

STATE OF MINNESOTA

EIGHTY-FOURTH SESSION — 2006

 ONE HUNDRED NINTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MAY 18, 2006

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

A quorum was present.

Anderson, I., was excused.

Ellison and Larson were excused until 10:35 a.m. Walker was excused until 10:55 a.m. Mariani was excused until 12:05 p.m. Abrams was excused until 12:15 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Sieben 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. 2851 and H. F. No. 3397, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Cornish moved that the rules be so far suspended that S. F. No. 2851 be substituted for H. F. No. 3397 and that the House File be indefinitely postponed. The motion prevailed.

SECOND READING OF SENATE BILLS

S. F. No. 2851 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Dittrich introduced:

H. F. No. 4212, A bill for an act relating to insurance; changing the primary source of no-fault motor vehicle insurance benefits for senior volunteer drivers; amending Minnesota Statutes 2004, section 65B.47, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Commerce and Financial Institutions.

Loeffler, Mullery, Powell and Hilstrom introduced:

H. F. No. 4213, A bill for an act relating to insurance; requiring development of an electronic database of the insurance status of motor vehicles.

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

Peterson, A.; Larson and Thissen introduced:

H. F. No. 4214, A bill for an act relating to transportation; authorizing signs for cities that are home to Minnesota National Guard or reserves military units; amending Minnesota Statutes 2004, section 169.06, subdivision 2.

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

Sertich introduced:

H. F. No. 4215, A bill for an act relating to small and emerging entrepreneurial assistance; amending Minnesota Statutes 2004, section 116J.8745.

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

Hansen, Huntley, Murphy, Hilty, Cox, Wagenius, Kahn, Sieben, Tingelstad, Lillie, Jaros and Hornstein introduced:

H. F. No. 4216, A resolution memorializing the President and Congress and others to protect the Great Lakes from aquatic invasive species.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Johnson, S., introduced:

H. F. No. 4217, A bill for an act relating to alcohol; allowing a liquor license to be issued near Metropolitan State University in St. Paul; amending Minnesota Statutes 2005 Supplement, section 340A.412, subdivision 4.

The bill was read for the first time and referred to the Committee on Regulated Industries.

Juhnke and Clark introduced:

H. F. No. 4218, A bill for an act relating to agriculture; requiring the Department of Agriculture to perform studies related to pesticides and report to the legislature.

The bill was read for the first time and referred to the Committee on Agriculture and Rural Development.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 3302, A bill for an act relating to local government; modifying municipal and county planning and zoning provisions; providing standards for preliminary plat approval in a proposed development; amending Minnesota Statutes 2004, sections 394.25, subdivision 7; 462.358, subdivision 3b.

The Senate has appointed as such committee:

Senators Senjem, Higgins and Vickerman.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 3761, A bill for an act relating to transportation; authorizing sale of trunk highway bonds for capital improvements related to transportation; establishing transit fund and accounts; providing for treatment and allocation of tax proceeds related to motor vehicles; modifying proposed amendment to Minnesota Constitution and its proposed ballot question; setting certain court deadlines and procedures; modifying provisions relating to the town bridge account, town road construction and maintenance, old automobile liens, public highway contracts, allowable vehicle weights on highways, tow truck operators, impounded vehicles, highway signs, motorized golf carts, area transportation partnerships, the rail service improvement account, the tax attributable to fuel used by all-terrain vehicles, and a connector highway agreement; repealing authority for future toll facilities; requiring studies and reports; appropriating money; amending Minnesota Statutes 2004, sections 16A.88; 161.082, subdivision 2a; 161.315, by adding a subdivision; 168B.06, subdivision 1; 168B.07, by adding a subdivision; 169.06, subdivision 2; 169.823, subdivision 1; 169.824, subdivision 1; 169.829, subdivision 2; 169.86, by adding a subdivision; 169.87, subdivision 2; 222.50, subdivisions 6, 7; 296A.18, subdivision 4; 297A.94; 297B.09, subdivision 1; 471.345, by adding a subdivision; Minnesota Statutes 2005 Supplement, sections 168A.20, subdivision 5; 169.01, subdivision 78; 169.81, subdivision 3c; 169.824, subdivision 2; 297A.815, by adding a subdivision; 469.322; 469.323, subdivision 2; Laws 2005, chapter 88, article 3, sections 9; 10; proposing coding for new law in Minnesota Statutes, chapters 160; 167; 174; repealing Minnesota Statutes 2004, sections 160.84; 160.85; 160.86; 160.87; 160.88; 160.89; 160.90; 160.91; 160.92.

The Senate has appointed as such committee:

Senators Murphy, Dibble, Jungbauer, Rest and Bonoff.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 3073, A bill for an act relating to property; modifying mechanic's lien provisions; modifying certain probate and trust provisions and clarifying the administrative powers of personal representatives to sell, mortgage, or lease property of a decedent; making clarifying, technical, and conforming changes to the Minnesota Common

Interest Ownership Act; amending Minnesota Statutes 2004, sections 514.10; 524.3-301; 524.3-715; 524.3-803; Minnesota Statutes 2005 Supplement, sections 253B.23, subdivision 2; 515B.1-102; 515B.2-101; 515B.2-110; 515B.2-112; 515B.2-121; 515B.3-115; 515B.3-117; 515B.4-101; 515B.4-102; 548.27.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Thissen moved that the House concur in the Senate amendments to H. F. No. 3073 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 3073, A bill for an act relating to property; modifying certain tax liens upon land; providing for certificates of custodianship; modifying mechanic's lien provisions; modifying certain probate and trust provisions and clarifying the administrative powers of personal representatives to sell, mortgage, or lease property of a decedent; making clarifying, technical, and conforming changes to the Minnesota Common Interest Ownership Act; providing for summary real estate judgments; providing for filing and status of foreign judgments; amending Minnesota Statutes 2004, sections 272.44; 272.45; 514.10; 518.191, subdivisions 2, 4, by adding a subdivision; 524.3-301; 524.3-715; 524.3-803; Minnesota Statutes 2005 Supplement, sections 253B.23, subdivision 2; 515B.1-102; 515B.1-106; 515B.2-101; 515B.2-110; 515B.2-112; 515B.2-121; 515B.3-115; 515B.3-117; 515B.4-101; 515B.4-102; 548.27; proposing coding for new law in Minnesota Statutes, chapter 501B.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

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

S. F. Nos. 2723, 3480 and 3132.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2723, A bill for an act relating to the environment; requiring a report by the Pollution Control Agency on new public wastewater treatment facilities that do not meet water quality discharge standards; requiring proposals for new wastewater treatment facilities to include information on operating and maintenance costs during the first five years of operation; amending Minnesota Statutes 2004, section 115.447; proposing coding for new law in Minnesota Statutes, chapter 115.

The bill was read for the first time.

Howes moved that S. F. No. 2723 and H. F. No. 3722, now on the Calendar for the Day, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3480, A bill for an act relating to commerce; regulating license education; regulating certain insurers, insurance forms and rates, coverages, purchases, filings, utilization reviews, and claims; enacting an interstate insurance product regulation compact and providing for its administration; regulating the Minnesota uniform health care identification card; requiring certain reports; amending Minnesota Statutes 2004, sections 61A.02, subdivision 3; 61A.092, subdivision 3; 62A.02, subdivision 3; 62A.095, subdivision 1; 62A.17, subdivisions 1, 2; 62A.27; 62A.3093; 62C.14, subdivisions 9, 10; 62E.13, subdivision 3; 62E.14, subdivision 5; 62J.60, subdivisions 2, 3; 62L.02, subdivision 24; 62M.01, subdivision 2; 62M.09, subdivision 9; 62S.05, by adding a subdivision; 62S.08, subdivision 3; 62S.081, subdivision 4; 62S.10, subdivision 2; 62S.13, by adding a subdivision; 62S.14, subdivision 2; 62S.15; 62S.20, subdivision 1; 62S.24, subdivisions 1, 3, 4, by adding subdivisions; 62S.25, subdivision 6, by adding a subdivision; 62S.26; 62S.265, subdivision 1; 62S.266, subdivision 2; 62S.29, subdivision 1; 62S.30; 70A.07; 72C.10, subdivision 1; 79.01, by adding subdivisions; 79.251, subdivision 1, by adding a subdivision; 79.252, by adding subdivisions; 79A.23, subdivision 3; 79A.32; 123A.21, by adding a subdivision; Minnesota Statutes 2005 Supplement, sections 45.22; 45.23; 62A.316; 65B.49, subdivision 5a; 72A.201, subdivision 6; 79A.04, subdivision 2; 256B.0571; proposing coding for new law in Minnesota Statutes, chapters 43A; 61A; 62A; 62Q; 62S; repealing Minnesota Statutes 2005 Supplement, section 256B.0571, subdivisions 2, 5, 11; Minnesota Rules, parts 2781.0100; 2781.0200; 2781.0300; 2781.0400; 2781.0500; 2781.0600.

The bill was read for the first time.

Wilkin moved that S. F. No. 3480 and H. F. No. 3760, now on the Calendar for the Day, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3132, A bill for an act relating to data practices; regulating the collection, use, and disclosure of certain data; classifying certain data; regulating tribal identification cards; authorizing the exchange of certain information; requiring the deletion or the correction of certain data; providing for certain fees; creating an account; providing civil remedies; providing criminal penalties; appropriating money; amending Minnesota Statutes 2004, sections

13.072, subdivision 1; 13.32, by adding a subdivision; 13.3805, by adding a subdivision; 13.87, by adding a subdivision; 136A.162; 138.17, subdivisions 7, 8; 144.335, by adding a subdivision; 624.714, by adding a subdivision; 626.557, subdivision 9a; Minnesota Statutes 2005 Supplement, sections 13.601, subdivision 3; 13.6905, subdivision 3; 171.02, subdivision 1; 270C.03, subdivision 1; 299A.681, subdivision 7; 299C.40, subdivision 1; 325E.59, subdivisions 1, 3; proposing coding for new law in Minnesota Statutes, chapters 13; 171; 299A; 325F; proposing coding for new law as Minnesota Statutes, chapter 170A; repealing Minnesota Statutes 2004, section 13.6905, subdivision 10; Minnesota Statutes 2005 Supplement, sections 168.346; 171.12, subdivisions 7, 7a; 325E.59, subdivision 2.

The bill was read for the first time.

Holberg moved that S. F. No. 3132 and H. F. No. 3378, now on the Calendar for the Day, be referred to the Chief Clerk for comparison. The motion prevailed.

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

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Davids.

Thao was excused between the hours of 12:00 noon and 1:05 p.m.

CALENDAR FOR THE DAY

S. F. No. 3105, A bill for an act relating to county recorders; modifying standards for documents; modifying registration fees and provisions; amending Minnesota Statutes 2004, sections 508.75; 508A.11, subdivision 3; Minnesota Statutes 2005 Supplement, sections 507.093; 508.82, subdivision 1; 508A.82, subdivision 1; repealing Minnesota Statutes 2004, section 508.74.

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

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Carlson	DeLaForest	Ellison	Goodwin	Hilstrom
Anderson, B.	Charron	Demmer	Emmer	Greiling	Hilty
Atkins	Clark	Dempsey	Entenza	Gunther	Holberg
Beard	Cornish	Dill	Erhardt	Hackbarth	Hoppe
Bernardy	Cox	Dittrich	Erickson	Hamilton	Hornstein
Blaine	Cybart	Dorman	Finstad	Hansen	Hortman
Bradley	Davids	Dorn	Fritz	Hausman	Hosch
Brod	Davnie	Eastlund	Garofalo	Haws	Howes
Buesgens	Dean	Eken	Gazelka	Heidgerken	Huntley

Jaros	Larson	Moe	Penas	Seifert	Vandevveer
Johnson, J.	Latz	Mullery	Peppin	Sertich	Wagenius
Johnson, R.	Lenczewski	Murphy	Peterson, A.	Severson	Walker
Johnson, S.	Lesch	Nelson, M.	Peterson, N.	Simon	Wardlow
Juhnke	Liebling	Nelson, P.	Peterson, S.	Simpson	Welti
Kahn	Lieder	Newman	Poppe	Slawik	Westerberg
Kelliher	Lillie	Nornes	Powell	Smith	Westrom
Klinzing	Loeffler	Olson	Rukavina	Soderstrom	Wilkin
Knoblach	Magnus	Otremba	Ruth	Solberg	Zellers
Koenen	Mahoney	Ozment	Ruud	Sykora	Spk. Sviggum
Kohls	Marquart	Paulsen	Sailer	Thissen	
Krinkie	McNamara	Paymar	Samuelson	Tingelstad	
Lanning	Meslow	Pelowski	Scalze	Urdahl	

The bill was passed and its title agreed to.

S. F. No. 3106, A bill for an act relating to drivers' licenses; authorizing suspension of driver's license for attempting to pay vehicle taxes or fees with insufficient funds; amending Minnesota Statutes 2005 Supplement, section 171.18, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 48 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Hansen	Kohls	Nornes	Sieben
Anderson, B.	Demmer	Haws	Lanning	Pelowski	Simon
Atkins	Dittrich	Holberg	Larson	Penas	Simpson
Blaine	Dorman	Hoppe	Latz	Peterson, N.	Sykora
Bradley	Erhardt	Hortman	Lenczewski	Ruth	Tingelstad
Cornish	Erickson	Hosch	Lieder	Ruud	Westerberg
Cox	Gazelka	Howes	McNamara	Samuelson	Zellers
Davids	Gunther	Johnson, J.	Meslow	Scalze	Spk. Sviggum

Those who voted in the negative were:

Abrams	Eastlund	Hilstrom	Lesch	Olson	Severson
Beard	Eken	Hilty	Liebling	Otremba	Slawik
Bernardy	Ellison	Hornstein	Lillie	Ozment	Smith
Brod	Emmer	Huntley	Loeffler	Paulsen	Soderstrom
Buesgens	Entenza	Jaros	Magnus	Paymar	Solberg
Carlson	Finstad	Johnson, R.	Mahoney	Peppin	Thissen
Charron	Fritz	Johnson, S.	Mariani	Peterson, A.	Urdahl
Clark	Garofalo	Juhnke	Marquart	Peterson, S.	Vandevveer
Cybart	Goodwin	Kahn	Moe	Poppe	Wagenius
Davnie	Greiling	Kelliher	Mullery	Powell	Walker
Dean	Hackbarth	Klinzing	Murphy	Rukavina	Wardlow
Dempsey	Hamilton	Knoblach	Nelson, M.	Sailer	Welti
Dill	Hausman	Koenen	Nelson, P.	Seifert	Westrom
Dorn	Heidgerken	Krinkie	Newman	Sertich	Wilkin

The bill was not passed.

H. F. No. 3237 was reported to the House.

Peppin moved to amend H. F. No. 3237, the first engrossment, as follows:

Page 1, delete lines 8 to 21 and insert:

"Notwithstanding other law to the contrary, the interim superintendent or superintendent of Independent School District No. 728, Elk River, must convene a voluntary local task force composed of either or both the interim superintendent and district superintendent. No more than 30 percent of the task force can be school district employees or spouses of employees, past employees, or local elected officials. At least 60 percent of the task force must be residents of the district, half of whom must not be parents of students. The task force must have equal representation from all cities or townships in the district with a student population of over 500 students. The business community shall comprise ten percent of the task force, with equal representation on both sides of the Mississippi River. The facilitator shall be an employee of the State Department of Education and not live within the boundaries of Independent School District No. 728, Elk River. The task force's purpose is to examine and make recommendations regarding the governance, facilities, and programming of the Elk River School District. Task force members may elect to create subcommittees to accomplish this task. Task force members may not be reimbursed or receive compensation for their participation. The task force must submit a written report to the Elk River School Board by September 1, 2006, containing its findings and recommendations. The Elk River School Board must submit the task force report and any school board recommendations to the education policy and finance committees of the legislature by January 15, 2007. The local task force expires September 1, 2006."

The motion prevailed and the amendment was adopted.

H. F. No. 3237, A bill for an act relating to education; authorizing a local task force to examine the governance, facilities, and programming of the Elk River school district.

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 126 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Abeler	Cybart	Erhardt	Hilty	Klinzing	Mariani
Abrams	Davids	Erickson	Holberg	Knoblach	Marquart
Anderson, B.	Davnie	Finstad	Hoppe	Kohls	McNamara
Atkins	Dean	Fritz	Hornstein	Krinkie	Meslow
Beard	DeLaForest	Garofalo	Hortman	Lanning	Moe
Bernardy	Demmer	Gazelka	Hosch	Larson	Mullery
Blaine	Dempsey	Goodwin	Howes	Latz	Murphy
Bradley	Dill	Greiling	Huntley	Lenczewski	Nelson, M.
Brod	Dittrich	Gunther	Jaros	Lesch	Newman
Buesgens	Dorman	Hackbarth	Johnson, J.	Liebling	Nornes
Carlson	Dorn	Hamilton	Johnson, R.	Lieder	Otremba
Charron	Eken	Hansen	Johnson, S.	Lillie	Ozment
Clark	Ellison	Hausman	Juhnke	Loeffler	Paulsen
Cornish	Emmer	Haws	Kahn	Magnus	Paymar
Cox	Entenza	Hilstrom	Kelliher	Mahoney	Pelowski

Penas	Powell	Scalze	Simpson	Tingelstad	Welti
Peppin	Rukavina	Seifert	Slawik	Urdahl	Westerberg
Peterson, A.	Ruth	Sertich	Smith	Vandever	Westrom
Peterson, N.	Ruud	Severson	Soderstrom	Wagenius	Wilkin
Peterson, S.	Sailer	Sieben	Sykora	Walker	Zellers
Poppe	Samuelson	Simon	Thissen	Wardlow	Spk. Sviggum

Those who voted in the negative were:

Eastlund	Heidgerken	Koenen	Nelson, P.	Olson	Solberg
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The bill was passed, as amended, and its title agreed to.

S. F. No. 785 was reported to the House.

Johnson, J., moved to amend S. F. No. 785 as follows:

Page 1, delete subdivision 2, and insert:

"Subd. 2. **Prohibited acts; penalty.** A person under the age of 17 may not knowingly rent or purchase a restricted video game. A person who violates this subdivision is subject to a civil penalty of not more than \$25."

Page 1, line 23, delete "2005" and insert "2006"

Page 1, line 24, delete "crimes" and insert "violations"

Correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Goodwin, Ellison, Eken, Rukavina, Lieder, Paymar, Hausman and Hornstein moved to amend S. F. No. 785, as amended, as follows:

Page 1, line 12, delete "person under the" and insert "retailer"

Page 1, line 13, delete "age of 17" and delete "purchases" and insert "sells"

Page 1, line 14, after "game" insert "to a person under the age of 17"

Page 1, line 15, delete "\$25" and insert "\$50"

Page 1, line 21, delete "person under 17" and insert "retailer" and delete "purchase" and insert "sell"

Page 1, line 22, before the first period, insert "to a person under the age of 17" and delete "\$25" and insert "\$50"

A roll call was requested and properly seconded.

The question was taken on the Goodwin et al amendment and the roll was called. There were 63 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Atkins	Goodwin	Jaros	Liebling	Paymar	Simon
Bernardy	Greiling	Johnson, R.	Lieder	Pelowski	Slawik
Carlson	Hansen	Johnson, S.	Lillie	Peterson, A.	Solberg
Clark	Hausman	Juhnke	Loeffler	Peterson, S.	Thao
Davnie	Haws	Kahn	Mahoney	Poppe	Thissen
Dill	Hilstrom	Kelliher	Mariani	Rukavina	Wagenius
Dittrich	Hilty	Koenen	Marquart	Ruud	Walker
Dorn	Hornstein	Larson	Moe	Sailer	Wolti
Eken	Hortman	Latz	Mullery	Scalze	
Ellison	Hosch	Lenczewski	Nelson, M.	Sertich	
Fritz	Huntley	Lesch	Otremba	Sieben	

Those who voted in the negative were:

Abeler	Davids	Gazelka	Krinkie	Penas	Tingelstad
Abrams	Dean	Gunther	Lanning	Peppin	Urdahl
Anderson, B.	DeLaForest	Hackbarth	Magnus	Peterson, N.	Vandever
Beard	Demmer	Hamilton	McNamara	Powell	Wardlow
Blaine	Dempsey	Heidgerken	Meslow	Ruth	Westerberg
Bradley	Dorman	Holberg	Murphy	Samuelson	Westrom
Brod	Eastlund	Hoppe	Nelson, P.	Seifert	Wilkin
Buesgens	Emmer	Howes	Newman	Severson	Zellers
Charron	Erhardt	Johnson, J.	Nornes	Simpson	Spk. Sviggum
Cornish	Erickson	Klinzing	Olson	Smith	
Cox	Finstad	Knoblach	Ozment	Soderstrom	
Cybart	Garofalo	Kohls	Paulsen	Sykora	

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

The Speaker resumed the Chair.

