AND RECOMMENDATIONS.] (a) The task force shall complete the work of the task force created by Laws 2000, chapter 391, to study and make recommendations regarding implementation of a system for electronic filing and recording of real estate documents and shall consider:

(1) technology and computer needs;

(2) legal issues such as authenticity, security, timing and priority of recordings, and the relationship between electronic and paper recorder systems;

(3) cost-effectiveness of electronic recording systems;

(4) a timetable and plan for implementing an electronic recording system, considering types of documents and entities using the system and volume of recordings;

(5) permissive versus mandatory systems; and

(6) other relevant issues identified by the task force.

The task force shall review the Uniform Electronic Recording Act as drafted by the National Conference of Commissioners on Uniform State Laws and recommend alternative structures for the permanent Commission on Electronic Real Estate Recording Standards.

(b) The task force may commence establishing standards for the electronic recording of the remaining residential real estate deed and mortgage documents and establish pilot projects to complete the testing and functions of the task force established in Laws 2000, chapter 391.

(c) The task force shall submit a report to the legislature by January 15 of each year during its existence reporting on the progress toward the goals provided in this subdivision.

Subd. 3. [DONATIONS; REIMBURSEMENT.] The task force may accept donations of money or resources, including loaned employees or other services. The donations are appropriated to the task force and must be under the sole control of the task force.

Subd. 4. [LEGISLATIVE COORDINATING COMMISSION; DUTIES.] The task force may contract with the Legislative Coordinating Commission for the provision of administrative services to the task force, the preparation of requests for proposal, or the disbursement of funds for the payment of vendors, salaries, and other expenses of the task force.

Subd. 5. [EXPIRATION.] The task force expires June 30, 2008.

[EFFECTIVE DATE.] This section is effective July 1, 2005.

Sec. 3. Minnesota Statutes 2004, section 507.24, subdivision 2, is amended to read:

Subd. 2. [ORIGINAL SIGNATURES REQUIRED.] (a) Unless otherwise provided by law, an instrument affecting real estate that is to be recorded as provided in this section or other applicable law must contain the original signatures of the parties who execute it and of the notary public or other officer taking an acknowledgment. However, a financing statement that is recorded as a filing pursuant to section 336.9-502(b) need not contain: (1) the signatures of the debtor or the secured party; or (2) an acknowledgment.

(b) Any electronic instruments, including signatures and seals, affecting real estate may only be recorded as part of a pilot project for the electronic filing of real estate documents implemented by the task force created in Laws 2000, chapter 391, or by the Electronic Real Estate Recording Task Force created under section 507.094. A county that participated in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391, may continue to record or file documents electronically, if:

(1) the county complies with standards adopted by the task force; and

(2) the county uses software that was validated by the task force.

A county that did not participate in the pilot project may record or file a real estate document electronically, if:

(i) the document to be recorded or filed is of a type included in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391;

(ii) the county complies with the standards adopted by the task force;

(iii) the county uses software that was validated by the task force; and

(iv) the task force created under section 507.094 accepts by a vote of the task force a written certification of compliance by the county board and county recorder of the county to implement electronic filing under this section.

(c) Notices filed pursuant to section 168A.141, subdivisions 1 and 3, need not contain an acknowledgment.

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

Sec. 4. [APPROPRIATION.]

\$25,000 in fiscal year 2006 and \$25,000 in fiscal year 2007 are appropriated from the general fund to the Legislative Coordinating Commission for the task force under Minnesota Statutes, section 507.094, subdivision 4. The base for this program is \$25,000 in fiscal year 2008 and zero in future fiscal years.

[EFFECTIVE DATE.] This section is effective July 1, 2005."

Renumber the articles in sequence

Amend the title accordingly

The question was taken on the Vandever et al amendment and the roll was called. There were 128 yeas and 4 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Jaros	Mullery	Peppin	Rukavina
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The motion prevailed and the amendment was adopted.

Speaker pro tempore Emmer called Paulsen to the Chair.

Dill; Anderson, I.; Solberg; McNamara; Juhnke; Seifert; Sertich; Howes and Hackbarth moved to amend H. F. No. 1481, the second engrossment, as amended, as follows:

Page 95, after line 5, insert:

"Sec. 19. [10A.375] [EXPENDITURES FOR FOOD.]