Sertich moved to amend S. F. No. 785, as amended, as follows:

Page 1, line 4 of the Johnson, J., amendment, after "game" insert "magazines, music or R-rated videos"

Page 1, line 17, after "games" insert "magazines, music or R-rated videos"

A roll call was requested and properly seconded.

The question was taken on the Sertich amendment and the roll was called. There were 56 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Atkins	Clark	Dittrich	Fritz	Hansen	Hilstrom
Bernardy	Davnie	Eken	Goodwin	Hausman	Hilty
Carlson	Dill	Ellison	Greiling	Haws	Hornstein

Hortman	Kelliher	Lieder	Mullery	Sailer	Wagenius
Hosch	Koenen	Lillie	Nelson, M.	Scalze	Walker
Huntley	Larson	Loeffler	Otremba	Sertich	Welti
Jaros	Latz	Mahoney	Peterson, A.	Simon	
Johnson, S.	Lenczewski	Mariani	Peterson, S.	Slawik	
Juhnke	Lesch	Marquart	Rukavina	Solberg	
Kahn	Liebling	Moe	Ruud	Thao	

Those who voted in the negative were:

Abeler	Dean	Gunther	Lanning	Penas	Sykora
Abrams	DeLaForest	Hackbarth	Magnus	Peppin	Thissen
Anderson, B.	Demmer	Hamilton	McNamara	Peterson, N.	Tingelstad
Beard	Dempsey	Heidgerken	Meslow	Poppe	Urdahl
Blaine	Dorman	Holberg	Murphy	Powell	Vandevveer
Bradley	Dorn	Hoppe	Nelson, P.	Ruth	Wardlow
Brod	Eastlund	Howes	Newman	Samuelson	Westerberg
Buesgens	Emmer	Johnson, J.	Nornes	Seifert	Westrom
Charron	Erhardt	Johnson, R.	Olson	Severson	Wilkin
Cornish	Erickson	Klinzing	Ozment	Sieben	Zellers
Cox	Finstad	Knoblach	Paulsen	Simpson	Spk. Sviggum
Cybart	Garofalo	Kohls	Paymar	Smith	
Davids	Gazelka	Krinkie	Pelowski	Soderstrom	

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

Goodwin moved to amend S. F. No. 785, as amended, as follows:

Page 1, after line 15, insert:

"Subd. 3. **RETAILER PROHIBITED ACT; PENALTY.** A retailer may not knowingly sell or rent a sexually violent restricted video game to a person under the age of 17. A retailer who violates this subdivision is subject to a civil penalty of not more than \$25."

A roll call was requested and properly seconded.

The question was taken on the Goodwin amendment and the roll was called. There were 61 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Bernardy	Greiling	Johnson, R.	Liebling	Paymar	Slawik
Carlson	Hansen	Johnson, S.	Lieder	Peterson, A.	Thao
Clark	Hausman	Juhnke	Lillie	Peterson, S.	Thissen
Davnie	Haws	Kahn	Loeffler	Poppe	Wagenius
Dill	Hilstrom	Kelliher	Mahoney	Rukavina	Walker
Dittrich	Hilty	Koenen	Mariani	Ruud	Welti
Dorn	Hornstein	Krinkie	Marquart	Sailer	
Eken	Hortman	Larson	Moe	Scalze	
Ellison	Hosch	Latz	Mullery	Sertich	
Fritz	Huntley	Lenczewski	Nelson, M.	Sieben	
Goodwin	Jaros	Lesch	Otremba	Simon	

Those who voted in the negative were:

Abeler	Cybart	Finstad	Knoblach	Paulsen	Soderstrom
Abrams	Davids	Garofalo	Kohls	Pelowski	Sykora
Anderson, B.	Dean	Gazelka	Lanning	Penas	Tingelstad
Atkins	DeLaForest	Gunther	Magnus	Peppin	Urdahl
Beard	Demmer	Hackbarth	McNamara	Peterson, N.	Vandever
Blaine	Dempsey	Hamilton	Meslow	Powell	Wardlow
Bradley	Dorman	Heidgerken	Murphy	Ruth	Westerberg
Brod	Eastlund	Holberg	Nelson, P.	Samuelson	Westrom
Buesgens	Emmer	Hoppe	Newman	Seifert	Wilkin
Charron	Entenza	Howes	Nornes	Severson	Zellers
Cornish	Erhardt	Johnson, J.	Olson	Simpson	Spk. Sviggum
Cox	Erickson	Klinzing	Ozment	Smith	

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

S. F. No. 785, as amended, was read for the third time.

MOTION FOR RECONSIDERATION

Johnson, J., moved that the action whereby S. F. No. 785, as amended, was given its third reading be now reconsidered. The motion prevailed.

Hilstrom moved to amend S. F. No. 785, as amended, as follows:

Page 1, after line 16, insert:

"Subd. 3. **RETAILER PROHIBITED ACT; PENALTY.** A retailer may not knowingly sell or rent a sexually violent restricted video game to a person under the age of 17. A retailer who violates this subdivision is subject to a civil penalty of not more than \$25.

Subd. 4. **Severability.** The provisions of this section are severable."

The motion prevailed and the amendment was adopted.

Mahoney moved to amend S. F. No. 785, as amended, as follows:

Page 1, line 19, after "sign" insert "in at least 20 point type or larger"

The motion prevailed and the amendment was adopted.

S. F. No. 785, A bill for an act relating to crime prevention; prohibiting children under the age of 17 from renting or purchasing certain video games; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

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 114 yeas and 18 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Abrams	Goodwin	Hilty	Krinkie	Rukavina	Thao
Dill	Hackbarth	Jaros	Lesch	Sertich	Wagenius
Dorman	Hausman	Kahn	Paymar	Solberg	Walker

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

There being no objection, the order of business advanced to Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Penas moved that S. F. No. 2706 be recalled from the Committee on Jobs and Economic Opportunity Policy and Finance and be re-referred to the Committee on Rules and Legislative Administration. The motion prevailed.

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

RECESS

RECONVENED

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

REPORT FROM THE COMMITTEE ON RULES AND
LEGISLATIVE ADMINISTRATION

Paulsen from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Supplemental Calendar for the Day for Thursday, May 18, 2006:

H. F. No. 3995; S. F. No. 2851; H. F. Nos. 3605, 3058 and 3522; and S. F. Nos. 2833 and 2635.

There being no objection, the order of business reverted to the Calendar for the Day.

CALENDAR FOR THE DAY

S. F. No. 2576 was reported to the House.

Howes, Moe, Davids and Nornes moved to amend S. F. No. 2576 as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2005 Supplement, section 144.551, subdivision 1, is amended to read:

Subdivision 1. **Restricted construction or modification.** (a) The following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

(b) This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied before July 1, 1990, if a timely appeal results in an order reversing the denial;

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2;

(5) a project involving consolidation of pediatric specialty hospital services within the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the reconstruction, the licenses of both hospitals must be reinstated at the capacity that existed on each site before the relocation;

(7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds from one physical site or complex to another; or (iii) redistribution of hospital beds within the state or a region of the state;

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; and (iv) the relocation or redistribution does not involve the construction of a new hospital building;

(9) a construction project involving up to 35 new beds in a psychiatric hospital in Rice County that primarily serves adolescents and that receives more than 70 percent of its patients from outside the state of Minnesota;

(10) a project to replace a hospital or hospitals with a combined licensed capacity of 130 beds or less if: (i) the new hospital site is located within five miles of the current site; and (ii) the total licensed capacity of the replacement hospital, either at the time of construction of the initial building or as the result of future expansion, will not exceed 70 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is less;

(11) the relocation of licensed hospital beds from an existing state facility operated by the commissioner of human services to a new or existing facility, building, or complex operated by the commissioner of human services; from one regional treatment center site to another; or from one building or site to a new or existing building or site on the same campus;

(12) the construction or relocation of hospital beds operated by a hospital having a statutory obligation to provide hospital and medical services for the indigent that does not result in a net increase in the number of hospital beds, notwithstanding section 144.552, 27 beds, of which 12 serve mental health needs, may be transferred from Hennepin County Medical Center to Regions Hospital under this clause;

(13) a construction project involving the addition of up to 31 new beds in an existing nonfederal hospital in Beltrami County;

(14) a construction project involving the addition of up to eight new beds in an existing nonfederal hospital in Otter Tail County with 100 licensed acute care beds;

(15) a construction project involving the addition of 20 new hospital beds used for rehabilitation services in an existing hospital in Carver County serving the southwest suburban metropolitan area. Beds constructed under this clause shall not be eligible for reimbursement under medical assistance, general assistance medical care, or MinnesotaCare;

(16) a project for the construction or relocation of up to 20 hospital beds for the operation of up to two psychiatric facilities or units for children provided that the operation of the facilities or units have received the approval of the commissioner of human services;

(17) a project involving the addition of 14 new hospital beds to be used for rehabilitation services in an existing hospital in Itasca County;

(18) a project to add 20 licensed beds in existing space at a hospital in Hennepin County that closed 20 rehabilitation beds in 2002, provided that the beds are used only for rehabilitation in the hospital's current rehabilitation building. If the beds are used for another purpose or moved to another location, the hospital's licensed capacity is reduced by 20 beds; ~~or~~

(19) a critical access hospital established under section 144.1483, clause (9), and section 1820 of the federal Social Security Act, United States Code, title 42, section 1395i-4, that delicensed beds since enactment of the Balanced Budget Act of 1997, Public Law 105-33, to the extent that the critical access hospital does not seek to exceed the maximum number of beds permitted such hospital under federal law;

(20) a project for the construction of a hospital with up to 25 beds in Cass County within a 20-mile radius of the state Ah-Gwah-Ching facility, provided the hospital's license holder is approved by the Cass County Board; or

(21) a project for an acute care hospital in Fergus Falls that will increase the bed capacity from 108 to 110 beds by increasing the rehabilitation bed capacity from 14 to 16 and closing a separately licensed 13-bed skilled nursing facility."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Peppin offered an amendment to S. F. No. 2576, as amended.

POINT OF ORDER

Dauids raised a point of order pursuant to rule 3.21 that the Peppin amendment was not in order. The Speaker ruled the point of order well taken and the Peppin amendment out of order.

S. F. No. 2576, A bill for an act relating to commerce; regulating the purchase and lease of new ambulances; establishing a manufacturer's duty to repair, refund, or replace; amending Minnesota Statutes 2004, section 325F.665, subdivision 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 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	Beard	Bradley	Carlson	Cornish	Dauids
Abrams	Bernardy	Brod	Charron	Cox	Davnie
Atkins	Blaine	Buesgens	Clark	Cybart	Dean

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

Those who voted in the negative were:

Anderson, B. Peppin

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

H. F. No. 3697 was reported to the House.

Bradley moved to amend H. F. No. 3697, the second engrossment, as follows:

Page 37, line 33, delete "as required by" and insert "according to the requirements of"

Page 44, line 2, delete "as required by" and insert "according to the requirements of"

Page 44, line 15, delete "as required by" and insert "according to the requirements of"

The motion prevailed and the amendment was adopted.

The Speaker called Davids to the Chair.

Sailer, Heidgerken, Howes, Moe, Solberg, Eken, Simpson, Davnie, Murphy, Hilty and Goodwin moved to amend H. F. No. 3697, the second engrossment, as amended, as follows:

Page 49, after line 27, insert:

"Health Care Access -0- 3,200,000"

Page 49, after line 30, insert:

"Health Care Access -0- 3,200,000

CRITICAL ACCESS DENTAL PROVIDERS. \$3,200,000 is appropriated from the health care access fund to the commissioner of human services, for the fiscal year ending June 30, 2007, to increase reimbursement rates for critical access dental providers under Minnesota Statutes, section 256B.76, paragraph (c), to the level in effect on December 31, 2005. This increase applies retroactively to services provided by critical access dental providers on or after January 1, 2006. The money appropriated under this section shall become part of the agency's base for reimbursement of critical access dental providers."

Adjust the appropriations by the specified amounts and correct the totals and the summaries by fund accordingly

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

H. F. No. 3697, as amended, was read for the third time.

MOTION FOR RECONSIDERATION

Ellison moved that the action whereby H. F. No. 3697, as amended, was given its third reading be now reconsidered. The motion prevailed.

Ellison offered an amendment to H. F. No. 3697, the second engrossment, as amended.

POINT OF ORDER

Seifert raised a point of order pursuant to rule 3.21 that the Ellison amendment was not in order. Speaker pro tempore Davids ruled the point of order well taken and the Ellison amendment out of order.

H. F. No. 3697, A bill for an act relating to the operation of state government; making changes to health and human services programs and policy; making changes to health policy to comply with federal law; modifying long-term care provisions; modifying treatment of asset recovery for medical assistance eligibility; requiring evidence of citizenship or nationality for qualified noncitizens; modifying the treatment of payment of benefits from an annuity; making changes to children and families policy to comply with federal law; modifying treatment of MFIP expenditures; allowing waiver of administrative costs under MFIP; imposing an annual federal collections fee; making supplemental appropriations and budget reductions; establishing the Pharmacy Payment Reform Advisory Committee; amending Minnesota Statutes 2004, sections 62A.045; 62S.05, by adding a subdivision; 62S.08, subdivision 3; 62S.081, subdivision 4; 62S.10, subdivision 2; 62S.13, by adding a subdivision; 62S.14, subdivision 2; 62S.15; 62S.20, subdivision 1; 62S.24, subdivisions 1, 3, 4, by adding subdivisions; 62S.25, subdivision 6, by adding a subdivision; 62S.26; 62S.266, subdivision 2; 62S.29, subdivision 1; 62S.30; 144.6501, subdivision 6; 256B.02, subdivision 9; 256B.056, subdivision 2, by adding subdivisions; 256B.0595, subdivisions 1, 3, 4; 256B.76;

256J.021; 256J.626, subdivision 2; 256L.04, subdivision 10; 518.551, subdivision 7; Minnesota Statutes 2005 Supplement, sections 256B.0571; 256B.0595, subdivision 2; 256B.06, subdivision 4; 256D.03, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 62S; 256B; repealing Minnesota Statutes 2005 Supplement, section 256B.0571, subdivisions 2, 5, 11.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

H. F. No. 3472, A bill for an act relating to transportation; amending definition of recreational vehicle combination; amending Minnesota Statutes 2005 Supplement, sections 169.01, subdivision 78; 169.81, subdivision 3c.

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

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Atkins	Blaine	Buesgens	Clark	Cybart
Abrams	Beard	Bradley	Carlson	Cornish	Davids
Anderson, B.	Bernardy	Brod	Charron	Cox	Davnie

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

The bill was passed and its title agreed to.

H. F. No. 3538, A bill for an act relating to human services; modifying crib safety requirements; amending Minnesota Statutes 2005 Supplement, section 245A.146, subdivision 3.

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

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Sieben

The bill was passed and its title agreed to.

H. F. No. 3442, A bill for an act relating to agriculture; providing for certain inspections; repealing beekeeping regulation provisions; reducing an appropriation; appropriating money; amending Minnesota Statutes 2004, section 28A.15, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 17; repealing Minnesota Statutes 2004, sections 19.50, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 12a, 13, 14, 15, 17, 18; 19.51, subdivisions 1, 2; 19.52; 19.53; 19.55; 19.56; 19.561; 19.57; 19.58, subdivisions 1, 2, 4, 5, 9; 19.59; 19.61, subdivision 1; 19.63; 19.65; Minnesota Statutes 2005 Supplement, section 19.64, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 3995, A bill for an act relating to claims against the state; providing for settlement of various claims; appropriating money.

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

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 4 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Buesgens	Heidgerken	Holberg	Krinkie
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The bill was passed and its title agreed to.

H. F. No. 3605 was reported to the House.

Hackbarth, Mariani, Ozment, Kelliher, Wagenius, Heidgerken and Erickson moved to amend H. F. No. 3605, the second engrossment, as follows:

Page 1, after line 25, insert:

"ARTICLE 1

POLICY AMENDMENTS"

Page 23, after line 21, insert:

"ARTICLE 2

TECHNICAL AMENDMENTS

Section 1. Minnesota Statutes 2004, section 84.026, is amended to read:

84.026 CONTRACTS AND GRANTS FOR PROVISION OF NATURAL RESOURCES SERVICES.

Subdivision 1. **Contracts.** The commissioner of natural resources is authorized to enter into contractual ~~or grant~~ agreements with any public or private entity for the provision of statutorily prescribed natural resources services by ~~or for~~ the department. The contracts ~~or grants~~ shall specify the services to be provided ~~and, where services are being provided for the department, the amount and method of payment after services are rendered.~~ Funds generated in a contractual agreement made pursuant to this section shall be deposited in the special revenue fund and are appropriated to the department for purposes of providing the services specified in the contracts. ~~All contractual and grant agreements shall be processed in accordance with the provisions of section 16C.05.~~ The commissioner shall report revenues collected and expenditures made under this ~~section~~ subdivision to the chairs of the Committees on Ways and Means in the house and Finance in the senate by January 1 of each odd-numbered year.

Subd. 2. **Grants.** The commissioner is authorized to enter into grant agreements for the provision of statutorily prescribed natural resources services with any public or private entity. The grant agreements shall specify the services to be provided to the department and the amount and method of payment after services are rendered.

Subd. 3. **Procurement law.** All contractual and grant agreements under this section shall be processed according to section 16C.05.

Sec. 2. Minnesota Statutes 2004, section 84.0911, as amended by Laws 2005, First Special Session chapter 1, article 2, section 17, is amended to read:

84.0911 WILD RICE MANAGEMENT ACCOUNT.

Subdivision 1. **Account established.** The wild rice management account is established as an account in the game and fish fund.

Subd. 2. **Receipts.** Money received from the sale of wild rice licenses issued by the commissioner under section 84.091, subdivision 3, paragraph (a), clauses (1), (3), and (4), and subdivision 3, paragraph (b), ~~except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15,~~ shall be credited to the wild rice management account.

Subd. 3. **Use of money in account.** Except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, money in the wild rice management account is annually appropriated to the commissioner and shall be used for management of designated public waters to improve natural wild rice production.

Sec. 3. Minnesota Statutes 2005 Supplement, section 84.8205, subdivision 1, is amended to read:

Subdivision 1. **Sticker required; fee.** (a) Except as provided in paragraph (b), a person may not operate a snowmobile on a state or grant-in-aid snowmobile trail unless a snowmobile state trail sticker is affixed to the snowmobile. The commissioner of natural resources shall issue a sticker upon application and payment of a \$15 fee. The fee for a three-year snowmobile state trail sticker that is purchased at the time of snowmobile registration is \$30. In addition to other penalties prescribed by law, a person in violation of this subdivision must purchase an annual state trail sticker for a fee of \$30. The sticker is valid from November 1 through April 30. Fees collected under this section, except for the issuing fee for licensing agents ~~under this section and for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15,~~ shall be deposited in the state treasury and credited to the snowmobile trails and enforcement account in the natural resources fund and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, must be used for grants-in-aid, trail maintenance, grooming, and easement acquisition.

(b) A state trail sticker is not required under this section for:

(1) a snowmobile owned by the state or a political subdivision of the state that is registered under section 84.82, subdivision 5;

(2) a snowmobile that is owned and used by the United States, another state, or a political subdivision thereof that is exempt from registration under section 84.82, subdivision 6;

(3) a collector snowmobile that is operated as provided in a special permit issued for the collector snowmobile under section 84.82, subdivision 7a; or

(4) a person operating a snowmobile only on the portion of a trail that is owned by the person or the person's spouse, child, or parent.

Sec. 4. Minnesota Statutes 2004, section 84.8205, subdivision 2, is amended to read:

Subd. 2. **Placement of sticker.** The state trail sticker shall be permanently affixed to either:

(1) the forward half of the snowmobile directly above or below the headlight of the snowmobile;

(2) above the expiration year on the top portion of the snowmobile registration validation decal; or

(3) the lower right corner of a registration plate issued to a dealer or manufacturer under section 84.82, subdivision 3.

Sec. 5. Minnesota Statutes 2004, section 84D.01, subdivision 9a, is amended to read:

Subd. 9a. **Invasive species.** "Invasive species" means a nonnative species that ~~can naturalize and:~~

(1) causes or may cause economic or environmental harm or harm to human health; or

(2) threatens or may threaten natural resources or the use of natural resources in the state.

Sec. 6. Minnesota Statutes 2004, section 84D.01, subdivision 13, is amended to read:

Subd. 13. **Prohibited invasive species.** "Prohibited invasive species" means ~~an invasive a nonnative~~ species that has been designated as a prohibited invasive species in a rule adopted by the commissioner under section 84D.12.

Sec. 7. Minnesota Statutes 2004, section 84D.01, subdivision 15, is amended to read:

Subd. 15. **Regulated invasive species.** "Regulated invasive species" means ~~an invasive a nonnative~~ species that has been designated as a regulated invasive species in a rule adopted by the commissioner under section 84D.12.