A legislative candidate may use funds from the candidate's principal campaign committee to pay for food consumed by the candidate while campaigning. These expenditures are noncampaign disbursements."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Hansen and Seifert moved to amend H. F. No. 1481, the second engrossment, as amended, as follows:

Page 32, after line 15, insert:

"Sec. 25. [15.701] [SALARY DATA.]

Every state agency, as defined in section 13.02, subdivision 17, must annually provide notice of the names and salaries of its three highest-paid employees. This notice may be provided on the home page of the primary Web site maintained by the state agency for a period of not less than 90 consecutive days, in a publication of the state agency that is distributed to residents of the state, or by publication in the State Register."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Mariani moved to amend H. F. No. 1481, the second engrossment, as amended, as follows:

Delete article 2, sections 8, 9, and 10

A roll call was requested and properly seconded.

The question was taken on the Mariani amendment and the roll was called. There were 69 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Fritz	Hornstein	Juhnke	Lesch
Anderson, I.	Dittrich	Goodwin	Hortman	Kahn	Liebling
Atkins	Dorman	Greiling	Hosch	Kelliher	Lieder
Bernardy	Dorn	Hansen	Huntley	Koenen	Lillie
Carlson	Eken	Hausman	Jaros	Larson	Loeffler
Clark	Ellison	Hilstrom	Johnson, R.	Latz	Mahoney
Davnie	Entenza	Hilty	Johnson, S.	Lenczewski	Mariani

Marquart	Opatz	Peterson, S.	Scalze	Solberg	Walker
Moe	Otremba	Poppe	Sertich	Thao	Wolti
Mullery	Paymar	Rukavina	Sieben	Thissen	
Murphy	Pelowski	Ruud	Simon	Tingelstad	
Nelson, M.	Peterson, A.	Sailer	Slawik	Wagenius	

Those who voted in the negative were:

Anderson, B.	Dean	Gunther	Krinkie	Penas	Sykora
Beard	DeLaForest	Hackbarth	Lanning	Peppin	Urdahl
Blaine	Demmer	Hamilton	Magnus	Peterson, N.	Vandevveer
Bradley	Dempsey	Heidgerken	McNamara	Powell	Wardlow
Brod	Eastlund	Holberg	Meslow	Ruth	Westerberg
Buesgens	Emmer	Hoppe	Nelson, P.	Samuelson	Wilkin
Charron	Erhardt	Howes	Newman	Seifert	Zellers
Cornish	Erickson	Johnson, J.	Nornes	Severson	Spk. Sviggum
Cox	Finstad	Klinzing	Olson	Simpson	
Cybart	Garofalo	Knoblach	Ozment	Smith	
Davids	Gazelka	Kohls	Paulsen	Soderstrom	

The motion prevailed and the amendment was adopted.

Kahn; Sieben; Mullery; Mahoney; Larson; Liebling; Hosch; Dittrich; Johnson, S.; Hortman; Lesch; Opatz; Loeffler; Murphy; Mariani; Hilty; Clark; Kelliher; Goodwin; Slawik; Davnie; Thissen; Erhardt; Paymar; Marquart; Sertich; Koenen; Solberg; Entenza; Scalze; Bernardy; Otremba; Simon; Jaros; Peterson, A.; Juhnke; Ruud; Walker; Rukavina; Sailer; Latz; Thao; Huntley; Wolti; Pelowski; Lieder; Moe; Greiling; Lenczewski; Carlson; Hausman; Peterson, S.; Poppe; Atkins; Eken; Lillie; Johnson, R.; Wagenius; Hansen; Dill; Nelson, M.; Peterson, N., and Hackbarth moved to amend H. F. No. 1481, the second engrossment, as amended, as follows:

Page 51, line 17, delete "3.9222;"

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Johnson, S., offered an amendment to H. F. No. 1481, the second engrossment, as amended.

POINT OF ORDER

Knoblach raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Johnson, S., amendment was not in order. Speaker pro tempore Paulsen ruled the point of order well taken and the Johnson, S., amendment out of order.

The Speaker resumed the Chair.

The Speaker called Krinkie to the Chair.

CALL OF THE HOUSE

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

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

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

The Speaker resumed the Chair.

H. F. No. 1481, A bill for an act relating to government operations; appropriating money for the general legislative and administrative expenses of state government; regulating state and local government operations; modifying provisions related to public employment; ratifying certain labor agreements and compensation plans; regulating elections and campaign finance; regulating Minneapolis teacher pensions; modifying provisions related to the military and veterans; providing conforming amendments; amending Minnesota Statutes 2004, sections 3.011; 3.012; 3.02; 10A.01, subdivisions 5, 21, 23, 26; 10A.025, by adding a subdivision; 10A.071, subdivision 3; 10A.08; 10A.20, subdivisions 2, 5, by adding a subdivision; 10A.27, subdivision 1; 10A.28, subdivision 2; 10A.31, subdivisions 1, 3, 4, 5, 6a; 11A.04; 11A.07, subdivisions 4, 5; 11A.24, subdivision 6; 13.635, by adding a subdivision; 14.19; 15.054; 15B.17, subdivision 1; 16A.103, by adding a subdivision; 16A.1286, subdivisions 2, 3; 16A.152, subdivision 2; 16A.1522, subdivision 1; 16A.281; 16B.52, subdivision 1; 16C.10, subdivision 7; 16C.144; 16C.16, subdivision 1, by adding a subdivision; 16C.23, by adding a subdivision; 43A.183; 43A.23, subdivision 1; 123B.63, subdivision 3; 126C.17, subdivision 11; 190.16, by adding a subdivision; 192.19; 192.261, subdivisions 1, 2; 192.501, subdivision 2; 193.29, subdivision 3; 193.30; 193.31; 197.608, subdivision 5; 200.02, subdivisions 7, 23, by adding a subdivision; 201.022, by adding a subdivision; 201.061, subdivision 3; 201.071, subdivision 1; 201.091, subdivision 5; 203B.01, subdivision 3; 203B.02, subdivision 1; 203B.04, subdivisions 1, 4, by adding a subdivision; 203B.07, subdivision 2; 203B.11, subdivision 1; 203B.12, subdivision 2; 203B.20; 203B.21, subdivisions 1, 3; 203B.24, subdivision 1; 204B.10, subdivision 6; 204B.14, subdivision 2; 204B.16, subdivisions 1, 5; 204B.18, subdivision 1; 204B.22, subdivision 3; 204B.27, subdivisions 1, 3; 204B.33; 204C.05, subdivision 1a, by adding a

subdivision; 204C.08, subdivision 1; 204C.24, subdivision 1; 204C.28, subdivision 1; 204C.50, subdivisions 1, 2; 204D.03, subdivision 1; 204D.14, subdivision 3; 204D.27, subdivision 5; 205.10, subdivision 3; 205.175, subdivision 2; 205A.05, subdivision 1; 205A.09, subdivision 1; 206.56, subdivisions 2, 3, 7, 8, 9, by adding subdivisions; 206.57, subdivisions 1, 5, by adding a subdivision; 206.58, subdivision 1; 206.61, subdivisions 4, 5; 206.64, subdivision 1; 206.80; 206.81; 206.82, subdivisions 1, 2; 206.83; 206.84, subdivisions 1, 3, 6; 206.85, subdivision 1; 206.90, subdivisions 1, 4, 5, 6, 8, 9; 208.03; 208.04, subdivision 1; 208.05; 208.06; 208.07; 208.08; 211B.01, subdivision 3; 240A.02, subdivision 3; 354A.08; 354A.12, subdivisions 3a, 3b; 358.11; 373.40, subdivision 2; 375.20; 394.25, by adding a subdivision; 447.32, subdivision 4; 458.40; 462.357, by adding a subdivision; 465.82, subdivision 2; 465.84; 469.053, subdivision 5; 469.0724; 469.190, subdivision 5; 471.345, by adding a subdivision; 471.975; 473.147, by adding a subdivision; 475.521, subdivision 2; 475.58, subdivisions 1, 1a; 475.59; 507.093; 507.24, subdivision 2; Laws 2000, chapter 461, article 4, section 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 3; 4; 5; 6; 8; 10A; 14; 15; 15B; 16A; 16B; 16C; 43A; 196; 197; 204D; 205; 205A; 206; 298; 354A; 471; 507; proposing coding for new law as Minnesota Statutes, chapter 471B; repealing Minnesota Statutes 2004, sections 16A.151, subdivision 5; 16A.30; 16B.33; 43A.11, subdivision 2; 197.455, subdivision 3; 204B.22, subdivision 2; 204C.05, subdivisions 1a, 1b; 204C.50, subdivision 7; 205.175; 205A.09; 240A.08; 354A.28; Minnesota Rules, parts 4501.0300, subparts 1, 4; 4501.0500, subpart 4; 4501.0600; 4503.0200, subpart 4; 4503.0300, subpart 2; 4503.0400, subpart 2; 4503.0500, subpart 9; 4503.0800, subpart 1.