Sec. 8. Minnesota Statutes 2004, section 84D.01, subdivision 16, is amended to read:

Subd. 16. **Transport.** "Transport" means to cause or attempt to cause a species to be carried or moved into or within the state, and includes accepting or receiving the species for transportation or shipment. Transport does not include the ~~unintentional~~ transport of infested water or a species within a water of the state or to a connected water of the state where the species being transported is already present.

Sec. 9. Minnesota Statutes 2004, section 84D.02, subdivision 2, is amended to read:

Subd. 2. **Purple loosestrife, curly-leaf pondweed, and Eurasian water milfoil programs.** (a) The program required in subdivision 1 must include specific programs to curb the spread and manage the growth of purple loosestrife, curly-leaf pondweed, and Eurasian water milfoil. These programs must include:

(1) compiling inventories and monitoring the growth of purple loosestrife and Eurasian water milfoil in the state, for which the commissioner may use volunteers;

(2) publication and distribution of informational materials to boaters and lakeshore owners;

(3) cooperative research with the University of Minnesota and other public and private research facilities to study the use of nonchemical control methods, including biological control methods; and

(4) managing the growth of Eurasian water milfoil, curly-leaf pondweed, and purple loosestrife in coordination with appropriate local units of government, special purpose districts, and lakeshore associations, to include providing requested technical assistance.

(b) The commissioners of agriculture and transportation shall cooperate with the commissioner to establish, implement, and enforce the purple loosestrife program.

Sec. 10. Minnesota Statutes 2004, section 85.015, subdivision 2, is amended to read:

Subd. 2. **Casey Jones Trail, Murray, Redwood, and Pipestone Counties.** (a) The trail shall originate in Lake Shetek State Park in Murray County and include the six-mile loop between Currie in Murray County and Lake Shetek State Park. From there, the first half of the trail shall trail southwesterly to Slayton in Murray County; thence westerly to the point of intersection with the most easterly terminus of the state-owned abandoned railroad right-of-way, commonly known as the Casey Jones unit; thence westerly along said Casey Jones unit to Pipestone in Pipestone County; thence southwesterly to Split Rock Creek State Park in Pipestone County, southerly to Blue Mound State Park in Rock County, and there terminate. The second half of the trail shall commence in Lake Shetek State Park in Murray County and trail northeasterly to Walnut Grove in Redwood County ~~and there terminate; thence northeasterly to Redwood Falls in Redwood County to join with the Minnesota River State Trail.~~

(b) The trail shall be developed as a multiuse, multiseasonal, dual treadway trail. Nothing herein shall abrogate the purpose for which the Casey Jones unit was originally established, and the use thereof shall be concurrent.

Sec. 11. Minnesota Statutes 2005 Supplement, section 85.015, subdivision 5, is amended to read:

Subd. 5. **Glacial Lakes Trail, Kandiyohi, Pope, Stearns, and Douglas Counties.** (a) The trail shall originate at Kandiyohi County Park on the north shore of Green Lake in Kandiyohi County and thence extend northwesterly to Sibley State Park, thence northwesterly to Glacial Lakes State Park in Pope County, thence northeasterly to Lake Carlos State Park in Douglas County, and there terminate.

(b) ~~Trails may be established that extend the Glacial Lakes Trail system from New London to Cold Spring. A~~ segment shall be established beginning in the city of Willmar, Kandiyohi County, and extending northeasterly into Stearns County.

(c) The trail shall be developed primarily for riding and hiking.

Sec. 12. Minnesota Statutes 2004, section 85.015, subdivision 7, is amended to read:

Subd. 7. **Blufflands Trail system, Fillmore, Olmsted, Winona, and Houston Counties.** (a) The Root River Trail shall originate at Chatfield in Fillmore County, and thence extend easterly in the Root River Valley to the intersection of the river with Minnesota Trunk Highway No. 26 in Houston County, and extend to the Mississippi River.

(b) Additional trails may be established that extend the Blufflands Trail system to include La Crescent, Hokah, Caledonia, and Spring Grove in Houston County; Preston, Harmony, Fountain, Wykoff, Spring Valley, Mabel, Canton, and Ostrander in Fillmore County; Rochester, Dover, Eyota, Stewartville, Byron, and Chester Woods County Park in Olmsted County; and Winona, Minnesota City, Rollingstone, Altura, Lewiston, Utica, St. Charles, and Elba in Winona County. In addition to the criteria in section 86A.05, subdivision 4, these trails must utilize abandoned railroad rights-of-way where possible.

(c) The trails shall be developed primarily for nonmotorized riding and hiking.

Sec. 13. Minnesota Statutes 2004, section 85.015, subdivision 8, is amended to read:

Subd. 8. **Sakatah Singing Hills trail, Blue Earth, Le Sueur, and Rice Counties.** (a) The trail shall originate ~~at mile post 4.1 of the Chicago and Northwestern Railway Company right of way in the junction of Benning in Mankato, Blue Earth County, and shall extend in a northeasterly direction on or along the railroad right-of-way to mile post 46.01 of the Chicago and Northwestern Railway at a point commonly known as Faribault Junction in into Rice County, a distance of approximately 42 miles, and there terminate.~~

(b) The trail shall be developed primarily for riding and hiking. Motorized vehicles, except snowmobiles, are prohibited from the trail.

Sec. 14. Minnesota Statutes 2004, section 85.015, subdivision 11, is amended to read:

Subd. 11. **Willard Munger Trail, Ramsey, ~~Anoka~~, Washington, Chisago, Pine, St. Louis, and Carlton Counties.** (a) The trail shall ~~originate in the vicinity of Arden Hills, Ramsey County, and thence extend northeasterly, traversing Anoka and Washington Counties to the vicinity of Taylors Falls in Chisago County; thence northwesterly and northerly to St. Croix State Park in Pine County; thence northerly to Jay Cooke State Park in Carlton County, and there terminate.~~ consist of four segments. One segment shall be known as the "gateway segment" and shall originate at the State Capitol, then extend northerly and northeasterly to William O'Brien State Park, and then extend northerly to Taylors Falls in Chisago County. One segment shall originate in Chisago County and extend into Duluth in St. Louis County. One segment shall originate at Hinckley in Pine County and extend through Moose Lake in Carlton County to Duluth in St. Louis County. One segment shall originate in Carlton County at Carlton and extend through Wrenshall to the Minnesota-Wisconsin border.

(b) The gateway segment shall be developed primarily for hiking and nonmotorized riding, and the remaining segments of the trail shall be developed primarily for riding and hiking.

(c) Additional ~~trails~~ segments shall be established that extend the Willard Munger Trail to include Proctor, Duluth, and Hermantown in St. Louis County.

Sec. 15. Minnesota Statutes 2004, section 85.015, subdivision 12, is amended to read:

Subd. 12. **Heartland Trail, Clay, Becker, Hubbard, and Cass Counties.** (a) The trail shall originate at Moorhead in Clay County and extend in an easterly direction through Detroit Lakes in Becker County to mile post 90.92 at Park Rapids in Hubbard County ~~and shall extend; thence~~ in an easterly direction along the Burlington Northern Railroad right-of-way through Walker in Cass County. ~~The trail shall then continue; thence~~ in a northerly direction along the Burlington Northern Railroad right-of-way to Cass Lake in Cass County, and there terminate.

(b) The trail shall be developed primarily for riding and hiking.

~~(c) In addition to the authority granted in subdivision 1, lands and interests in lands for the Heartland Trail may be acquired by eminent domain. Before acquiring any land or interest in land by eminent domain the commissioner of administration shall obtain the approval of the governor. The governor shall consult with the Legislative Advisory Commission before granting approval. Recommendations of the Legislative Advisory Commission shall be advisory only. Failure or refusal of the commission to make a recommendation shall be deemed a negative recommendation.~~

Sec. 16. Minnesota Statutes 2004, section 85.015, is amended by adding a subdivision to read:

Subd. 25. **Great River Ridge Trail, Wabasha and Olmsted Counties.** The trail shall originate in the city of Plainview in Wabasha County and extend southwesterly through the city of Elgin in Wabasha County and the town of Viola in Olmsted County to the Chester Woods Trail in Olmsted County.

Sec. 17. Minnesota Statutes 2004, section 85.32, subdivision 1, is amended to read:

Subdivision 1. **Areas marked.** The commissioner of natural resources is authorized in cooperation with local units of government and private individuals and groups when feasible to mark canoe and boating routes on the Little Fork, Big Fork, Minnesota, St. Croix, Snake, Mississippi, Red Lake, Cannon, Straight, Des Moines, Crow Wing, St. Louis, Pine, Rum, Kettle, Cloquet, Root, Zumbro, Pomme de Terre within Swift County, Watonwan, Cottonwood, Whitewater, Chippewa from Benson in Swift County to Montevideo in Chippewa County, Long Prairie, Red River of the North, Sauk, and Crow Rivers which have historic and scenic values and to mark appropriately points of interest, portages, camp sites, and all dams, rapids, waterfalls, whirlpools, and other serious hazards which are dangerous to canoe and watercraft travelers.

Sec. 18. Minnesota Statutes 2005 Supplement, section 88.17, subdivision 5, is amended to read:

Subd. 5. **Permit fees.** (a) The annual fees for an electronic burning permit are:

(1) \$5 for a noncommercial burning permit; and

(2) for commercial enterprises that obtain multiple permits, \$5 per permit for each burning site, up to a maximum of \$50 per individual business enterprise per year.

(b) Except for the issuing fee under paragraph (c), ~~and for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15,~~ money received from permits issued under this section shall be deposited in the state treasury and credited to the burning permit account and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, is annually appropriated to the commissioner of natural resources for the costs of operating the burning permit system.

(c) Of the fee amount collected under paragraph (a), \$1 shall be retained by the permit agent as a commission for issuing electronic permits.

(d) Fire wardens who issue written permits may charge a fee of up to \$1 for each permit issued, to be retained by the fire warden as a commission for issuing the permit. This paragraph does not limit a local government unit from charging an administrative fee for issuing open burning permits within its jurisdiction.

Sec. 19. Minnesota Statutes 2004, section 89.01, subdivision 1, is amended to read:

Subdivision 1. **Best methods.** The commissioner shall ascertain and observe the best methods of reforesting cutover and denuded lands, foresting waste ~~and prairie~~ lands, preventing destruction of forests and lands by fire, administering forests on forestry principles, encouraging private owners to preserve and grow timber for commercial purposes, and conserving the forests around the head waters of streams and on the watersheds of the state.

Sec. 20. Minnesota Statutes 2004, section 97A.015, subdivision 18, is amended to read:

Subd. 18. **Enforcement officer.** "Enforcement officer" means the commissioner, the director of the Enforcement Division, or a conservation officer, ~~or a game refuge manager~~.

Sec. 21. Minnesota Statutes 2005 Supplement, section 103G.271, subdivision 6, is amended to read:

Subd. 6. **Water use permit processing fee.** (a) Except as described in paragraphs (b) to (f), a water use permit processing fee must be prescribed by the commissioner in accordance with the schedule of fees in this subdivision for each water use permit in force at any time during the year. The schedule is as follows, with the stated fee in each clause applied to the total amount appropriated:

- (1) \$101 for amounts not exceeding 50,000,000 gallons per year;
- (2) \$3 per 1,000,000 gallons for amounts greater than 50,000,000 gallons but less than 100,000,000 gallons per year;
- (3) \$3.50 per 1,000,000 gallons for amounts greater than 100,000,000 gallons but less than 150,000,000 gallons per year;
- (4) \$4 per 1,000,000 gallons for amounts greater than 150,000,000 gallons but less than 200,000,000 gallons per year;
- (5) \$4.50 per 1,000,000 gallons for amounts greater than 200,000,000 gallons but less than 250,000,000 gallons per year;
- (6) \$5 per 1,000,000 gallons for amounts greater than 250,000,000 gallons but less than 300,000,000 gallons per year;
- (7) \$5.50 per 1,000,000 gallons for amounts greater than 300,000,000 gallons but less than 350,000,000 gallons per year;
- (8) \$6 per 1,000,000 gallons for amounts greater than 350,000,000 gallons but less than 400,000,000 gallons per year;
- (9) \$6.50 per 1,000,000 gallons for amounts greater than 400,000,000 gallons but less than 450,000,000 gallons per year;
- (10) \$7 per 1,000,000 gallons for amounts greater than 450,000,000 gallons but less than 500,000,000 gallons per year; and
- (11) \$7.50 per 1,000,000 gallons for amounts greater than 500,000,000 gallons per year.

(b) For once-through cooling systems, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

- (1) for nonprofit corporations and school districts, \$150 per 1,000,000 gallons; and
- (2) for all other users, \$300 per 1,000,000 gallons.

(c) The fee is payable based on the amount of water appropriated during the year and, except as provided in paragraph (f), the minimum fee is \$100.

(d) For water use processing fees other than once-through cooling systems:

- (1) the fee for a city of the first class may not exceed \$250,000 per year;
- (2) the fee for other entities for any permitted use may not exceed:
 - (i) \$50,000 per year for an entity holding three or fewer permits;
 - (ii) \$75,000 per year for an entity holding four or five permits;
 - (iii) \$250,000 per year for an entity holding more than five permits;
- (3) the fee for agricultural irrigation may not exceed \$750 per year;
- (4) the fee for a municipality that furnishes electric service and cogenerates steam for home heating may not exceed \$10,000 for its permit for water use related to the cogeneration of electricity and steam; and
- (5) no fee is required for a project involving the appropriation of surface water to prevent flood damage or to remove flood waters during a period of flooding, as determined by the commissioner.

(e) Failure to pay the fee is sufficient cause for revoking a permit. A penalty of two percent per month calculated from the original due date must be imposed on the unpaid balance of fees remaining 30 days after the sending of a second notice of fees due. A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.

(f) The minimum water use processing fee for a permit issued for irrigation of agricultural land is \$20 for years in which:

- (1) there is no appropriation of water under the permit; or
- (2) the permit is suspended for more than seven consecutive days between May 1 and October 1.

(g) A surcharge of \$20 per million gallons in addition to the fee prescribed in paragraph (a) shall be applied to the volume of water used in each of the months of June, July, and August that exceeds the volume of water used in January for municipal water use, irrigation of golf courses, and landscape irrigation. The surcharge for municipalities with more than one permit shall be determined based on the total appropriations from all permits that supply a common distribution system.

Sec. 22. Minnesota Statutes 2004, section 103G.611, is amended by adding a subdivision to read:

Subd. 7. **Public waters without access.** A person who receives a permit to operate an aeration system on a public water without a public access and who owns all of the riparian land or all of the possessory rights to the riparian land around that water is not subject to the provisions of subdivisions 2, paragraph (b), and 3.

Sec. 23. **AGREEMENT; WABASHA COUNTY REGIONAL RAIL AUTHORITY.**

The commissioner of natural resources shall enter an agreement with the Wabasha County Regional Rail Authority to maintain and develop the Great River Ridge Trail as a state trail.

Sec. 24. **REPEALER.**

Minnesota Statutes 2004, section 103G.611, subdivision 6, is repealed.

Sec. 25. **EFFECTIVE DATE.**

Sections 16 and 23 are effective the day after the governing body of the Wabasha County Regional Rail Authority and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Ozment moved to amend H. F. No. 3605, the second engrossment, as amended, as follows:

Page 1, delete section 1

Pages 10 to 16, delete sections 19 to 31

Page 19, delete sections 34 and 35

Page 23, delete sections 42 and 44

Page 23, delete lines 15 and 16

Page 23, line 17, delete "(b)"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Hosch, Severson and Heidgerken moved to amend H. F. No. 3605, the second engrossment, as amended, as follows:

Page 9, after line 7, insert:

"Sec. 17. Minnesota Statutes 2004, section 103D.271, subdivision 7, is amended to read:

Subd. 7. **Termination hearing order.** When the board determines a termination petition has been filed that meets the requirements of subdivisions 4 and 5 ~~and the petitioners' bond has been filed~~, the board must, by order, set a time by 35 days after its determination and a location within the watershed district for a termination hearing."

Page 23, line 17, delete "section" and insert "sections" and after "6" insert "; and 103D.271, subdivision 6"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Howes and Moe moved to amend H. F. No. 3605, the second engrossment, as amended, as follows:

Page 3, after line 20, insert:

"Sec. 3. **[84.8045] RESTRICTIONS ON OFF-ROAD VEHICLES ON COUNTY AND STATE FOREST LANDS.**

Off-road vehicle trails may not be established on county forest or state forest lands administered by the commissioner except:

(1) on state and county forest roads; and

(2) off-road vehicle use areas as provided by Minnesota Statutes, section 84.915."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Howes and Moe amendment and the roll was called. There were 61 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Abrams	Cox	Eken	Goodwin	Hoppe	Huntley
Atkins	Davnie	Ellison	Greiling	Hornstein	Johnson, R.
Bernardy	Dempsey	Entenza	Hansen	Hortman	Johnson, S.
Carlson	Dittrich	Erhardt	Hausman	Hosch	Kahn
Clark	Dorn	Fritz	Hilty	Howes	Kelliher

Larson	Lillie	Mullery	Peterson, S.	Simon	Walker
Latz	Loeffler	Murphy	Poppe	Slawik	
Lenczewski	Mahoney	Otremba	Ruud	Solberg	
Lesch	Mariani	Paymar	Sailer	Thao	
Liebling	Marquart	Pelowski	Scalze	Thissen	
Lieder	Moe	Peterson, A.	Sieben	Wagenius	

Those who voted in the negative were:

Abeler	DeLaForest	Hamilton	Krinkie	Penas	Soderstrom
Anderson, B.	Demmer	Haws	Lanning	Peppin	Sykora
Beard	Dill	Heidgerken	Magnus	Peterson, N.	Tingelstad
Blaine	Dorman	Hilstrom	McNamara	Powell	Urdahl
Bradley	Eastlund	Holberg	Meslow	Rukavina	Vandev eer
Brod	Emmer	Jaros	Nelson, M.	Ruth	Wardlow
Buesgens	Erickson	Johnson, J.	Nelson, P.	Samuelson	Welti
Charron	Finstad	Juhnke	Newman	Seifert	Westerberg
Cornish	Garofalo	Klinzing	Nornes	Sertich	Westrom
Cybart	Gazelka	Knoblach	Olson	Severson	Wilkin
Davids	Gunther	Koenen	Ozment	Simpson	Zellers
Dean	Hackbarth	Kohls	Paulsen	Smith	Spk. Sviggum

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

H. F. No. 3605, A bill for an act relating to natural resources; providing for land donor appraisal reimbursement; providing for acquisition of land for certain facilities; providing for disposition of certain receipts; modifying state park permit provisions; modifying forest services provided to private owners; granting authority to establish state forest user fees; modifying the State Timber Act; modifying certain definitions; providing certain technical changes; modifying noise standard exemptions; extending certain pilot programs; granting certain authority to the Lower Minnesota River Watershed District; exempting counties from certain rules; requiring reports; eliminating the requirement for a comprehensive forest resource management plan; requiring certain agreements; modifying certain appropriations; appropriating money; amending Minnesota Statutes 2004, sections 84.026; 84.085, subdivision 1; 84.0911, as amended; 84.8205, subdivision 2; 84D.01, subdivisions 9a, 13, 15, 16; 84D.02, subdivision 2; 85.015, subdivisions 2, 7, 8, 11, 12, by adding a subdivision; 85.052, subdivision 4; 85.053, by adding a subdivision; 85.054, by adding subdivisions; 85.32, subdivision 1; 88.79, subdivision 1; 89.01, subdivision 1; 90.14; 90.151, subdivisions 1, 6, by adding a subdivision; 97A.015, subdivision 18; 103D.271, subdivision 7; 103G.611, by adding a subdivision; 103L.005, subdivision 9; 116.07, subdivision 2a; Minnesota Statutes 2005 Supplement, sections 84.8205, subdivision 1; 85.015, subdivision 5; 85.053, subdivision 2; 85.055, subdivision 1; 88.17, subdivision 5; 103G.271, subdivision 6; Laws 2003, chapter 128, article 1, section 165; Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 10; proposing coding for new law in Minnesota Statutes, chapters 85; 89; 90; repealing Minnesota Statutes 2004, sections 89.011, subdivisions 1, 2, 3, 6; 103D.271, subdivision 6; 103G.611, subdivision 6.

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 126 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Abrams	Bernardy	Brod	Clark	Cybart	Dean
Atkins	Blaine	Carlson	Cornish	Davids	DeLaForest
Beard	Bradley	Charron	Cox	Davnie	Demmer

Dempsey	Hackbarth	Juhnke	Mariani	Peterson, A.	Smith
Dill	Hamilton	Kahn	Marquart	Peterson, N.	Soderstrom
Dittrich	Hansen	Kelliher	McNamara	Peterson, S.	Solberg
Dorman	Hausman	Klinzing	Meslow	Poppe	Sykora
Dorn	Haws	Knoblach	Moe	Powell	Thao
Eastlund	Heidgerken	Koenen	Mullery	Rukavina	Thissen
Eken	Hilstrom	Kohls	Murphy	Ruth	Tingelstad
Ellison	Hilty	Lanning	Nelson, M.	Ruud	Urdahl
Entenza	Holberg	Larson	Nelson, P.	Sailer	Vandev eer
Erhardt	Hoppe	Latz	Newman	Samuelson	Wagenius
Erickson	Hornstein	Lenczewski	Nornes	Scalze	Walker
Finstad	Hosch	Lesch	Otremba	Seifert	Wardlow
Fritz	Hoves	Liebling	Ozment	Sertich	Welti
Garofalo	Huntley	Lieder	Paulsen	Severson	Westerberg
Gazelka	Jaros	Lillie	Paymar	Sieben	Westrom
Goodwin	Johnson, J.	Loeffler	Pelowski	Simon	Wilkin
Greiling	Johnson, R.	Magnus	Penas	Simpson	Zellers
Gunther	Johnson, S.	Mahoney	Peppin	Slawik	Spk. Sviggum

Those who voted in the negative were:

Anderson, B.	Buesgens	Emmer	Hortman	Krinkie	Olson
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The bill was passed, as amended, and its title agreed to.

S. F. No. 930 was reported to the House.

Brod and Loeffler moved to amend S. F. No. 930, the unofficial engrossment, as follows:

Page 1, line 7, delete "Northstar"

Page 1, delete line 8 and insert "state affiliate recognized by the National Council on Problem Gambling. The affiliate"

Page 1, line 9, delete "Gambling Alliance"

Page 1, line 12, after the period, insert "These services must be complementary to and not duplicative of the services provided through the problem gambling program administered by the commissioner of human services. This grant does not prevent the commissioner from regular monitoring and oversight of the grant or the ability to reallocate the funds to other services within the problem gambling program for nonperformance of duties by the grantee."

The motion prevailed and the amendment was adopted.

S. F. No. 930, A bill for an act relating to gambling; appropriating money for compulsive gambling prevention and education.

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 122 yeas and 11 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, B.	Erickson	Heidgerken	Newman	Seifert	Zellers
Emmer	Finstad	Hoppe	Olson	Severson	

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

S. F. No. 2374, A bill for an act relating to dogs; modifying notice requirements for unlicensed dogs that are seized; amending Minnesota Statutes 2004, section 347.14, subdivision 2.

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

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abeler	Brod	Davids	Dorn	Finstad	Hamilton
Abrams	Buesgens	Davnie	Eastlund	Fritz	Hansen
Anderson, B.	Carlson	DeLaForest	Eken	Garofalo	Hausman
Atkins	Charron	Demmer	Ellison	Gazelka	Haws
Beard	Clark	Dempsey	Emmer	Goodwin	Heidgerken
Bernardy	Cornish	Dill	Entenza	Greiling	Hilstrom
Blaine	Cox	Dittrich	Erhardt	Gunther	Hilty
Bradley	Cybart	Dorman	Erickson	Hackbarth	Holberg

Hoppe	Koenen	Mariani	Paulsen	Scalze	Tingelstad
Hornstein	Kohls	Marquart	Pelowski	Seifert	Urdahl
Hortman	Krinkie	McNamara	Penas	Sertich	Wagenius
Hosch	Lanning	Meslow	Peppin	Severson	Walker
Howes	Larson	Moe	Peterson, A.	Sieben	Wardlow
Jaros	Latz	Mullery	Peterson, N.	Simon	Welti
Johnson, J.	Lenczewski	Murphy	Peterson, S.	Simpson	Westerberg
Johnson, R.	Lesch	Nelson, M.	Poppe	Slawik	Westrom
Johnson, S.	Liebling	Nelson, P.	Powell	Smith	Wilkin
Juhnke	Lieder	Newman	Rukavina	Soderstrom	Zellers
Kahn	Lillie	Nornes	Ruth	Solberg	Spk. Sviggum
Kelliher	Loeffler	Olson	Ruud	Sykora	
Klinzing	Magnus	Otremba	Sailer	Thao	
Knoblach	Mahoney	Ozment	Samuelson	Thissen	

Those who voted in the negative were:

Dean	Paymar	Vandever
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The bill was passed and its title agreed to.

Speaker pro tempore Davids called Abrams to the Chair.

S. F. No. 2995 was reported to the House.

Davids moved that S. F. No. 2995 be temporarily laid over on the Calendar for the Day. The motion prevailed.

H. F. No. 3288, A bill for an act relating to public safety; making the chair of the Metropolitan Council or designee a member of the Statewide Radio Board; amending Minnesota Statutes 2005 Supplement, section 403.36, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 106 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Abeler	Cornish	Dorn	Gunther	Howes	Lanning
Abrams	Cox	Eken	Hackbarth	Huntley	Larson
Atkins	Cybart	Ellison	Hamilton	Jaros	Latz
Beard	Davids	Entenza	Hansen	Johnson, R.	Lenczewski
Bernardy	Davnie	Erhardt	Hausman	Johnson, S.	Lesch
Blaine	Demmer	Finstad	Haws	Juhnke	Liebling
Bradley	Dempsey	Fritz	Holberg	Kahn	Lieder
Brod	Dill	Garofalo	Hornstein	Kelliher	Lillie
Carlson	Dittrich	Goodwin	Hortman	Knoblach	Loeffler
Clark	Dorman	Greiling	Hosch	Koenen	Magnus

Mahoney	Nelson, M.	Peterson, A.	Samuelson	Soderstrom	Walker
Mariani	Newman	Peterson, N.	Scalze	Solberg	Wardlow
Marquart	Otremba	Peterson, S.	Sertich	Sykora	Walti
McNamara	Ozment	Poppe	Sieben	Thao	Westerberg
Meslow	Paulsen	Rukavina	Simon	Thissen	Westrom
Moe	Paymar	Ruth	Simpson	Tingelstad	Spk. Sviggum
Mullery	Pelowski	Ruud	Slawik	Urdahl	
Murphy	Penas	Sailer	Smith	Wagenius	

Those who voted in the negative were:

Anderson, B.	DeLaForest	Gazelka	Klinzing	Nornes	Seifert
Buesgens	Eastlund	Heidgerken	Kohls	Olson	Vandever
Charron	Emmer	Hoppe	Krinkie	Peppin	Wilkin
Dean	Erickson	Johnson, J.	Nelson, P.	Powell	Zellers

The bill was passed and its title agreed to.

S. F. No. 2995, which was temporarily laid over earlier today on the Calendar for the Day, was again reported to the House.

Hortman moved to amend S. F. No. 2995 as follows:

Page 1, after line 6, insert:

"Section 1. **[168A.172] CHARITABLE INTEREST.**

Subdivision 1. Agreement. Notwithstanding any law to the contrary, a holder of a limited used vehicle license (limited dealer) as described in section 168.27, subdivision 4a, may retain a charitable interest in a motor vehicle donated by the limited dealer to an individual without charge and for a charitable purpose. The limited dealer and the transferee may enter into a written agreement describing the nature, extent, and terms of the retained charitable interest.

Subd. 2. Perfection. A charitable interest is perfected by the delivery to the department of the existing certificate of title, if any, an application for a certificate of title containing the name and address of the limited dealer, the date of the limited dealer's charitable agreement, and the required fee. A charitable interest is perfected as of the time of the delivery.

Subd. 3. Satisfaction of charitable interest. Upon the satisfaction of a charitable interest described in subdivision 1, in a vehicle for which the certificate of title is in the possession of the owner, the limited dealer shall within seven days execute a release of interest in the format prescribed by the department and mail or deliver the notification with release to the owner or any person who delivers to the limited dealer an authorization from the owner to receive the release. The limited dealer may notify the registrar of the satisfaction of interest in a manner prescribed by the department."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 2995, A bill for an act relating to liens; providing for the cancellation of certain automobile liens under certain circumstances; regulating liens for storage charges on certain motor vehicles; amending Minnesota Statutes 2004, section 514.19; Minnesota Statutes 2005 Supplement, section 168A.20, subdivision 5.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 3023 was reported to the House.

Beard moved that S. F. No. 3023 be temporarily laid over on the Calendar for the Day. The motion prevailed.

S. F. No. 2939 was reported to the House.

There being no objection, S. F. No. 2939 was temporarily laid over on the Calendar for the Day.

Speaker pro tempore Abrams called Davids to the Chair.

S. F. No. 2437, A bill for an act relating to the environment; requiring the replacement or discontinued operation of straight-pipe systems for sewage disposal within ten months of notice; amending Minnesota Statutes 2004, section 115.55, subdivision 1, by adding a subdivision.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 3023, which was temporarily laid over earlier today on the Calendar for the Day, was again reported to the House.

Hansen and Beard moved to amend S. F. No. 3023 as follows:

Page 3, after line 21, insert:

"Sec. 2. **LOWER MINNESOTA RIVER WATERSHED DISTRICT; AUTHORITY TO ACQUIRE, MAINTAIN, OPERATE, IMPROVE, AND ENLARGE DREDGE MATERIAL SITE.**

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

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

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

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

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

Sec. 3. **AUTHORITY TO IMPOSE CHARGES.**

Subdivision 1. **Charges; net revenues.** (a) To pay for the acquisition, maintenance, operation, improvement, and enlargement of the dredge material site and to obtain and comply with permits required by law for the dredge material site, the governing body may impose charges for permitting private customers to deposit dredge material at the dredge material site and make contracts for the charges as provided in this section.

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

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

Subd. 2. **Covenants to secure debt payments.** (a) In any resolution authorizing the issuance of either general obligation bonds or revenue bonds and pledging revenues and other security to the payment of the debt service on the bonds, the governing body may make covenants for the protection and benefit of the holders of the bonds as it deems necessary or appropriate including, but without limitation, a covenant that the district will impose and collect charges of the nature authorized by this section at the times and in the amounts required to produce, together with any tax revenues, special assessment revenues, or other revenues pledged to payment of the obligations, net revenues adequate to pay all principal and interest when due on the bonds and to create and maintain reserves securing the payment of the principal and interest when due on the bonds.

(b) The covenants made for the protection and benefit of the holders of the bonds of the district shall be enforceable by appropriate action on the part of any holder of the bonds or any taxpayer of the district in a court of competent jurisdiction.

Sec. 4. **EFFECTIVE DATE.**

Sections 2 and 3 are effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 3023, A bill for an act relating to state agencies; establishing timelines for agency action on certain environmental permits; amending Minnesota Statutes 2004, section 15.99.

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 87 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Atkins	Dorn	Hortman	Liebling	Penas	Simpson
Beard	Eken	Hosch	Lieder	Peterson, A.	Smith
Bernardy	Ellison	Howes	Lillie	Peterson, N.	Soderstrom
Blaine	Entenza	Huntley	Mahoney	Peterson, S.	Solberg
Bradley	Erhardt	Jaros	Marquart	Poppe	Sykora
Brod	Fritz	Johnson, J.	McNamara	Powell	Thao
Cornish	Garofalo	Johnson, R.	Meslow	Rukavina	Thissen
Cox	Gazelka	Juhnke	Moe	Ruth	Urdahl
Cybart	Goodwin	Knoblach	Murphy	Ruud	Welti
Davids	Gunther	Koenen	Nelson, M.	Sailer	Westerberg
Demmer	Hackbarth	Lanning	Nornes	Scalze	Westrom
Dempsey	Hansen	Larson	Otremba	Seifert	Spk. Sviggum
Dill	Haws	Latz	Ozment	Sertich	
Dittrich	Heidgerken	Lenczewski	Paulsen	Sieben	
Dorman	Hilty	Lesch	Pelowski	Simon	

Those who voted in the negative were:

Abeler	Dean	Hausman	Klinzing	Newman	Vandever
Abrams	DeLaForest	Hilstrom	Kohls	Olson	Wagenius
Anderson, B.	Eastlund	Holberg	Krinkie	Paymar	Walker
Buesgens	Emmer	Hoppe	Loeffler	Peppin	Wardlow
Carlson	Erickson	Hornstein	Magnus	Samuelson	Wilkin
Charron	Finstad	Johnson, S.	Mariani	Severson	Zellers
Clark	Greiling	Kahn	Mullery	Slawik	
Davnie	Hamilton	Kelliher	Nelson, P.	Tingelstad	

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

S. F. No. 2939, which was temporarily laid over earlier today on the Calendar for the Day, was again reported to the House.

Blaine moved to amend S. F. No. 2939 as follows:

Page 1, after line 6, insert:

"Section 1. **[15.995] HISTORIC PUBLICLY OWNED BUILDINGS.**

A city located within 150 miles of the Minnesota State Capitol that has a population, according to the 2000 census, of more than 7,000 and less than 8,000 and is located in a county that has a population according to that census of more than 31,000 and less than 32,000 must not sell, lease, or contract property it owns that is listed on the National Register of Historic Places, unless the political subdivision first:

(1) notifies the Minnesota Historical Society and waits at least two years, during which the political subdivision must request of and receive from the Historical Society a study of the best use of the property in order to ascertain and preserve the historical value of the property and ensure public use; and

(2) requests of and receives from the Department of Administration an inventory and appraisal of the affected real and personal property to determine its value.

The Department of Administration and the Minnesota Historical Society must jointly report their findings to the chairs and ranking minority members of legislative committees with jurisdiction over state government finance. The requesting political subdivision must pay the Minnesota Historical Society and the Department of Administration for services provided under this section.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Gazelka moved to amend S. F. No. 2939, as amended, as follows:

Page 2, after line 3, insert:

"Sec. 3. **CONVEYANCE OF SURPLUS STATE LAND AT BRAINERD REGIONAL TREATMENT CENTER.**

(a) Notwithstanding Minnesota Statutes, sections 16B.281 to 16B.287, or any other law, administrative rule, or commissioner's order to the contrary, the commissioner of administration may convey to a local unit of government for no consideration all or part of the real property at the Brainerd Regional Treatment Center for public purposes consistent with the master plan and reuse study. The conveyance must be in a form approved by the attorney general and subject to Minnesota Statutes, section 16A.695.

(b) The commissioner may require the local unit of government to reimburse the state for all or part of any campus redevelopment funded and completed by the state.

(c) Notwithstanding Minnesota Statutes, section 16C.23, the commissioner of administration may convey to one or more local units of government for no consideration all or part of the personal property determined by the commissioner of human services to be no longer needed for human services operations.

(d) If a local unit of government sells any property conveyed under this section to a private entity, the sale must be at fair market value."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Cornish moved to amend S. F. No. 2939, as amended, as follows:

Page 2, after line 3, insert:

"Sec. 3. **CITY OF KIESTER; OPERATION OF A GROCERY STORE.**

The city of Kiester may acquire inventory for and operate a grocery store in the city on property owned by the city. The city may issue general obligation bonds of the city in the aggregate principal amount not to exceed \$150,000 to finance acquisition of inventory and operation of the store. The bonds must be issued in compliance with Minnesota Statutes, chapter 475, except that a referendum under Minnesota Statutes, section 475.58, is not required. The debt represented by the bonds is not included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds is not subject to any levy limitation otherwise applicable to the city."

Page 2, line 5, delete "section 1" and insert "this act"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Cornish amendment and the roll was called. There were 53 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abeler	Blaine	Dill	Fritz	Hansen	Jaros
Anderson, B.	Cornish	Dorman	Gazelka	Haws	Juhnke
Atkins	Cox	Dorn	Gunther	Hornstein	Koenen
Beard	Dauids	Eken	Hackbarth	Hortman	Lesch
Bernardy	Dempsey	Ellison	Hamilton	Howes	Lillie

Mariani	Olson	Peterson, N.	Samuelson	Smith	Wardlow
Moe	Otremba	Rukavina	Sertich	Solberg	Westrom
Murphy	Ozment	Ruth	Severson	Thissen	Spk. Sviggum
Nornes	Penas	Sailer	Slawik	Urdahl	

Those who voted in the negative were:

Abrams	Entenza	Huntley	Liebling	Pelowski	Thao
Bradley	Erhardt	Johnson, J.	Lieder	Peppin	Tingelstad
Brod	Erickson	Johnson, R.	Loeffler	Peterson, A.	Vandever
Buesgens	Finstad	Johnson, S.	Magnus	Peterson, S.	Wagenius
Carlson	Garofalo	Kahn	Mahoney	Poppe	Walker
Charron	Goodwin	Kelliher	Marquart	Powell	Welti
Cybart	Greiling	Klinzing	McNamara	Ruud	Westerberg
Davnie	Hausman	Knoblach	Meslow	Scalze	Wilkin
Dean	Heidgerken	Kohls	Mullery	Seifert	Zellers
DeLaForest	Hilstrom	Krinkie	Nelson, M.	Sieben	
Demmer	Hilty	Lanning	Nelson, P.	Simon	
Dittrich	Holberg	Larson	Newman	Simpson	
Eastlund	Hoppe	Latz	Paulsen	Soderstrom	
Emmer	Hosch	Lenczewski	Paymar	Sykora	

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

Solberg and Seifert moved to amend S. F. No. 2939, as amended, as follows:

Page 2, after line 3, insert:

"Sec. 3. **GRAND MOUND STATE HISTORIC SITE STUDY.**

Subdivision 1. **Study.** The Minnesota Historical Society, in consultation with Koochiching County, the Minnesota Indian Affairs Council, interested Indian tribes, and other interested groups and individuals, shall study the future of the Grand Mound State Historic Site.

Subd. 2. **Report to legislature.** The Minnesota Historical Society shall report its findings and recommendations to the appropriate legislative committees by January 30, 2007."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Juhnke moved that S. F. No. 2939, as amended, be continued on the Calendar for the Day. The motion prevailed.

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

MOTION TO FIX TIME TO CONVENE

Paulsen moved that when the House adjourns today it adjourn until 11:00 a.m., Friday, May 19, 2006. The motion prevailed.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

Pursuant to Joint Rule 3.02(a), the Conference Committee on H. F. No. 785 was discharged.