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

The question was taken on the passage of the bill and the roll was called. There were 111 yeas and 23 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Atkins	Davnie	Greiling	Huntley	Lesch	Thissen
Bernardy	Dorman	Hansen	Jaros	Loeffler	Wagenius
Carlson	Ellison	Hausman	Johnson, S.	Nelson, M.	Walker
Clark	Entenza	Hornstein	Kelliher	Thao	

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

CALL OF THE HOUSE LIFTED

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

The Speaker called Seifert to the Chair.

FISCAL CALENDAR

Pursuant to rule 1.22, Knoblach requested immediate consideration of H. F. No. 1385.

H. F. No. 1385 was reported to the House.

Kahn moved to amend H. F. No. 1385, the second engrossment, as follows:

Page 7, line 20, after the period, insert:

"Up to five percent of this appropriation may be used for reviewing and funding proposals to address the ethical, legal, and social issues associated with biotechnology and medical genomics."

A roll call was requested and properly seconded.

The question was taken on the Kahn amendment and the roll was called. There were 36 yeas and 96 nays as follows:

Those who voted in the affirmative were:

Abrams	Dittrich	Hilty	Kahn	Mullery	Scalze
Anderson, I.	Ellison	Holberg	Kelliher	Murphy	Sertich
Carlson	Goodwin	Hornstein	Latz	Nelson, M.	Sieben
Clark	Greiling	Jaros	Lieder	Ozment	Thao
Davnie	Hausman	Johnson, S.	Loeffler	Peterson, S.	Wagenius
Dill	Hilstrom	Juhnke	Mariani	Rukavina	Walker

Those who voted in the negative were:

Abeler	Cox	Entenza	Heidgerken	Kohls	Meslow
Anderson, B.	Cybart	Erhardt	Hoppe	Krinkie	Moe
Atkins	Dauids	Erickson	Hortman	Lanning	Nelson, P.
Beard	Dean	Finstad	Hosch	Larson	Newman
Bernardy	DeLaForest	Fritz	Howes	Lenczewski	Nornes
Blaine	Demmer	Garofalo	Huntley	Liebling	Olson
Bradley	Dempsey	Gazelka	Johnson, J.	Lillie	Opatz
Brod	Dorn	Gunther	Johnson, R.	Magnus	Otremba
Buesgens	Eastlund	Hackbarth	Klinzing	Mahoney	Paulsen
Charron	Eken	Hamilton	Knoblach	Marquart	Paymar
Cornish	Emmer	Hansen	Koenen	McNamara	Pelowski

Penas	Powell	Seifert	Smith	Tingelstad	Westerberg
Peppin	Ruth	Severson	Soderstrom	Urdahl	Westrom
Peterson, A.	Ruud	Simon	Solberg	Vandever	Wilkin
Peterson, N.	Sailer	Simpson	Sykora	Wardlow	Zellers
Poppe	Samuelson	Slawik	Thissen	Walti	Spk. Sviggum

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

Dill moved to amend H. F. No. 1385, the second engrossment, as follows:

Page 8, after line 30, insert:

"Subd. 7. Mineral Research Account

Notwithstanding Minnesota Statutes, section 137.022, subdivision 4, \$250,000 of the funds which would be credited to the mineral research account is appropriated to the Board of Regents for drilling a 5,000 foot core sampling bore hole at the Tower-Soudan mine complex in support of a National Science Foundation grant."

A roll call was requested and properly seconded.

The question was taken on the Dill amendment and the roll was called. There were 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and the amendment was adopted.

Hilstrom was excused for the remainder of today's session.