I hereby announce that the Senate accedes to the request of the House for the appointment of a new Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 785, A bill for an act relating to financing and operation of government in this state; modifying truth in taxation provisions and adding a taxpayer satisfaction survey; changing income, corporate franchise, withholding, estate, property, sales and use, mortgage registry, health care gross revenues, motor fuels, gambling, cigarette and tobacco products, occupation, net proceeds, production, liquor, insurance, and other taxes and tax-related provisions; making technical, clarifying, collection, enforcement, refund, and administrative changes to certain taxes and tax-related provisions, tax-forfeited lands, revenue recapture, unfair cigarette sales, state debt collection, sustainable forest incentive programs, and payments in lieu of taxes; changing local government aids and credits; providing for determination of population for certain purposes; updating references to the Internal Revenue Code, changing property tax exemptions, homesteads, assessment, valuation, classification, class rates, levies, deferral, review and equalization, appeals, notices and statements, and distribution provisions; changing rent constituting property taxes and property tax refunds; requiring state contracts be with vendors registered to collect use taxes; abolishing the political contribution refund; authorizing local sales taxes; extending a sales tax expiration; providing for compliance with streamlined sales tax agreement; changing the taxation of liquor and cigarettes; authorizing income tax checkoffs; requiring registration of tax shelters and providing for a voluntary compliance initiative; changing job opportunity building zones, border city development zones, biotechnology and health sciences industry zone provisions; setting minimum employee compensation for qualifying business in a JOBZ; limiting sales tax construction exemption in job zones to businesses paying prevailing wage; requiring a referendum for certain subsidies to gambling enterprises; authorizing charges for certain emergency services; imposing a franchise fee on card clubs; defining the term "tax"; regulating tax preparers; suspending appropriations or aids to public employers who prohibit certain employees from wearing a flag on a uniform; providing for training and conduct of assessors; prohibiting purchases of tax-forfeited lands by certain local officials; providing for data classification and exchange of data; establishing a tax reform commission; providing and imposing powers and duties on the commissioner of revenue and other state agencies and departments and on certain political subdivisions and certain officials; changing and imposing penalties; requiring reports; transferring funds; appropriating money; amending Minnesota Statutes 2004, sections 4A.02; 16C.03, by adding a subdivision; 16D.10; 168A.05, subdivision 1a; 190.09, subdivision 2; 240.30, by adding a subdivision; 270.02, subdivision 3; 270.11, subdivision 2; 270.16, subdivision 2; 270.30, subdivisions 1, 5, 6, 8, by adding subdivisions; 270.65; 270.67, subdivision 4; 270.69, subdivision 4; 270A.03, subdivisions 5, 7; 272.01, subdivision 2; 272.02, subdivisions 1a, 7, 47, 53, 64, by adding subdivisions; 272.0211, subdivisions 1, 2; 272.0212, subdivisions 1, 2; 272.029, subdivisions 4, 6; 273.055; 273.0755; 273.11,

subdivisions 1a, 8, by adding subdivisions; 273.111, by adding a subdivision; 273.123, subdivision 7; 273.124, subdivisions 3, 6, 8, 14, 21; 273.125, subdivision 8; 273.13, subdivisions 22, 23, 25, by adding a subdivision; 273.1315; 273.1384, subdivision 1; 273.19, subdivision 1a; 273.372; 274.01, subdivision 1; 274.014, subdivisions 2, 3; 274.14; 275.025, subdivision 4; 275.065, subdivisions 1c, 3, 4, 7, by adding subdivisions; 275.07, subdivisions 1, 4; 276.04, subdivision 2; 276.112; 276A.01, subdivision 7; 282.016; 282.08; 282.15; 282.21; 282.224; 282.301; 287.04; 289A.02, subdivision 7; 289A.08, subdivisions 1, 3, 7, 13, 16; 289A.18, subdivision 1; 289A.19, subdivision 4; 289A.20, subdivision 2; 289A.31, subdivision 2; 289A.37, subdivision 5; 289A.38, subdivisions 6, 7, by adding subdivisions; 289A.40, subdivision 2, by adding subdivisions; 289A.50, subdivisions 1, 1a; 289A.56, by adding a subdivision; 289A.60, subdivisions 2a, 4, 6, 7, 11, 13, 20, by adding subdivisions; 290.01, subdivisions 6, 7, 7b, 19, as amended, 19a, 19b, 19c, 19d, 31; 290.032, subdivisions 1, 2; 290.06, subdivisions 2c, 22, by adding a subdivision; 290.067, subdivisions 1, 2a; 290.0671, subdivisions 1, 1a; 290.0672, subdivisions 1, 2; 290.0674, subdivisions 1, 2; 290.0675, subdivision 1; 290.091, subdivisions 2, 3; 290.0922, subdivision 2; 290.191, subdivisions 2, 3; 290.92, subdivisions 1, 4b; 290A.03, subdivisions 3, 11, 13, 15, by adding subdivisions; 290A.07, by adding a subdivision; 290A.19; 290B.05, subdivision 3; 290C.05; 290C.10; 291.005, subdivision 1; 291.03, subdivision 1; 295.52, subdivision 4; 295.53, subdivision 1; 295.582; 295.60, subdivision 3; 296A.22, by adding a subdivision; 297A.61, subdivisions 3, 4, by adding a subdivision; 297A.64, subdivision 4; 297A.668, subdivisions 1, 5; 297A.67, subdivisions 2, 7, 9, 29, by adding a subdivision; 297A.68, subdivisions 2, 5, 28, 35, 37, 38, 39, by adding subdivisions; 297A.70, subdivision 10; 297A.71, subdivision 12, by adding a subdivision; 297A.72, by adding a subdivision; 297A.75, subdivision 1; 297A.87, subdivisions 2, 3; 297A.99, subdivisions 1, 3, 4, 9, by adding subdivisions; 297E.01, subdivisions 5, 7, by adding subdivisions; 297E.06, subdivision 2; 297E.07; 297F.08, subdivision 12, by adding a subdivision; 297F.09, subdivisions 1, 2; 297F.14, subdivision 4; 297G.09, by adding a subdivision; 297I.01, by adding subdivisions; 297I.05, subdivisions 4, 5, by adding a subdivision; 298.01, subdivisions 3, 4; 298.24, subdivision 1; 298.75, by adding a subdivision; 325D.33, subdivision 6; 365.43, subdivision 1; 365.431; 366.011; 366.012; 373.45, subdivision 7; 469.169, by adding a subdivision; 469.1735, subdivision 3; 469.176, subdivisions 4l, 7; 469.310, subdivision 11, by adding a subdivision; 469.315; 469.316; 469.317; 469.319, subdivision 1, by adding a subdivision; 469.320, subdivision 3; 469.330, subdivision 11; 469.335; 469.337; 469.340, subdivision 1; 473.843, subdivision 5; 473F.02, subdivisions 2, 7; 477A.011, subdivisions 3, 34, 35, 36, 38; 477A.0124, subdivisions 2, 4; 477A.013, subdivisions 8, 9, by adding a subdivision; 477A.016; 477A.03, subdivisions 2a, 2b; 477A.11, subdivision 4, by adding a subdivision; 477A.12, subdivisions 1, 2; 477A.14, subdivision 1; 645.44, by adding a subdivision; Laws 1998, chapter 389, article 3, section 42, subdivision 2, as amended; Laws 1998, chapter 389, article 8, section 43, subdivision 3; Laws 2001, First Special Session chapter 5, article 3, section 8; Laws 2001, First Special Session chapter 5, article 12, section 95, as amended; Laws 2002, chapter 377, article 3, section 4; Laws 2003, chapter 127, article 5, section 27; Laws 2003, chapter 127, article 5, section 28; Laws 2003, First Special Session chapter 21, article 5, section 13; Laws 2003, First Special Session chapter 21, article 6, section 9; Laws 2005, chapter 43, section 1; proposing coding for new law in Minnesota Statutes, chapters 15; 270; 272; 273; 275; 280; 289A; 290; 290C; 295; 297A; 297F; 373; 459; 473; repealing Minnesota Statutes 2004, sections 10A.322, subdivision 4; 16A.1522, subdivision 4; 270.85; 270.88; 272.02, subdivision 65; 273.19, subdivision 5; 273.37, subdivision 3; 274.05; 275.065, subdivisions 5a, 6, 6b, 8; 275.15; 275.61, subdivision 2; 283.07; 290.06, subdivision 23; 297E.12, subdivision 10; 469.1794, subdivision 6; 477A.08; Laws 1975, chapter 287, section 5; Laws 1998, chapter 389, article 3, section 41; Laws 2003, chapter 127, article 9, section 9, subdivision 4; Minnesota Rules, parts 8093.2000; 8093.3000; 8130.0110, subpart 4; 8130.0200, subparts 5, 6; 8130.0400, subpart 9; 8130.1200, subparts 5, 6; 8130.2900; 8130.3100, subpart 1; 8130.4000, subparts 1, 2; 8130.4200, subpart 1; 8130.4400, subpart 3; 8130.5200; 8130.5600, subpart 3; 8130.5800, subpart 5; 8130.7300, subpart 5; 8130.8800, subpart 4.

The Senate has appointed as such committee:

Senators Pogemiller, Belanger, Skoe, Moua and Marty.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 2814.

PATRICK E. FLAHAVERN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2814, A bill for an act relating to natural resources; modifying and renaming the Legislative Commission on Minnesota Resources; adding citizens and making structural changes; modifying prior appropriations; appropriating money; amending Minnesota Statutes 2004, sections 116P.02, subdivision 4; 116P.03; 116P.04, subdivision 5; 116P.05, as amended; 116P.07; 116P.08, subdivisions 3, 4, 5, 6; 116P.09, subdivisions 1, 6, by adding a subdivision; 116P.11; Minnesota Statutes 2005 Supplement, section 10A.01, subdivision 35; Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 10; repealing Minnesota Statutes 2004, sections 116P.02, subdivision 2; 116P.06; Laws 2005, First Special Session chapter 1, article 2, section 156, subdivision 2.

The bill was read for the first time.

Tingelstad moved that S. F. No. 2814 and H. F. No. 2972, now on the Calendar for the Day, be referred to the Chief Clerk for comparison. The motion prevailed.

MOTIONS AND RESOLUTIONS

Johnson, J., moved that the name of Charron be added as an author on H. F. No. 2846. The motion prevailed.

Cybart moved that the name of Tingelstad be added as an author on H. F. No. 3664. The motion prevailed.

MOTION FOR CALENDAR FOR THE DAY

Pursuant to the notice given on Thursday, May 11, 2006, Lieder moved that S. F. No. 1604 be placed on and be considered first on the Calendar for the Day for Friday, May 19, 2006.

A roll call was requested and properly seconded.

The question was taken on the Lieder motion and the roll was called. There were 65 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Atkins	Clark	Dittrich	Ellison	Goodwin	Hausman
Bernardy	Davnie	Dorn	Entenza	Greiling	Haws
Carlson	Dill	Eken	Fritz	Hansen	Hilstrom

Hilty	Juhnke	Liebling	Mullery	Poppe	Slawik
Hornstein	Kahn	Lieder	Murphy	Rukavina	Solberg
Hortman	Kelliher	Lillie	Nelson, M.	Ruud	Thao
Hosch	Koenen	Loeffler	Otremba	Sailer	Thissen
Huntley	Larson	Mahoney	Paymar	Scalze	Wagenius
Jaros	Latz	Mariani	Pelowski	Sertich	Walker
Johnson, R.	Lenczewski	Marquart	Peterson, A.	Sieben	Walti
Johnson, S.	Lesch	Moe	Peterson, S.	Simon	

Those who voted in the negative were:

Abeler	Cybart	Finstad	Knoblach	Ozment	Smith
Abrams	Dauids	Garofalo	Kohls	Paulsen	Soderstrom
Anderson, B.	Dean	Gazelka	Krinkie	Penas	Sykora
Beard	DeLaForest	Gunther	Lanning	Peppin	Urdahl
Blaine	Demmer	Hackbarth	Magnus	Peterson, N.	Vandever
Bradley	Dempsey	Hamilton	McNamara	Powell	Wardlow
Brod	Dorman	Holberg	Meslow	Ruth	Westerberg
Buesgens	Eastlund	Hoppe	Nelson, P.	Samuelson	Westrom
Charron	Emmer	Howes	Newman	Seifert	Wilkin
Cornish	Erhardt	Johnson, J.	Nornes	Severson	Zellers
Cox	Erickson	Klinzing	Olson	Simpson	Spk. Sviggum

The motion did not prevail.

There being no objection, the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

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

S. F. No. 367, A bill for an act relating to education; requiring notice when a school or district uses certain pools for competitive high school diving; amending Minnesota Statutes 2004, section 123B.492.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

HEALTH CARE COST-CONTAINMENT

Section 1. **[62J.62] ELECTRONIC BILLING ASSISTANCE.**

The commissioner of human services shall, out of existing resources, encourage and assist providers to adopt and use electronic billing for state programs, including but not limited to the provision of training.

Sec. 2. **[62M.071] PRIOR AUTHORIZATION.**

Health plan companies, in cooperation with health care providers, shall review prior authorization procedures administered by utilization review organizations and health plan companies to ensure the cost-effective use of prior authorization and minimization of provider, clinic, and central office administrative burden.

Sec. 3. **[62M.072] USE OF EVIDENCE-BASED STANDARDS.**

If no independently developed evidence-based standards exist for a particular treatment, testing, or imaging procedure, then an insurer or utilization review organization shall not deny coverage of the treatment, testing, or imaging based solely on the grounds that the treatment, testing, or imaging does not meet an evidence-based standard. This section does not prohibit an insurer or utilization review organization from denying coverage for services that are investigational, experimental, or not medically necessary.

Sec. 4. **[144.0506] AGENCY WEB SITES.**

Subdivision 1. **Information to be posted.** The commissioner of health may post the following information on agency Web sites, including minnesotahealthinfo.com:

(1) healthy lifestyle and preventive health care information, organized by sex and age, with procedures and treatments categorized by level of effectiveness and reliability of the supporting evidence on effectiveness;

(2) health plan company administrative efficiency report cards;

(3) health care provider charges for common procedures, based on information available under section 62J.052;

(4) evidence-based medicine guidelines and related information for use as resources by health care professionals, and summaries of the guidelines and related information for use by patients and consumers;

(5) resources and Web links related to improving efficiency in medical clinics and health care professional practices; and

(6) lists of nonprofit and charitable entities that accept donations of used medical equipment and supplies, such as crutches and walkers.

Subd. 2. **Other Internet resources.** The commissioner of health, in implementing subdivision 1, shall include relevant Web links and materials from private sector and other government sources in order to avoid duplication and reduce state administrative costs.

Subd. 3. **Cooperation with commissioner of commerce.** The commissioner of health shall consult and work in cooperation with the commissioner of commerce when posting on the Web site information collected from health plan companies regulated by the commissioner of commerce.

Sec. 5. **[147.37] INFORMATION PROVISION; PHARMACEUTICAL ASSISTANCE PROGRAMS.**

The board shall encourage licensees to make available to patients information on free and discounted prescription drug programs offered by pharmaceutical manufacturers when the information is provided to the licensees at no cost.

Sec. 6. Minnesota Statutes 2004, section 148.06, subdivision 1, is amended to read:

Subdivision 1. **License required; qualifications.** No person shall practice chiropractic in this state without first being licensed by the State Board of Chiropractic Examiners. The applicant shall have earned at least one-half of all academic credits required for awarding of a baccalaureate degree from the University of Minnesota, or other university, college, or community college of equal standing, in subject matter determined by the board, and taken a four-year resident course of at least eight months each in a school or college of chiropractic or in a chiropractic program that is accredited by the Council on Chiropractic Education, holds a recognition agreement with the Council on Chiropractic Education, or is accredited by an agency approved by the United States Office of Education or their successors as of January 1, 1988. The board may issue licenses to practice chiropractic without compliance with prechiropractic or academic requirements listed above if in the opinion of the board the applicant has the qualifications equivalent to those required of other applicants, the applicant satisfactorily passes written and practical examinations as required by the Board of Chiropractic Examiners, and the applicant is a graduate of a college of chiropractic with a ~~reciprocal~~ recognition agreement with the Council on Chiropractic Education ~~as of January 1, 1988~~. The board may recommend a two-year prechiropractic course of instruction to any university, college, or community college which in its judgment would satisfy the academic prerequisite for licensure as established by this section.

An examination for a license shall be in writing and shall include testing in:

(a) The basic sciences including but not limited to anatomy, physiology, bacteriology, pathology, hygiene, and chemistry as related to the human body or mind;

(b) The clinical sciences including but not limited to the science and art of chiropractic, chiropractic physiotherapy, diagnosis, roentgenology, and nutrition; and

(c) Professional ethics and any other subjects that the board may deem advisable.

The board may consider a valid certificate of examination from the National Board of Chiropractic Examiners as evidence of compliance with the examination requirements of this subdivision. The applicant shall be required to give practical demonstration in vertebral palpation, neurology, adjusting and any other subject that the board may deem advisable. A license, countersigned by the members of the board and authenticated by the seal thereof, shall be granted to each applicant who correctly answers 75 percent of the questions propounded in each of the subjects required by this subdivision and meets the standards of practical demonstration established by the board. Each application shall be accompanied by a fee set by the board. The fee shall not be returned but the applicant may, within one year, apply for examination without the payment of an additional fee. The board may grant a license to an applicant who holds a valid license to practice chiropractic issued by the appropriate licensing board of another state, provided the applicant meets the other requirements of this section and satisfactorily passes a practical examination approved by the board. The burden of proof is on the applicant to demonstrate these qualifications or satisfaction of these requirements.

Sec. 7. **[148.108] FEES.**

Subdivision 1. **Fees.** In addition to the fees established in Minnesota Rules, chapter 2500, the board is authorized to charge the fees in this section.

Subd. 2. **Annual renewal of inactive acupuncture registration.** The annual renewal of inactive acupuncture registration fee is \$25.

Subd. 3. **Acupuncture reinstatement.** The acupuncture reinstatement fee is \$50.

Sec. 8. Minnesota Statutes 2004, section 151.214, subdivision 1, is amended to read:

Subdivision 1. **Explanation of pharmacy benefits.** A pharmacist licensed under this chapter must provide to a patient, for each prescription dispensed where part or all of the cost of the prescription is being paid or reimbursed by an employer-sponsored plan or health plan company, or its contracted pharmacy benefit manager, the patient's co-payment amount and the pharmacy's own usual and customary price of the prescription or the amount the pharmacy will be paid for the prescription drug by the patient's employer-sponsored plan or health plan company, or its contracted pharmacy benefit manager.

Sec. 9. Minnesota Statutes 2005 Supplement, section 214.071, is amended to read:

214.071 HEALTH BOARDS; DIRECTORY OF LICENSEES.

By July 1, 2009, each health health-related licensing board under chapters 147, 148, 148B, and 150A, as defined in section 214.01, subdivision 2, shall establish a directory of licensees that includes biographical data for each licensee.

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

Sec. 10. **[214.121] PRICE DISCLOSURE REMINDER.**

Each health-related licensing board shall at least annually inform and remind its licensees of the price disclosure requirements of section 62J.052 or 151.214, as applicable, through the board's regular means of communicating with its licensees.

Sec. 11. **[256B.043] COST CONTAINMENT EFFORTS.**

Subdivision 1. **Alternative and complementary health care.** The commissioner of human services, through the medical director and in consultation with the health services policy committee established under section 256B.0625, subdivision 3c, as part of the commissioner's ongoing duties, shall consider the potential for improving quality and obtaining cost savings through greater use of alternative and complementary treatment methods and clinical practice; shall incorporate these methods into the medical assistance, MinnesotaCare, and general assistance medical care programs; and shall make related legislative recommendations as appropriate. The commissioner shall post the recommendations required under this subdivision on agency Web sites according to chapter 144.0506, subdivision 1.

Subd. 2. **Access to care.** (a) The commissioners of human services and health, as part of their ongoing duties, shall consider the adequacy of the current system of community health clinics and centers both statewide and in urban areas with significant disparities in health status and access to services across racial and ethnic groups, including:

(1) methods to provide 24-hour availability of care through the clinics and centers;

(2) methods to expand the availability of care through the clinics and centers;

(3) the use of grants to expand the number of clinics and centers, the services provided, and the availability of care; and

(4) the extent to which increased use of physician assistants, nurse practitioners, medical residents and interns, and other allied health professionals in clinics and centers would increase the availability of services.

(b) The commissioners shall make departmental modifications and legislative recommendations as appropriate on the basis of their considerations under paragraph (a).

Sec. 12. **REPORTING OF ACQUIRED INFECTIONS.**

(a) The commissioner of health may consult with infection control specialists, health care facility representatives, and consumers for the purpose of obtaining recommendations regarding a determination of the need for action to implement health care associated infection control reporting in hospitals and nursing homes. If the outcome of the determination warrants, the commissioner shall consult with the group regarding:

- (1) the selection of reporting measures relating to health care associated infections;
- (2) design, implementation, validation, and ongoing evaluation of the reporting system; and
- (3) ensuring that the reporting measures remain flexible and adaptable to changing national standards.

(b) If the commissioner determines that there is a need for the action described in paragraph (a), the commissioner shall make written recommendations to the legislature.

Sec. 13. **STUDY OF HOSPITAL UNCOMPENSATED CARE.**

(a) The commissioner of health shall study and report to the legislature by January 15, 2007, the following:

(1) trends in hospitals' cost of providing uncompensated care, separately identifying charity care and bad debt as components of uncompensated care;

(2) the impact of any changes in hospitals' charity care policies and debt collection practices in the past three years on the amount of uncompensated care provided and the number of patients receiving uncompensated care; and

(3) the value of hospital uncompensated care and community benefits in comparison to the value of tax exemptions received as a result of nonprofit status.

(b) The commissioner's report to the legislature shall include recommendations on: (1) the need for more uniform hospital charity care policies and debt collection practices; and (2) the need for more uniform reporting of community benefits provided by nonprofit hospitals.

Sec. 14. **STUDY; REPORT.**

The medical director for medical assistance and the assistant commissioner for chemical and mental health services of the Department of Human Services, in conjunction with the mental health licensing boards, shall evaluate the requirements for licensed mental health practitioners to receive medical assistance reimbursement under Minnesota Statutes, section 256B.0625, subdivision 38. The purpose of this study is to evaluate qualifications of all licensed mental health practitioners and licensed mental health professionals and make recommendations regarding requirements for medical assistance reimbursement. This study is to be completed by January 15, 2007. Written results of the study are to be submitted to the chairs of the house of representatives and senate committees with jurisdiction over health related licensing boards.

Sec. 15. **APPROPRIATIONS.**

\$5,000 is appropriated from the state government special revenue fund in fiscal year 2006 and \$5,000 is appropriated from the state government special revenue fund in fiscal year 2007 to the Board of Chiropractic Examiners, to correct programming difficulties incurred during implementation of payment processing changes. This is a onetime appropriation.

ARTICLE 2

CHARITY CARE BY HEALTH CARE PROVIDERS

Section 1. **[62J.83] REDUCED PAYMENT AMOUNTS PERMITTED.**

(a) Notwithstanding any provision of chapter 148 or any other provision of law to the contrary, a health care provider may provide care to a patient at a discounted payment amount, including care provided for free.

(b) This section does not apply in a situation in which the discounted payment amount is not permitted under federal law.

Sec. 2. Minnesota Statutes 2004, section 72A.20, is amended by adding a subdivision to read:

Subd. 39. **Discounted payments by health care providers; effect on use of usual and customary payments.** An insurer, including, but not limited to, a health plan company as defined in section 62Q.01, subdivision 4; a reparation obligor as defined in section 65B.43, subdivision 9; and a workers' compensation insurer shall not consider in determining a health care provider's usual and customary payment, standard payment, or allowable payment used as a basis for determining the provider's payment by the insurer, the following discounted payment situations:

(1) care provided to relatives of the provider;

(2) care for which a discount or free care is given in hardship situations; and

(3) care for which a discount is given in exchange for cash payment.

For purposes of this subdivision, "health care provider" and "provider" have the meaning given in section 62J.03, subdivision 8.

Sec. 3. **REPEALER.**

Minnesota Statutes 2005 Supplement, section 62Q.251, is repealed.

Sec. 4. **EFFECTIVE DATE.**

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

ARTICLE 3

PRIVATE SECTOR HEALTH COVERAGE PROVISIONS

Section 1. Minnesota Statutes 2004, section 62D.095, subdivision 3, is amended to read:

Subd. 3. **Deductibles.** ~~(a)~~ A health maintenance contract issued by a health maintenance organization ~~that is assessed less than three percent of the total annual amount assessed by the Minnesota comprehensive health association~~ may impose deductibles not to exceed ~~\$3,000~~ \$4,000 per person, per year and ~~\$6,000~~ \$8,000 per family, per year. ~~For purposes of the percentage calculation, a health maintenance organization's assessments include those of its affiliates.~~

~~(b) All other health maintenance contracts may impose deductibles not to exceed \$2,250 per person, per year and \$4,500 per family, per year.~~

Sec. 2. Minnesota Statutes 2004, section 62D.095, subdivision 4, is amended to read:

Subd. 4. **Annual out-of-pocket maximums.** ~~(a)~~ A health maintenance contract issued by a health maintenance organization ~~that is assessed less than three percent of the total annual amount assessed by the Minnesota comprehensive health association~~ must include a limitation not to exceed ~~\$4,500~~ \$5,000 per person and ~~\$7,500~~ \$10,000 per family on total annual out-of-pocket enrollee cost-sharing expenses. ~~For purposes of the percentage calculation, a health maintenance organization's assessments include those of its affiliates.~~

~~(b) All other health maintenance contracts must include a limitation not to exceed \$3,000 per person and \$6,000 per family on total annual out-of-pocket enrollee cost-sharing expenses.~~

Sec. 3. **[62Q.645] DISTRIBUTION OF INFORMATION; ADMINISTRATIVE EFFICIENCY AND COVERAGE OPTIONS.**

(a) The commissioner may use reports submitted by health plan companies, service cooperatives, and the public employee insurance program created in section 43A.316 to compile entity specific administrative efficiency reports; may make these reports available on state agency Web sites, including minnesotahealthinfo.com; and may include information on:

(1) number of covered lives;

(2) covered services;

(3) geographic availability;

(4) whom to contact to obtain current premium rates;

(5) administrative costs, using the definition of administrative costs developed under section 62J.38;

(6) Internet links to information on the health plan, if available; and

(7) any other information about the health plan identified by the commissioner as being useful for employers, consumers, providers, and others in evaluating health plan options.

(b) This section does not apply to a health plan company unless its annual Minnesota premiums exceed \$50,000,000 based on the most recent assessment base of the Minnesota Comprehensive Health Association. For purposes of this determination, the premiums of a health plan company include those of its affiliates.

Sec. 4. **MEDICAL MALPRACTICE INSURANCE REPORT.**

(a) The commissioner of commerce shall provide to the legislature annually a brief written report on the status of the market for medical malpractice insurance in Minnesota. The report must summarize, interpret, explain, and analyze information on that subject available to the commissioner, through annual statements filed by insurance companies, information obtained under paragraph (c), and other sources.

(b) The annual report must consider, to the extent possible, using definitions developed by the commissioner, Minnesota-specific data on market shares; premiums received; amounts paid to settle claims that were not litigated, claims that were settled after litigation began, and claims that were litigated to court judgment; amounts spent on processing, investigation, litigation, and otherwise handling claims; other sales and administrative costs; and the loss ratios of the insurers.

(c) Each insurance company that provides medical malpractice insurance in this state shall, no later than June 1 each year, file with the commissioner of commerce, on a form prescribed by the commissioner and using definitions developed by the commissioner, the Minnesota-specific data referenced in paragraph (b), other than market share, for the previous calendar year for that insurance company, shown separately for various categories of coverages including, if possible, hospitals, medical clinics, nursing homes, physicians who provide emergency medical care, obstetrician gynecologists, and ambulance services. An insurance company need not comply with this paragraph if its direct premium written in the state for the previous calendar year is less than \$2,000,000.

ARTICLE 4

SERVICE COOPERATIVES

Section 1. Minnesota Statutes 2004, section 123A.21, subdivision 7, is amended to read:

Subd. 7. **Educational programs and services.** (a) The board of directors of each SC shall submit annually a plan to the members. The plan shall identify the programs and services which are suggested for implementation by the SC during the following year and shall contain components of long-range planning determined by the SC. These programs and services may include, but are not limited to, the following areas:

- (1) administrative services;
- (2) curriculum development;
- (3) data processing;
- (4) distance learning and other telecommunication services;
- (5) evaluation and research;
- (6) staff development;
- (7) media and technology centers;
- (8) publication and dissemination of materials;
- (9) pupil personnel services;
- (10) planning;
- (11) secondary, postsecondary, community, adult, and adult vocational education;
- (12) teaching and learning services, including services for students with special talents and special needs;
- (13) employee personnel services;
- (14) vocational rehabilitation;
- (15) health, diagnostic, and child development services and centers;
- (16) leadership or direction in early childhood and family education;

- (17) community services;
- (18) shared time programs;
- (19) fiscal services and risk management programs;
- (20) technology planning, training, and support services;
- (21) health and safety services;
- (22) student academic challenges; and
- (23) cooperative purchasing services.

(b) A group health, dental, or long-term disability coverage program provided by one or more service cooperatives:

(1) must rebid contracts for insurance and third-party administration at least every four years. The contracts may be regional or statewide in the discretion of the SC; and

(2) may determine premiums for its health, dental, or long-term disability coverage individually for specific employers or may determine them on a pooled or other basis established by the SC.

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

Sec. 2. Laws 2003, First Special Session chapter 14, article 12, section 93, as amended by Laws 2005, First Special Session chapter 4, article 8, section 80, is amended to read:

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

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

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

The commissioner shall present recommendations for changes in the eligibility criteria and potential cost-savings for special transportation services to the chairs and ranking minority members of the house and senate committees having jurisdiction over health and human services spending by January 15, 2004. The commissioner is prohibited from using a broker or coordinator to manage special transportation services until July 1, 2006, except for the purposes of checking for recipient eligibility, authorizing recipients for appropriate level of transportation, and monitoring provider compliance with Minnesota Statutes, section 256B.0625, subdivision 17, and except that the commissioner shall extend this prohibition on using a broker or coordinator to manage special transportation services until July 1, 2007, if this extension can be done on a budget-neutral basis. The commissioner shall not amend the initial contract to broker or manage nonemergency medical transportation to extend beyond two consecutive years. The commissioner shall not enter into a broker or management contract for transportation services which denies a medical assistance recipient the free choice of health service provider, including a special transportation provider, as specified in Code of Federal Regulations, title 42, section 431.51. This prohibition does not apply to the purchase or management of common carrier transportation.

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

ReNUMBER the sections in sequence

Delete the title and insert:

"A bill for an act relating to health; implementing health care cost-containment measures; modifying the qualification standards of certain licenses; establishing certain fees; requiring a study of hospital uncompensated care; allowing discounted payment for health care under certain circumstances; regulating eligibility criteria for medical assistance special transportation services; allowing entity certain specific administrative efficiency reports to be published on the state agency Web sites; requiring certain reports; adding provisions for service cooperatives contracts; appropriating money; amending Minnesota Statutes 2004, sections 62D.095, subdivisions 3, 4; 72A.20, by adding a subdivision; 123A.21, subdivision 7; 148.06, subdivision 1; 151.214, subdivision 1; Minnesota Statutes 2005 Supplement, section 214.071; Laws 2003, First Special Session chapter 14, article 12, section 93, as amended; proposing coding for new law in Minnesota Statutes, chapters 62J; 62M; 62Q; 144; 147; 148; 214; 256B; repealing Minnesota Statutes 2005 Supplement, section 62Q.251."

With the recommendation that when so amended the bill pass.

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

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

S. F. No. 1057, A bill for an act relating to retirement; statewide and major local retirement plans; providing for various member and employer contribution rate increases; restructuring the statewide Teachers Retirement Association fund and benefit plan; providing a special postretirement adjustment to certain pre-1969 teachers; changing deferred annuities augmentation for new retirement plan members; creating a public pension plan default insurance pool; increasing the maximum retirement plan covered salary figure; providing certain early retirement incentives; creating a task force to study creation of a statewide volunteer firefighter retirement plan; appropriating money; amending Minnesota Statutes 2004, sections 352.01, subdivision 13; 352.04, subdivisions 2, 3, 12; 352.116, subdivision 1a; 352.72, subdivision 2; 352.911, subdivision 5; 352.92, subdivisions 1, 2; 352B.01, subdivision 11;

352B.02, subdivisions 1a, 1c, 1d; 352B.30, subdivision 2; 352D.04, subdivision 2; 352D.09, subdivision 7; 353.01, subdivision 10; 353.27, subdivisions 1, 2, 3, 3a, by adding a subdivision; 353.30, subdivision 5; 353.65, subdivisions 2, 3, 6; 353.71, subdivision 2; 353B.02, subdivision 10; 353E.01, subdivision 5; 353E.05; 354.05, subdivisions 2, 13, 35; 354.42, subdivisions 2, 3, by adding a subdivision; 354.44, subdivision 6; 354.55, subdivision 11; 354A.011, subdivisions 15a, 24, 27; 354A.021, subdivisions 1, 4; 354A.092; 354A.093, subdivision 1; 354A.095; 354A.096; 354A.12, subdivisions 1, 2, 2a, 3a, 3b, 3c, 3d; 354A.30; 354A.31, subdivisions 4, 7; 354A.32, subdivision 1; 354A.37, subdivision 2; 354A.39; 354A.40, subdivision 1; 354A.41; 356.20, subdivision 2; 356.214, subdivision 1; 356.215, subdivision 8; 356.30, subdivisions 1, 3; 356.302, subdivision 7; 356.303, subdivision 4; 356.315, by adding a subdivision; 356.42, subdivision 3; 356.465, subdivision 3; 356.611, subdivision 1; 422A.01, by adding a subdivision; 423A.02, subdivision 1b; 423B.01, by adding a subdivision; 423C.01, by adding a subdivision; 490.121, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 128D; 354; 356; repealing Minnesota Statutes 2004, sections 354A.051; 354A.105; 354A.23, subdivision 1; 354A.28.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

MINNESOTA POSTRETIREMENT INVESTMENT FUND CHANGES

Section 1. Minnesota Statutes 2004, section 11A.18, subdivision 9, is amended to read:

Subd. 9. **Calculation of postretirement adjustment.** (a) Annually, following June 30, the state board shall use the procedures in paragraphs (b), (c), and (d) to determine whether a postretirement adjustment is payable and to determine the amount of any postretirement adjustment.

(b) If the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor increases from June 30 of the preceding year to June 30 of the current year, the state board shall certify the percentage increase. The amount certified must not exceed the lesser of the difference between the preretirement interest assumption and postretirement interest assumption in section 356.215, subdivision 8, paragraph (a), or 2.5 percent. For the Minneapolis Employees Retirement Fund, the amount certified must not exceed 3.5 percent.

(c) In addition to any percentage increase certified under paragraph (b), the board shall use the following procedures to determine if a postretirement adjustment is payable under this paragraph:

(1) The state board shall determine the market value of the fund on June 30 of that year;

(2) The amount of reserves required as of the current June 30 for the annuity or benefit payable to an annuitant and benefit recipient of the participating public pension plans or funds must be determined by the ~~commission-retained~~ actuary as of the current June 30 retained under section 356.214. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30 is eligible to receive a full postretirement adjustment. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least one full month, but less than 12 full months as of the current June 30, is eligible to receive a partial postretirement adjustment. Each fund shall report separately the amount of the reserves for those annuitants and benefit recipients who are eligible to receive a full postretirement benefit adjustment. This amount is known as "eligible reserves." Each fund shall also report separately the amount of the reserves for those annuitants and benefit recipients who are not eligible to receive a postretirement adjustment. This amount is known as "noneligible reserves." For an annuitant or benefit recipient who is eligible to receive a partial postretirement adjustment, each

fund shall report separately as additional "eligible reserves" an amount that bears the same ratio to the total reserves required for the annuitant or benefit recipient as the number of full months of annuity or benefit receipt as of the current June 30 bears to 12 full months. The remainder of the annuitant's or benefit recipient's reserves must be separately reported as additional "noneligible reserves." The amount of "eligible" and "noneligible" required reserves must be certified to the board by the commission-retained actuary as soon as is practical following the current June 30;

(3) The state board shall determine the percentage increase certified under paragraph (b) multiplied by the eligible required reserves, as adjusted for mortality gains and losses under subdivision 11, determined under clause (2);

(4) The state board shall add the amount of reserves required for the annuities or benefits payable to annuitants and benefit recipients of the participating public pension plans or funds as of the current June 30 to the amount determined under clause (3);

(5) The state board shall subtract the amount determined under clause (4) from the market value of the fund determined under clause (1);

(6) The state board shall adjust the amount determined under clause (5) by the cumulative current balance determined ~~pursuant to~~ under clause (8) and any negative balance carried forward under clause (9);

(7) A positive amount resulting from the calculations in clauses (1) to (6) is the excess market value. A negative amount is the negative balance;

(8) The state board shall allocate one-fifth of the excess market value or one-fifth of the negative balance to each of five consecutive years, beginning with the fiscal year ending the current June 30; and

(9) To calculate the postretirement adjustment under this paragraph based on investment performance for a fiscal year, the state board shall add together all excess market value allocated to that year and subtract from the sum all negative balances allocated to that year. If this calculation results in a negative number, the entire negative balance must be carried forward and allocated to the next year. If the resulting amount is positive, a postretirement adjustment is payable under this paragraph. The board shall express a positive amount as a percentage of the total eligible required reserves certified to the board under clause (2).

(d) The state board shall determine the amount of any postretirement adjustment which is payable using the following procedure:

(1) The total "eligible" required reserves as of the first of January next following the end of the fiscal year for the annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment as determined by clause (2) must be certified to the state board by the ~~commission-retained~~ actuary retained under section 356.214. The total "eligible" required reserves must be determined by the ~~commission-retained~~ actuary retained under section 356.214 on the assumption that all annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment will be alive on the January 1 in question; and

(2) The state board shall add the percentage certified under paragraph (b) to any positive percentage calculated under paragraph (c). The board shall not subtract from the percentage certified under paragraph (b) any negative amount calculated under paragraph (c). The sum of these percentages must be carried to five decimal places and must be certified to each participating public pension fund or plan as the full postretirement adjustment percentage. The full postretirement adjustment percentage certified to each participating public pension plan or fund must not exceed five percent. For the Minneapolis Employees Retirement Fund, no maximum percentage adjustment is applicable.

(e) A retirement annuity payable in the event of retirement before becoming eligible for Social Security benefits as provided in section 352.116, subdivision 3; 353.29, subdivision 6; or 354.35 must be treated as the sum of a period certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 or 65, whichever applies. A postretirement adjustment granted on the period certain retirement annuity must terminate when the period certain retirement annuity terminates.

Sec. 2. **[354A.42] ST. PAUL TEACHER INCREASE LIMIT.**

Notwithstanding any law to the contrary, the St. Paul Teachers Retirement Fund Association may not pay a postretirement adjustment of more than five percent in any year, effective July 1, 2010.

Sec. 3. **EFFECTIVE DATE.**

Section 1 is effective July 1, 2010.

ARTICLE 2

DEFERRED ANNUITY
AUGMENTATION RATE CHANGE

Section 1. Minnesota Statutes 2004, section 352.116, subdivision 1a, is amended to read:

Subd. 1a. **Actuarial reduction for early retirement.** This subdivision applies to a person who has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 352.115, subdivision 3, paragraph (a), in conjunction with subdivision 1. A covered employee who retires before the normal retirement age shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (b), reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at an annual rate of 2.5 percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee initially becomes an employee after June 30, 2006.

Sec. 2. Minnesota Statutes 2004, section 352.72, subdivision 2, is amended to read:

Subd. 2. **Computation of deferred annuity.** (a) The deferred annuity, if any, accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as provided in section 352.22, subdivision 3, on the basis of allowable service before termination of state service and augmented as provided herein. The required reserves applicable to a deferred annuity or to an annuity for which a former employee was eligible but had not applied or to any deferred segment of an annuity must be determined as of the date the benefit begins to accrue and augmented by interest compounded annually from the first day of the month following the month in which the employee ceased to be a state employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose must be five percent compounded annually until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former employee attains age 55, and from that date to the effective date of retirement, the rate is five percent compounded annually if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented by interest under this subdivision. The sum of the

augmented required reserves so determined is the present value of the annuity. "Uninterrupted service" for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from state service for more than two years. If a person repays a refund, the service restored by the repayment must be considered continuous with the next period of service for which the employee has credit with this system. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality table and interest assumption used to compute the annuity must be those in effect when the employee files application for annuity. This section does not reduce the annuity otherwise payable under this chapter.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and the tables adopted by the board and approved by the actuary retained by the Legislative Commission on Pensions and Retirement.

Sec. 3. Minnesota Statutes 2004, section 352B.30, subdivision 2, is amended to read:

Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed according to this chapter on the basis of allowable service before termination of service and augmented as provided in this chapter. The required reserves applicable to a deferred annuity must be augmented by interest compounded annually from the first day of the month following the month in which the member terminated service, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose shall be five percent per year compounded annually until January 1, 1981, and after that date three percent per year compounded annually if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. The mortality table and interest assumption used to compute the annuity shall be those in effect when the member files application for annuity.

Sec. 4. Minnesota Statutes 2004, section 353.30, subdivision 5, is amended to read:

Subd. 5. **Actuarial reduction for early retirement.** This subdivision applies to a member who has become at least 55 years old and first became a public employee after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under section 353.29, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 353.29, subdivision 3, paragraph (a), in conjunction with subdivision 1, 1a, 1b, or 1c. An employee who retires before normal retirement age shall be paid the retirement annuity provided in section 353.29, subdivision 3, paragraph (b), reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee initially becomes an employee after June 30, 2006.

Sec. 5. Minnesota Statutes 2004, section 353.71, subdivision 2, is amended to read:

Subd. 2. **Deferred annuity computation; augmentation.** (a) The deferred annuity accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68, subdivision 4, must be computed on the basis of allowable service prior to the termination of public service and augmented as provided in this paragraph. The required reserves applicable to a deferred annuity, or to any deferred segment of an annuity must be determined as of the first day of the month following the month in which the former member ceased to be a public employee, or July 1, 1971, whichever is later. These required reserves must be augmented at the rate of five percent annually compounded annually until January 1, 1981, and at the rate of three percent thereafter until January 1 of the year following the

year in which the former member attains age 55-and from that date to the effective date of retirement, the rate is five percent compounded annually if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented as specified in this paragraph. The sum of the augmented required reserves is the present value of the annuity. Uninterrupted service for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from public service for more than two years. If a person repays a refund, the restored service must be considered as continuous with the next period of service for which the employee has credit with this association. This section must not reduce the annuity otherwise payable under this chapter. This paragraph applies to individuals who become deferred annuitants on or after July 1, 1971. For a member who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, if the former active member applies for an annuity after July 1, 1973.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is first payable after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained by the Legislative Commission on Pensions and Retirement.

Sec. 6. Minnesota Statutes 2005 Supplement, section 354.44, subdivision 6, is amended to read:

Subd. 6. **Computation of formula program retirement annuity.** (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) on the basis of each member's average salary under section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service during first ten	the percent specified in section 356.315, subdivision 1, per year	the percent specified in section 356.315, subdivision 3, per year
Each year of service thereafter	the percent specified in section 356.315, subdivision 2, per year	the percent specified in section 356.315, subdivision 4, per year

(c) (i) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c). The average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified by section 356.315, subdivision 4, for each year of service for a basic member and by the percent specified in section 356.315, subdivision 2, for each year of service for a coordinated member shall determine the amount of the retirement annuity to which the member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006.

(f) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

Sec. 7. Minnesota Statutes 2004, section 354.55, subdivision 11, is amended to read:

Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section 354.44, subdivision 6, who ceases to render teaching service, may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for an annuity under this subdivision is governed pursuant to section 354.44, subdivision 1, or 354.60.