Latz moved to amend H. F. No. 1385, the second engrossment, as amended, as follows:

Page 57, line 19, delete "11" and insert "13"

Page 57, line 30, delete "and"

Page 57, line 32, delete the period and insert a semicolon

Page 57, after line 32, insert:

"(7) one person who is a faculty member at the University of Minnesota appointed in consultation with the University Faculty Consultative Committee; and

(8) one person who is a faculty member at a Minnesota State Colleges and Universities institution appointed in consultation with faculty bargaining units."

A roll call was requested and properly seconded.

The question was taken on the Latz amendment and the roll was called. There were 65 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Entenza	Jaros	Liebling	Opatz	Sertich
Atkins	Fritz	Johnson, R.	Lieder	Otremba	Sieben
Bernardy	Goodwin	Johnson, S.	Lillie	Paymar	Simon
Carlson	Greiling	Juhnke	Loeffler	Pelowski	Slawik
Clark	Hansen	Kahn	Mahoney	Peterson, A.	Solberg
Davnie	Hausman	Kelliher	Mariani	Peterson, S.	Thao
Dill	Hilty	Koenen	Marquart	Poppe	Thissen
Dittrich	Hornstein	Larson	Moe	Rukavina	Wagenius
Dorn	Hortman	Latz	Mullery	Ruud	Walker
Eken	Hosch	Lenczewski	Murphy	Sailer	Wolti
Ellison	Huntley	Lesch	Nelson, M.	Scalze	

Those who voted in the negative were:

Abeler	Davids	Gazelka	Krinkie	Peppin	Urdahl
Abrams	Dean	Gunther	Lanning	Peterson, N.	Vandever
Anderson, B.	DeLaForest	Hackbarth	Magnus	Powell	Wardlow
Beard	Demmer	Hamilton	McNamara	Ruth	Westerberg
Blaine	Dempsey	Heidgerken	Meslow	Samuelson	Westrom
Bradley	Dorman	Holberg	Nelson, P.	Seifert	Wilkin
Brod	Eastlund	Hoppe	Newman	Severson	Zellers
Buesgens	Emmer	Howes	Nornes	Simpson	Spk. Sviggum
Charron	Erhardt	Johnson, J.	Olson	Smith	
Cornish	Erickson	Klinzing	Ozment	Soderstrom	
Cox	Finstad	Knoblach	Paulsen	Sykora	
Cybart	Garofalo	Kohls	Penas	Tingelstad	

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

The Speaker resumed the Chair.

CALL OF THE HOUSE

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

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

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.

H. F. No. 1385, A bill for an act relating to higher education; allocating money for educational and related purposes with certain conditions; modifying various loan, grant, and financial aid provisions; requiring institutions to provide certain data; permitting disclosure of certain data to determine eligibility; amending various reciprocity provisions; providing definitions; directing the Board of Trustees to designate centers of excellence; amending the Minnesota college savings plan; authorizing transfer of certain bonding authority; amending provisions related to private career schools; establishing fees; providing for merger with the Higher Education Facilities Authority; establishing the Rochester University Development Committee; appropriating money; amending Minnesota Statutes 2004, sections 13.46, subdivision 2; 135A.031, subdivisions 3, 4; 135A.052, subdivision 1; 135A.30, subdivisions 3, 4, 5; 135A.52, subdivisions 1, 2; 136A.01, subdivision 2; 136A.031, subdivisions 2, 3, 4; 136A.08, by adding subdivisions; 136A.121, subdivisions 2, 5, 6, 9, by adding a subdivision; 136A.125, subdivision 2; 136A.1701, by adding subdivisions; 136F.04, subdivision 4; 136F.32, subdivision 2; 136G.03, subdivisions 3, 21a, 22, 32; 136G.05, subdivision 8; 136G.09, subdivisions 11, 12; 136G.11, subdivisions 1, 2, 3, 13; 136G.13, subdivisions 1, 5; 136G.14; 137.0245, subdivisions 1, 2, 4; 141.21, by adding a subdivision; 141.25, subdivisions 3, 5, 8, 9, 12; 141.251; 141.26, subdivision 5; 141.271, subdivisions 4, 7, 10, by adding subdivisions; 141.28, subdivision 1, by adding a subdivision; 141.29, subdivision 3; 141.30; 141.35; 192.502, subdivision 1; 299A.45, subdivisions 1, 4; proposing coding for new law in Minnesota Statutes, chapters 136A; 137; 141; repealing Minnesota Statutes 2004, sections 136A.011; 136A.031, subdivision 1; Minnesota Rules, parts 4815.0100; 4815.0110; 4815.0120; 4815.0130; 4815.0140; 4815.0150; 4815.0160; 4830.8100; 4830.8110; 4830.8120; 4830.8130; 4830.8140; 4830.8150.

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

The question was taken on the passage of the bill and the roll was called. There were 73 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Hackbarth	Lanning	Peppin	Vandever
Abrams	Dean	Hamilton	Liebling	Peterson, N.	Wardlow
Anderson, B.	DeLaForest	Heidgerken	Magnus	Powell	Wolti
Atkins	Demmer	Holberg	McNamara	Ruth	Westerberg
Beard	Dempsey	Hoppe	Meslow	Samuelson	Westrom
Blaine	Eastlund	Hosch	Nelson, P.	Seifert	Wilkin
Bradley	Emmer	Howes	Newman	Severson	Zellers
Brod	Erhardt	Johnson, J.	Nornes	Simpson	Spk. Sviggum
Buesgens	Erickson	Johnson, R.	Olson	Smith	
Charron	Finstad	Klinzing	Opatz	Soderstrom	
Cornish	Garofalo	Knoblach	Ozment	Sykora	
Cox	Gazelka	Kohls	Paulsen	Tingelstad	
Cybart	Gunther	Krinkie	Penas	Urdahl	

Those who voted in the negative were:

Anderson, I.	Ellison	Huntley	Lesch	Nelson, M.	Scalze
Bernardy	Entenza	Jaros	Lieder	Otremba	Sertich
Carlson	Fritz	Johnson, S.	Lillie	Paymar	Sieben
Clark	Goodwin	Juhnke	Loeffler	Pelowski	Simon
Davnie	Greiling	Kahn	Mahoney	Peterson, A.	Slawik
Dill	Hansen	Kelliher	Mariani	Peterson, S.	Solberg
Dittrich	Hausman	Koenen	Marquart	Poppe	Thao
Dorman	Hilty	Larson	Moe	Rukavina	Thissen
Dorn	Hornstein	Latz	Mullery	Ruud	Wagenius
Eken	Hortman	Lenczewski	Murphy	Sailer	Walker

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

CALL OF THE HOUSE LIFTED

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

CALENDAR FOR THE DAY

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

MOTIONS AND RESOLUTIONS

Davids moved that the name of Juhnke be added as an author on H. F. No. 223. The motion prevailed.

Marquart moved that the name of Sieben be added as an author on H. F. No. 571. The motion prevailed.

Severson moved that the name of Otremba be added as an author on H. F. No. 1182. The motion prevailed.

Heidgerken moved that the name of Severson be added as an author on H. F. No. 2020. The motion prevailed.

Howes moved that the name of Zellers be added as an author on H. F. No. 2428. The motion prevailed.

Westerberg moved that H. F. No. 514, now on the General Register, be re-referred to the Committee on Ways and Means. The motion prevailed.

Krinkie moved that H. F. No. 2477 be recalled from the Committee on Transportation Finance and be re-referred to the Committee on Taxes. The motion prevailed.

Erickson; Ruth; Eastlund; Soderstrom; Severson; Emmer; Demmer; Dean; Cybart; Penas; Newman; Sykora; Peppin; Nelson, P.; Samuelson; Buesgens; Abeler; Otremba; Charron; Davids; Knoblach; Paulsen; Wilkin; Meslow; Fritz; Gazelka; Olson; Anderson, B.; Finstad; Sviggum; Marquart and Koenen introduced:

House Resolution No. 12, A House resolution recognizing May 5, 2005, as a Day of Prayer in Minnesota.

The resolution was referred to the Committee on Rules and Legislative Administration.

ADJOURNMENT

Paulsen moved that when the House adjourns today it adjourn until 12:00 noon, Tuesday, April 26, 2005. The motion prevailed.

Paulsen moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Tuesday, April 26, 2005.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