(b) The amount of the deferred retirement annuity is determined by section 354.44, subdivision 6, and augmented as provided in this subdivision. The required reserves related to that portion of the annuity which had accrued when the member ceased to render teaching service must be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months or if this period commences prior to July 1, 1971. The rates of interest used for this purpose must be five percent compounded annually commencing July 1, 1971, until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former member attains age 55- and from that date to the effective date of retirement, the rate is five percent compounded annually if the employee became an

employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period must be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the basis for purchasing the deferred annuity. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with this fund. If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service must be those applicable to new members. The mortality table and interest assumption used to compute the annuity must be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purposes of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

(c) In no case shall the annuity payable under this subdivision be less than the amount of annuity payable pursuant to section 354.44, subdivision 6.

(d) The requirements and provisions for retirement before normal retirement age contained in section 354.44, subdivision 6, clause (3) or (5), shall also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

(e) The augmentation provided by this subdivision applies to the benefit provided in section 354.46, subdivision 2.

(f) The augmentation provided by this subdivision shall not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

(g) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former teacher who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board as recommended by an approved actuary and approved by the actuary retained by the Legislative Commission on Pensions and Retirement.

Sec. 8. Minnesota Statutes 2004, section 354A.31, subdivision 7, is amended to read:

Subd. 7. **Actuarial reduction for early retirement.** This subdivision applies to a person who has become at least 55 years old and first becomes a coordinated member after June 30, 1989, and to any other coordinated member who has become at least 55 years old and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), and subdivision 4a, paragraph (d), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6. A coordinated member who retires before the full benefit age shall be paid the retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the person initially becomes a teacher after June 30, 2006.

Sec. 9. Minnesota Statutes 2004, section 354A.37, subdivision 2, is amended to read:

Subd. 2. **Eligibility for deferred retirement annuity.** Any coordinated member who ceases to render teaching services for the school district in which the teachers retirement fund association is located, with sufficient allowable service credit to meet the minimum service requirements specified in section 354A.31, subdivision 1, shall be entitled to a deferred retirement annuity in lieu of a refund pursuant to subdivision 1. The deferred retirement annuity shall be computed pursuant to section 354A.31 and shall be augmented as provided in this subdivision. The deferred annuity shall commence upon application after the person on deferred status attains at least the minimum age specified in section 354A.31, subdivision 1.

The monthly annuity amount that had accrued when the member ceased to render teaching service must be augmented from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There is no augmentation if this period is less than three months. The rate of augmentation is three percent compounded annually until January 1 of the year following the year in which the former member attains age 55, and five percent compounded annually after that date to the effective date of retirement if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354A.31 must be used for each period, and the monthly annuity amount related to each period must be augmented as provided in this subdivision. The sum of the augmented monthly annuity amounts determines the total deferred annuity payable. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with the fund. If a person does not render teaching services in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of resumption of teaching service are those applicable to new members. The mortality table and interest assumption used to compute the annuity are the table established by the fund to compute other annuities, and the interest assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purpose of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

The augmentation provided by this subdivision applies to the benefit provided in section 354A.35, subdivision 2. The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit.

Sec. 10. Minnesota Statutes 2004, section 356.30, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions of the laws governing the retirement plans enumerated in subdivision 3, a person who has met the qualifications of paragraph (b) may elect to receive a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, based on the allowable service in each plan, subject to the provisions of paragraph (c).

(b) A person may receive, upon retirement, a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, and augmentation of a deferred annuity calculated at the appropriate rate under the laws governing each public pension plan or fund named in subdivision 3, based on the date of the person's initial entry into public employment from the date the person terminated all public service if:

(1) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated plans; and

(2) the person has not begun to receive an annuity from any enumerated plan or the person has made application for benefits from each applicable plan and the effective dates of the retirement annuity with each plan under which the person chooses to receive an annuity are within a one-year period.

(c) The retirement annuity from each plan must be based upon the allowable service, accrual rates, and average salary in the applicable plan except as further specified or modified in the following clauses:

(1) the laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered retirement plan with which the person earned a minimum of one-half year of allowable service credit during that employment;

(2) the "average salary" on which the annuity from each covered plan in which the employee has credit in a formula plan must be based on the employee's highest five successive years of covered salary during the entire service in covered plans;

(3) the accrual rates to be used by each plan must be those percentages prescribed by each plan's formula as continued for the respective years of allowable service from one plan to the next, recognizing all previous allowable service with the other covered plans;

(4) the allowable service in all the plans must be combined in determining eligibility for and the application of each plan's provisions in respect to reduction in the annuity amount for retirement prior to normal retirement age; and

(5) the annuity amount payable for any allowable service under a nonformula plan of a covered plan must not be affected, but such service and covered salary must be used in the above calculation.

(d) This section does not apply to any person whose final termination from the last public service under a covered plan was before May 1, 1975.

(e) For the purpose of computing annuities under this section, the accrual rates used by any covered plan, except the public employees police and fire plan, the judges' retirement fund, and the State Patrol retirement plan, must not exceed the percent specified in section 356.315, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the judges' retirement fund must not exceed the percentage rate specified in section 356.315, subdivision 8, per year of service for any year of service or fraction thereof. The accrual rate used by the public employees police and fire plan and the State Patrol retirement plan must not exceed the percentage rate specified in section 356.315, subdivision 6, per year of service for any year of service or fraction thereof. The accrual rate or rates used by the legislators retirement plan and the elective state officers retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).

(f) Any period of time for which a person has credit in more than one of the covered plans must be used only once for the purpose of determining total allowable service.

(g) If the period of duplicated service credit is more than one-half year, or the person has credit for more than one-half year, with each of the plans, each plan must apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all plans for the period.

(h) If the period of duplicated service credit is less than one-half year, or when added to other service credit with that plan is less than one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that plan's refund provisions.

Sec. 11. **EFFECTIVE DATE.**

Sections 1 to 10 are effective July 1, 2006.

ARTICLE 3

TEACHERS RETIREMENT ASSOCIATION
COVERAGE AND BENEFIT RESTRUCTURING

Section 1. Minnesota Statutes 2004, section 127A.50, subdivision 1, is amended to read:

Subdivision 1. **Aid adjustment.** Beginning in fiscal year 1998 and each year thereafter, the commissioner of education shall adjust state aid payments to school operating funds for Independent School District No. 625; and Independent School District No. 709; and Special School District No. 1 by the net amount of clauses (1) and (2), for Special School District No. 1 by the net amount of clauses (1), (2), and (4), and for all other districts, including charter schools, but excluding any education organizations that are prohibited from receiving direct state aids under section 123A.26 or 125A.75, subdivision 7, by the net amount of clauses (1), (2), ~~and (3), and (4):~~

(1) a decrease equal to each district's share of the fiscal year 1997 adjustment effected under Minnesota Statutes 1996, section 124.2139;

(2) an increase equal to one percent of the salaries paid to members of the general plan of the Public Employees Retirement Association in fiscal year 1997, multiplied by 0.35 for fiscal year 1998 and 0.70 each year thereafter;

(3) a decrease equal to 2.34 percent of the salaries paid to members of the Teachers Retirement Association in fiscal year 1997; and

(4) an increase equal to 0.5 percent of the salaries paid to members of the Teachers Retirement Association in fiscal year 2007.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 2. Minnesota Statutes 2004, section 128D.10, is amended to read:

128D.10 CONTINUITY ON TENURE, PENSIONS, AND RETIREMENT.

(a) The tenure, pension, and retirement provisions of any law applicable to employees of the special school district of Minneapolis, ~~including employees belonging to the municipal employees retirement fund and those belonging to the Minneapolis Teachers' Retirement Fund Association before April 24, 1959,~~ shall continue to be applicable in the same manner and to the same extent to employees of the special independent school district after April 24, 1959, except as otherwise provided in law.

(b) The provisions of any general law or laws which are applicable only to independent school districts wholly or partially within cities of the first class shall not be applicable to the special independent school district of Minneapolis.

~~(c) The powers, duties, and corporate structure of the Minneapolis Teachers' Retirement Fund Association, and the laws applicable thereto, shall be and remain the same in the special independent school district of Minneapolis as at the time of enactment of the within law, until changed in accordance with law.~~

Sec. 3. **[128D.19] AID REDEDICATION.**

Notwithstanding any law to the contrary and subject to section 354A.12, subdivision 3c, special direct state aid previously paid to the Minneapolis Teachers Retirement Fund Association under sections 354A.12, subdivisions 3a and 3b, and 423A.02, must be paid to the Teachers Retirement Association.

Sec. 4. Minnesota Statutes 2004, section 354.05, subdivision 2, is amended to read:

Subd. 2. **Teacher.** (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in a public school of the state located outside of the corporate limits of a city of the first class ~~the city of Duluth or the city of St. Paul,~~ or in any charter school, irrespective of the location of the school, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, but excluding the University of Minnesota, whether the position be a public office or an employment, and not including the members or officers of any general governing or managing board or body;

(2) an employee of the Teachers Retirement Association;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. A person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit. If the person's teaching service comprises less than 50 percent of the combined employment salary, the executive director must determine whether all or none of the combined service is covered by the association; or

(4) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges and Universities system in an unclassified position as:

(i) a president, vice-president, or dean;

(ii) a manager or a professional in an academic or an academic support program other than specified in item (i);

(iii) an administrative or a service support faculty position; or

(iv) a teacher or a research assistant.

(b) "Teacher" does not mean:

(1) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(2) a person who renders part-time teaching service or who is a customized trainer as defined by the Minnesota State Colleges and Universities system if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the employer stipulates annually in advance that the part-time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year; or

(3) a person exempt from licensure under section 122A.30.

Sec. 5. Minnesota Statutes 2004, section 354.05, subdivision 13, is amended to read:

Subd. 13. **Allowable service.** "Allowable service" means:

(1) Any service rendered by a teacher for which on or before July 1, 1957, the teacher's account in the retirement fund was credited by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by Laws 1955, chapters 361, 549, 550, 611, or

(2) Any service rendered by a teacher for which on or before July 1, 1961, the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09 and section 354.51, or

(3) Any service rendered by a teacher after July 1, 1957, for any calendar month when the member receives salary from which deductions are made, deposited and credited in the fund, or

(4) Any service rendered by a person after July 1, 1957, for any calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53, or

(5) Any service rendered by a teacher for which the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957, section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3, or

(6) Both service during years of actual membership in the course of which contributions were currently made and service in years during which the teacher was not a member but for which the teacher later elected to obtain credit by making payments to the fund as permitted by any law then in effect, or

(7) Any service rendered where contributions were made and no allowable service credit was established because of the limitations contained in Minnesota Statutes 1957, section 135.09, subdivision 2, as determined by the ratio between the amounts of money credited to the teacher's account in a fiscal year and the maximum retirement contribution allowable for that year, or

(8) MS 2002 (Expired)

(9) A period of time during which a teacher who is a state employee was on strike without pay, not to exceed a period of one year, if the teacher makes a payment in lieu of salary deductions or makes a prior service credit purchase payment, whichever applies. If the payment is made within 12 months, the payment by the teacher must be an amount equal to the employee and employer contribution rates set forth in section 354.42, subdivisions 2 and 3, applied to the teacher's rate of salary in effect on the conclusion of the strike for the period of the strike without pay, plus compound interest at a monthly rate of 0.71 percent from the last day of the strike until the date of payment. If the payment by the employee is not made within 12 months, the payment must be in an amount equal to the payment amount determined under section 356.55 or 356.551, whichever applies, or

(10) A period of service before July 1, 2006, that was properly credited as allowable service by the Minneapolis Teachers Retirement Fund Association, and that was rendered by a teacher as an employee of Special School District No. 1, Minneapolis, or by an employee of the Minneapolis Teachers Retirement Fund Association who was a member of the Minneapolis Teachers Retirement Fund Association by virtue of that employment, who has not begun receiving an annuity or other retirement benefit from the former Minneapolis Teachers Retirement Fund Association calculated in whole or in part on that service before July 1, 2006, and who has not taken a refund of member contributions related to that service unless the refund is repaid under section 354.50, subdivision 4. Service as an employee of Special School District No. 1, Minneapolis on or after July 1, 2006 is "allowable service" only as provided by this chapter.

Sec. 6. Minnesota Statutes 2004, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee.** (a) The employee contribution to the fund is an amount equal to ~~5.0~~ the following percentage of the salary of a member:

(1) after July 1, 2006, for a teacher employed by Special School District No. 1, Minneapolis, 5.5 percent if the teacher is a coordinated member, and 9.0 percent if the teacher is a basic member;

(2) for every other teacher, after July 1, 2006, 5.5 percent ~~of~~ if the salary of every teacher is a coordinated member and 9.0 percent ~~of~~ if the salary of every teacher is a basic member.

(b) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

Sec. 7. Minnesota Statutes 2004, section 354.42, subdivision 3, is amended to read:

Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an amount equal to 5.00 percent of the salary of each of its teachers who is a coordinated member and 9.00 percent of the salary of each of its teachers who is a basic member. After July 1, 2007, the regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 5.50 percent of salary of each coordinated member and 9.50 percent of salary of each basic member. The additional employer contribution to the fund by Special School District No. 1, Minneapolis, after July 1, 2006, is an amount equal to 3.64 percent of the salary of each teacher who is a coordinated member or is a basic member.

(b) The employer contribution to the fund for every other employer, is an amount equal to 5.0 percent of the salary of each coordinated member and 9.0 percent of the salary of each basic member before July 1, 2007, and 5.5 percent of the salary of each coordinated member and 9.5 percent of the salary of each basic member after June 30, 2007.

Sec. 8. Minnesota Statutes 2005 Supplement, section 354.44, subdivision 6, is amended to read:

Subd. 6. **Computation of formula program retirement annuity.** (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) on the basis of each member's average salary under section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled for service rendered before July 1, 2006:

	Coordinated Member	Basic Member
Each year of service during first ten	the percent specified in section 356.315, subdivision 1, per year	the percent specified in section 356.315, subdivision 3, per year
Each year of service thereafter	the percent specified in section 356.315, subdivision 2, per year	the percent specified in section 356.315, subdivision 4, per year

For service rendered on or after July 1, 2006, the average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of service credit, determines the amount the annuity to which the member qualifying therefor is:

	<u>Coordinated Member</u>	<u>Basic Member</u>
<u>Each year of service during first ten</u>	<u>the percent specified in section 356.315, subdivision 1a, per year</u>	<u>the percent specified in section 356.315, subdivision 3, per year</u>
<u>Each year of service after ten years of service</u>	<u>the percent specified in section 356.315, subdivision 2b, per year</u>	<u>the percent specified in section 356.315, subdivision 4, per year</u>

(c)(i) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c). For a basic member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified by section 356.315, subdivision 4, for each year of service for a basic member and by the percent specified in section 356.315, subdivision 2, for each year of service for a coordinated member shall determine the amount of the retirement annuity to which the basic member is entitled. The annuity of a basic member who was a member for the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be determined according to the annuity formula under the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified in section 356.315, subdivision 2, for each year of service rendered before July 1, 2006, and by the percent specified in section 356.315, subdivision 2b, for each year of service rendered on or after July 1, 2006, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

(f) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

Sec. 9. **[354.70] CONSOLIDATION OF MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.**

Subdivision 1. Membership transfer. All active, inactive, and retired members of the Minneapolis Teachers Retirement Fund Association are transferred to the Teachers Retirement Association and are no longer members of the Minneapolis Teachers Retirement Fund Association as of July 1, 2006.

Subd. 2. TRA membership. A person first hired as a teacher by Special School District No. 1, Minneapolis, after June 30, 2006, and who is a teacher as defined in section 354.05, subdivision 2, is a member of the Teachers Retirement Association for the person's teaching service.

Subd. 3. Service credit and liability transfer. All allowable service and salary credit of the members and other individuals transferred under subdivision 1 as specified in the records of the Minneapolis Teachers Retirement Fund Association on the transfer date is allowable service credit under section 354.05, subdivision 13, formula service credit under section 354.05, subdivision 25, and salary credit under section 354.05, subdivision 35, for the Teachers Retirement Association.

Subd. 4. Transfer of records. On or before June 30, 2006, the chief administrative officer of the Minneapolis Teachers Retirement Fund Association shall transfer all records and documents relating to the funds and the benefit plans of the association to the executive director of the Teachers Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 5. Transfer of assets. (a) On or before June 30, 2006, the chief administrative officer of the Minneapolis Teachers Retirement Fund Association shall transfer to the Teachers Retirement Association the entire assets of the special retirement fund of the Minneapolis Teachers Retirement Fund Association. The transfer of the assets of the Minneapolis Teachers Retirement Fund Association special retirement fund must include any accounts receivable that are determined by the executive director of the State Board of Investment as reasonably capable of being collected. Legal title to account receivables that are determined by the executive director of the State Board of Investment as not reasonably capable of being collected transfers to Special School District No. 1, Minneapolis, as of the date of the determination of the executive director of the State Board of Investment. If the account receivables transferred to Special School District No. 1, Minneapolis, are subsequently recovered by the school district, the superintendent of Special School District No. 1, Minneapolis, shall transfer the recovered amount to the executive director of the Teachers Retirement Association, in cash, for deposit in the teachers retirement fund, less the reasonable expenses of the school district related to the recovery.

(b) As of June 30, 2006, assets of the special retirement fund of the Minneapolis Teachers Retirement Fund Association are assets of the Teachers Retirement Association to be invested by the State Board of Investment pursuant to the provisions of section 354.07, subdivision 4. The Teachers Retirement Association is the successor in interest to all claims which the Minneapolis Teachers Retirement Fund Association may have or may assert against any person and is the successor in interest to all claims which could have been asserted against the former Minneapolis Teachers Retirement Fund Association, subject to the following exceptions and qualifications:

(1) the Teachers Retirement Association is not liable for any claim against the Minneapolis Teachers Retirement Fund Association, its former board or board members, which is founded upon a claim of breach of fiduciary duty, where the act or acts constituting the claimed breach were not done in good faith;

(2) the Teachers Retirement Association may assert any applicable defense to any claim in any judicial or administrative proceeding that the former Minneapolis Teachers Retirement Fund Association or its Board would otherwise have been entitled to assert;

(3) the Teachers Retirement Association may assert any applicable defense that the Teachers Retirement Association may assert in its capacity as a statewide agency; and

(4) the Teachers Retirement Association shall indemnify any former fiduciary of the Minneapolis Teachers Retirement Fund Association consistent with the provisions of the Public Pension Fiduciary Responsibility Act, in section 356A.11.

(c) From the assets of the former Minneapolis Teachers Retirement Fund Association transferred to the Teachers Retirement Association, an amount equal to the percentage figure that represents the ratio between the market value of the Minnesota postretirement investment fund as of June 30, 2006, and the required reserves of the Minnesota post retirement investment fund as of June 30, 2006, applied to the present value of future benefits payable to annuitants of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, including any postretirement adjustment from the Minnesota postretirement investment fund expected to be payable on January 1, 2007, must be transferred to the Minnesota postretirement investment fund. The executive director of the State Board of Investment shall estimate this ratio at the time of the transfer. By January 1, 2007, after all necessary financial information becomes available to determine the actual funded ratio of the Minnesota postretirement investment fund, the postretirement investment fund must refund to the Teachers Retirement Association any excess assets or the Teachers Retirement Association must contribute any deficiency to the Minnesota postretirement investment fund with interest under section 11A.18, subdivision 6. The balance of the assets of the former Minneapolis Teachers Retirement Fund Association after the transfer to the Minnesota postretirement investment fund must be credited to the Teachers Retirement Association.

If the assets transferred by the Minneapolis Teachers Retirement Fund Association to the Teachers Retirement Association are insufficient to meet its obligation to the Minnesota postretirement investment fund, additional assets must be transferred by the executive director of the Teachers Retirement Association to meet the amount required.

Subd. 6. **Benefit calculation.** (a) For every deferred, inactive, disabled, and retired member of the Minneapolis Teachers Retirement Fund Association transferred under subdivision 1, and the survivors of these members, annuities or benefits earned before the date of the transfer, other than future postretirement adjustments, must be calculated and paid by the Teachers Retirement Association under the laws, articles of incorporation, and bylaws of the former Minneapolis Teachers Retirement Fund Association that were in effect relative to the person on the date of the person's termination of active service covered by the former Minneapolis Teachers Retirement Fund Association.

(b) Former Minneapolis Teachers Retirement Fund Association members who retired before July 1, 2006, must receive postretirement adjustments after December 31, 2006, only as provided in section 11A.18. All other benefit recipients of the former Minneapolis Teachers Retirement Fund Association must receive postretirement adjustments after December 31, 2006, only as provided in section 356.41.

(c) This consolidation does not impair or diminish benefits for an active, deferred, or retired member or a survivor of an active, deferred, or retired member under the former Minneapolis Teachers Retirement Fund Association in existence at the time of the consolidation, except that any future guaranteed or investment-related postretirement adjustments must be paid after July 1, 2006, in accordance with paragraph (b), and all benefits based on service on or after July 1, 2006 must be determined only by laws governing the Teachers Retirement Association.

Subd. 7. **Termination of Minneapolis Teachers Retirement Fund Association special retirement fund.** (a) As of June 30, 2006, the Minneapolis Teachers Retirement Fund Association ceases to exist.

(b) Contracts, records, and obligations of the Minneapolis Teachers Retirement Fund Association special retirement fund existing at the time of consolidation with the Teachers Retirement Association are transferred to the Teachers Retirement Association pursuant to the provisions of section 15.039, subdivisions 5 and 5a, except that

contracts, records, and obligations of the Minneapolis Teachers Retirement Fund Association special retirement fund related to investment and safekeeping of assets are transferred to the State Board of Investment pursuant to the provisions of section 15.039, subdivisions 5 and 5a. The State Board of Investment has the authority to pay the investment-related liabilities and obligations from the assets transferred from the Minnesota Teachers Retirement Fund Association incurred by the Teachers Retirement Association. The audit or examination of the Minneapolis Teachers Retirement Fund Association for year-end June 30, 2006 must be performed by either the State Auditor or the Legislative Auditor under an agreement with the Teachers Retirement Association. The costs of the audit or examination must be paid by the Teachers Retirement Association. Between the date of enactment of this section and June 30, 2006, the Minneapolis Teachers Retirement Fund Association cannot incur a new or additional enforceable contractual liability or obligation without approval of the Teachers Retirement Association.

Sec. 10. **[354.75] MINNEAPOLIS EMPLOYEES RETIREMENT FUND STATE AID REDEDICATED.**

Subdivision 1. **Appropriation.** The positive difference, if any, between the actual state aid paid to the Minneapolis Employees Retirement fund under section 422A.101, subdivision 3, and \$8,065,000 annually is appropriated from the general fund to the commissioner of finance for deposit in the Teachers Retirement Association to offset all or a portion of the current and future unfunded actuarial accrued liability of the Minneapolis Teachers Retirement Fund Association.

Subd. 2. **Financial requirements.** The appropriation in subdivision 1 is available to the extent that financial requirements of the Minneapolis Employees Retirement Fund under section 422A.101, subdivision 3, have been satisfied.

Sec. 11. Minnesota Statutes 2004, section 354A.011, subdivision 15a, is amended to read:

Subd. 15a. **Normal retirement age.** "Normal retirement age" means age 65 for a person who first became a member of the coordinated program of the ~~Minneapolis or St. Paul~~ Teachers Retirement Fund Association or the new law coordinated program of the Duluth Teachers Retirement Fund Association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. For a person who first became a member of the coordinated program of the ~~Minneapolis or St. Paul~~ Teachers Retirement Fund Association or the new law coordinated program of the Duluth Teachers Retirement Fund Association after June 30, 1989, normal retirement age means the higher of age 65 or retirement age, as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66. For a person who is a member of the basic program of the ~~Minneapolis or St. Paul~~ Teachers Retirement Fund Association or the old law coordinated program of the Duluth Teachers Retirement Fund Association, normal retirement age means the age at which a teacher becomes eligible for a normal retirement annuity computed upon meeting the age and service requirements specified in the applicable provisions of the articles of incorporation or bylaws of the respective teachers retirement fund association.

Sec. 12. Minnesota Statutes 2004, section 354A.011, subdivision 27, is amended to read:

Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public school district, other than a charter school, located in the corporate limits of ~~one of the cities of the first class which was so classified on January 1, 1979~~ Duluth and St. Paul, as any of the following:

(1) a full-time employee in a position for which a valid license from the state Department of Education is required;

(2) an employee of the teachers retirement fund association located in the city of the first class unless the employee has exercised the option pursuant to Laws 1955, chapter 10, section 1, to retain membership in the Minneapolis Employees Retirement Fund established pursuant to chapter 422A;

(3) a part-time employee in a position for which a valid license from the state Department of Education is required; or

(4) a part-time employee in a position for which a valid license from the state Department of Education is required who also renders other nonteaching services for the school district, unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service may not be covered by the association.

(b) The term does not mean any person who renders service in the school district as any of the following:

(1) an independent contractor or the employee of an independent contractor;

(2) an employee who is a full-time teacher covered by the Teachers Retirement Association or by another teachers retirement fund association established pursuant to this chapter or chapter 354;

(3) an employee exempt from licensure pursuant to section 122A.30;

(4) an employee who is a teacher in a technical college located in a city of the first class unless the person elects coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2;

(5) a teacher employed by a charter school, irrespective of the location of the school; or

(6) an employee who is a part-time teacher in a technical college in a city of the first class and who has elected coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2, but (i) the teaching service is incidental to the regular nonteaching occupation of the person; (ii) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300 hours in the fiscal year to which the certification applies.

Sec. 13. Minnesota Statutes 2004, section 354A.021, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** There is established a teachers retirement fund association in each of the cities of the first class which were so classified on January 1, 1979 Duluth and St. Paul. The associations shall be known respectively as the "Duluth Teachers Retirement Fund Association," ~~the "Minneapolis Teachers Retirement Fund Association"~~ and the "St. Paul Teachers Retirement Fund Association." Each association shall be a continuation of the teachers retirement fund association with the same corporate name established pursuant to the authorization contained in Laws 1909, chapter 343, section 1.

Sec. 14. Minnesota Statutes 2004, section 354A.092, is amended to read:

354A.092 SABBATICAL LEAVE.

Any teacher in the coordinated program of ~~either the Minneapolis Teachers Retirement Fund Association or the~~ St. Paul Teachers Retirement Fund Association or any teacher in the new law coordinated program of the Duluth Teachers Retirement Fund Association who is granted a sabbatical leave shall be entitled to receive allowable service credit in the applicable association for periods of sabbatical leave. To obtain the service credit, the teacher on sabbatical leave shall make an employee contribution to the applicable association. No teacher shall be entitled to receive more than three years of allowable service credit pursuant to this section for a period or periods of sabbatical leave during any ten consecutive fiscal or calendar years, whichever is the applicable plan year for the teachers retirement fund association. If the teacher granted a sabbatical leave makes the employee contribution for a period of sabbatical leave pursuant to this section, the employing unit shall make an employer contribution on behalf

of the teacher to the applicable association for that period of sabbatical leave in the manner described in section 354A.12, subdivision 2a. The employee and employer contributions shall be in an amount equal to the employee and employer contribution rates in effect for other active members of the association covered by the same program applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the sabbatical leave period. Payment of the employee contribution authorized pursuant to this section shall be made by the teacher on or before June 30 of year next following the year in which the sabbatical leave terminated and shall be made without interest. For sabbatical leaves taken after June 30, 1986, the required employer contributions shall be paid by the employing unit within 30 days after notification by the association of the amount due. If the employee contributions for the sabbatical leave period are less than an amount equal to the applicable contribution rate applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the sabbatical leave period, service credit shall be prorated. The prorated service credit shall be determined by the ratio between the amount of the actual payment which was made and the full contribution amount payable pursuant to this section.

Sec. 15. Minnesota Statutes 2004, section 354A.093, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** Any teacher in the coordinated program of ~~either the Minneapolis Teachers Retirement Fund Association or~~ the St. Paul Teachers Retirement Fund Association or any teacher in the new law coordinated program of the Duluth Teachers Retirement Fund Association who is absent from employment by reason of service in the uniformed services as defined in United States Code, title 38, section 4303(13) and who returns to the employer providing active teaching service upon discharge from uniformed service within the time frames required under United States Code, title 38, section 4312(e), may receive allowable service credit in the applicable association for all or a portion of the period of uniformed service, provided that the teacher did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

Sec. 16. Minnesota Statutes 2004, section 354A.095, is amended to read:

354A.095 PARENTAL AND MATERNITY LEAVE.

Basic or coordinated members of the St. Paul Teachers Retirement Fund Association, ~~the Minneapolis Teachers Retirement Fund Association,~~ and new coordinated members of the Duluth Teachers Retirement Fund Association, who are granted parental or maternity leave of absence by the employing authority, are entitled to obtain service credit not to exceed one year for the period of leave upon payment to the applicable fund by the end of the fiscal year following the fiscal year in which the leave of absence terminated. The amount of the payment must include the total required employee and employer contributions for the period of leave prescribed in section 354A.12. Payment must be based on the member's average monthly salary rate upon return to teaching service, and is payable without interest. Payment must be accompanied by a certified or otherwise adequate copy of the resolution or action of the employing authority granting or approving the leave.

Sec. 17. Minnesota Statutes 2004, section 354A.096, is amended to read:

354A.096 MEDICAL LEAVE.

Any teacher in the coordinated program of ~~either the Minneapolis Teachers Retirement Fund Association or~~ the St. Paul Teachers Retirement Fund Association or the new law coordinated program of the Duluth Teachers Retirement Fund Association who is on an authorized medical leave of absence and subsequently returns to teaching service is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354A.12, subdivisions 1 and 2, as applied to the member's average full-time monthly salary rate on the date the leave of absence commenced plus annual interest at the rate of 8.5 percent per year from the end of the fiscal year during which the leave terminates to the end of the month during which payment is made.

The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid by the end of the fiscal year following the fiscal year in which the leave of absence terminated or before the member retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association in a manner specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354A.36 and receive allowable service credit under this section for the same period of time.

Sec. 18. Minnesota Statutes 2004, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** The contribution required to be paid by each member of a teachers retirement fund association shall not be less than the percentage of total salary specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Association	
old law and new law coordinated programs	5.5 percent
Minneapolis Teachers Retirement Association	
basic program	8.5 percent
coordinated program	5.5 percent
St. Paul Teachers Retirement Association	
basic program	8 percent
coordinated program	5.5 percent

Contributions shall be made by deduction from salary and must be remitted directly to the respective teachers retirement fund association at least once each month.

Sec. 19. Minnesota Statutes 2004, section 354A.12, subdivision 2, is amended to read:

Subd. 2. **Retirement contribution levy disallowed.** Except as provided in ~~subdivision 3b and in section 423A.02, subdivision 3, with respect to the city of Minneapolis and special school district No. 1 and in section 423A.02, subdivision 3, with respect to independent school district No. 625, notwithstanding any law to the contrary, levies for teachers retirement fund associations in the cities of the first class Duluth and St. Paul, including levies for any employer Social Security taxes for teachers covered by the Duluth Teachers Retirement Fund Association or the Minneapolis Teachers Retirement Fund Association or the St. Paul Teachers Retirement Fund Association, are disallowed.~~

Sec. 20. Minnesota Statutes 2004, section 354A.12, subdivision 2a, is amended to read:

Subd. 2a. **Employer regular and additional contribution rates.** (a) The employing units shall make the following employer contributions to teachers retirement fund associations:

(1) for any coordinated member of a teachers retirement fund association in a city of the first class, the employing unit shall pay the employer Social Security taxes in accordance with section 355.46, subdivision 3, clause (b);

(2) for any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the employing unit shall make a regular employer contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth Teachers Retirement Fund Association	4.50 percent
Minneapolis Teachers Retirement Fund Association	4.50 percent
St. Paul Teachers Retirement Fund Association	4.50 percent

(3) for any basic member of ~~one of the following~~ St. Paul Teachers Retirement Fund associations in a city of the first class Association, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount equal to ~~the designated percentage~~ 8.00 percent of the salary of the basic member ~~as provided below;~~

Minneapolis Teachers Retirement Fund Association	8.50 percent
St. Paul Teachers Retirement Fund Association	8.00 percent

(4) for a basic member of ~~a the St. Paul Teachers Retirement Fund Association in a city of the first class~~, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to ~~the designated percentage~~ 3.64 percent of the salary of the basic member, ~~as provided below;~~

~~Minneapolis Teachers Retirement Fund Association~~

July 1, 1993 — June 30, 1994	4.85 percent
July 1, 1994, and thereafter	3.64 percent

~~St. Paul Teachers Retirement Fund Association~~

July 1, 1993 — June 30, 1995	4.63 percent
July 1, 1995, and thereafter	3.64 percent

(5) for a coordinated member of a teachers retirement fund association in a city of the first class, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to the applicable percentage of the coordinated member's salary, as provided below:

Duluth Teachers Retirement Fund Association	1.29 percent
Minneapolis Teachers Retirement Fund Association	
July 1, 1993 — June 30, 1994	0.50 percent

July 1, 1994, and thereafter	3.64 percent
St. Paul Teachers Retirement Fund Association	
July 1, 1993 - June 30, 1994	0.50 percent
July 1, 1994 - June 30, 1995	1.50 percent
July 1, 1997, and thereafter	3.84 percent

(b) The regular and additional employer contributions must be remitted directly to the respective teachers retirement fund association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

(c) Payments of regular and additional employer contributions for school district or technical college employees who are paid from normal operating funds must be made from the appropriate fund of the district or technical college.

Sec. 21. Minnesota Statutes 2004, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. **Special direct state aid to first class city teachers retirement fund associations.** (a) In fiscal year 1998, the state shall pay \$4,827,000 to the St. Paul Teachers Retirement Fund Association, \$17,954,000 to the Minneapolis Teachers Retirement Fund Association, and \$486,000 to the Duluth Teachers Retirement Fund Association. In each ~~subsequent~~ fiscal year after fiscal year 2006, these payments to the first class city teachers retirement fund associations must be \$2,827,000 for St. Paul, \$12,954,000 to the Teachers Retirement Association for the former Minneapolis Teachers Retirement Fund Association, and \$486,000 for Duluth.

(b) The direct state aids under this subdivision are payable October 1 annually. The commissioner of finance shall pay the direct state aid. The amount required under this subdivision is appropriated annually from the general fund to the commissioner of finance.

Sec. 22. Minnesota Statutes 2004, section 354A.12, subdivision 3b, is amended to read:

Subd. 3b. **Special direct state matching aid to the Minneapolis Teachers Retirement Fund Association.** (a) Special School District No. 1 ~~may~~ must make an additional employer contribution to the ~~Minneapolis~~ Teachers Retirement Fund Association. The city of Minneapolis ~~may~~ must make a contribution to the ~~Minneapolis~~ Teachers Retirement ~~Fund~~ Association. This contribution ~~may~~ must be made by a levy of the board of estimate and taxation of the city of Minneapolis and the levy, if made, is classified as that of a special taxing district for purposes of sections 275.065 and 276.04, and for all other property tax purposes.

(b) ~~For every \$1,000 \$1,125,000 must be contributed in equal proportion~~ by Special School District No. 1 and \$1,125,000 must be contributed by the city of Minneapolis to the ~~Minneapolis~~ Teachers Retirement ~~Fund~~ Association under paragraph (a), and the state shall pay to the ~~Minneapolis~~ Teachers Retirement ~~Fund~~ Association \$1,000, but not to exceed \$2,500,000 in total in each fiscal year 1994. The superintendent of Special School District No. 1, the mayor of the city of Minneapolis, and the executive director of the ~~Minneapolis~~ Teachers Retirement ~~Fund~~ Association shall jointly certify to the commissioner of finance the total amount that has been contributed by Special School District No. 1 and by the city of Minneapolis to the ~~Minneapolis~~ Teachers Retirement ~~Fund~~ Association. Any certification to the commissioner of education must be made quarterly. If the total certifications for a fiscal year exceed the maximum annual direct state matching aid amount in any quarter, the amount of direct state matching aid payable to the ~~Minneapolis~~ Teachers Retirement ~~Fund~~ Association must be limited to the balance of the maximum annual direct state matching aid amount available. The amount required under this paragraph, subject to the maximum direct state matching aid amount, is appropriated annually to the commissioner of finance.

(c) The commissioner of finance may prescribe the form of the certifications required under paragraph (b).

Sec. 23. Minnesota Statutes 2004, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** (a) The supplemental contributions payable to the Minneapolis Teachers Retirement Fund Association by Special School District No. 1 and the city of Minneapolis under section 423A.02, subdivision 3, which must continue to be paid to the Teachers Retirement Association until 2037, or to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, or the direct state aids under subdivision 3a to the ~~first class city St. Paul Teachers Retirement associations, and the direct matching and state aid under subdivision 3b to the Minneapolis Teachers Retirement Fund Association~~ terminate for the respective fund at the end of the fiscal year in which the accrued liability funding ratio for that fund, as determined in the most recent actuarial report for that fund by the actuary retained by the Legislative Commission on Pensions and Retirement, equals or exceeds the accrued liability funding ratio for the teachers retirement association, as determined in the most recent actuarial report for the Teachers Retirement Association by the actuary retained by the Legislative Commission on Pensions and Retirement.

(b) If the state direct matching, state supplemental, or state aid is terminated for a first class city teachers retirement fund association under paragraph (a), it may not again be received by that fund.

(c) If ~~either the Minneapolis Teachers Retirement Fund Association, the St. Paul Teachers Retirement Fund Association, or the Duluth Teachers Retirement Fund Association remain~~ is funded at ~~less than~~ the funding ratio applicable to the Teachers Retirement Association when the provisions of paragraph (b) become effective, then any state aid ~~not previously~~ distributed to that association must be immediately transferred to the ~~other associations in proportion to the relative sizes of their unfunded actuarial accrued liabilities~~ Teachers Retirement Association.

Sec. 24. Minnesota Statutes 2004, section 354A.12, subdivision 3d, is amended to read:

Subd. 3d. **Supplemental administrative expense assessment.** (a) The active and retired membership of the ~~Minneapolis Teachers Retirement Fund Association and of the St. Paul Teachers Retirement Fund Association~~ is responsible for defraying supplemental administrative expenses other than investment expenses of the respective teacher retirement fund association.

(b) Investment expenses of the teachers retirement fund association are those expenses incurred by or on behalf of the retirement fund in connection with the investment of the assets of the retirement fund other than investment security transaction costs. Other administrative expenses are all expenses incurred by or on behalf of the retirement fund for all other retirement fund functions other than the investment of retirement fund assets. Investment and other administrative expenses must be accounted for using generally accepted accounting principles and in a manner consistent with the comprehensive annual financial report of the teachers retirement fund association for the immediately previous fiscal year under section 356.20.

(c) Supplemental administrative expenses other than investment expenses of ~~a first class city teacher~~ the St. Paul Teachers Retirement Fund Association are those expenses for the fiscal year that:

(1) exceed, for the St. Paul Teachers Retirement Fund Association, \$443,745, ~~or for the Minneapolis Teacher Retirement Fund Association \$671,513, plus, in each case,~~ an additional amount derived by applying the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers All Items Index published by the Bureau of Labor Statistics of the United States Department of Labor since July 1, 2001, to the ~~applicable~~ dollar amount; and

(2) exceed the amount computed by applying the most recent percentage of pay administrative expense amount, other than investment expenses, for the teachers retirement association governed by chapter 354 to the covered payroll of the respective teachers retirement fund association for the fiscal year.

(d) The board of trustees of ~~each first class city~~ the St. Paul Teachers Retirement Fund Association shall allocate the total dollar amount of supplemental administrative expenses other than investment expenses determined under paragraph (c), clause (2), among the various active and retired membership groups of the teachers retirement fund association and shall assess the various membership groups their respective share of the supplemental administrative expenses other than investment expenses, in amounts determined by the board of trustees. The supplemental administrative expense assessments must be paid by the membership group in a manner determined by the board of trustees of the respective teachers retirement association. Supplemental administrative expenses payable by the active members of the pension plan must be picked up by the employer in accordance with section 356.62.

(e) With respect to the St. Paul Teachers Retirement Fund Association, the supplemental administrative expense assessment must be fully disclosed to the various active and retired membership groups of the teachers retirement fund association. The chief administrative officer of the St. Paul Teachers Retirement Fund Association shall prepare a supplemental administrative expense assessment disclosure notice, which must include the following:

(1) the total amount of administrative expenses of the St. Paul Teachers Retirement Fund Association, the amount of the investment expenses of the St. Paul Teachers Retirement Fund Association, and the net remaining amount of administrative expenses of the St. Paul Teachers Retirement Fund Association;

(2) the amount of administrative expenses for the St. Paul Teachers Retirement Fund Association that would be equivalent to the teachers retirement association noninvestment administrative expense level described in paragraph (c);

(3) the total amount of supplemental administrative expenses required for assessment calculated under paragraph (c);

(4) the portion of the total amount of the supplemental administrative expense assessment allocated to each membership group and the rationale for that allocation;

(5) the manner of collecting the supplemental administrative expense assessment from each membership group, the number of assessment payments required during the year, and the amount of each payment or the procedure used to determine each payment; and

(6) any other information that the chief administrative officer determines is necessary to fairly portray the manner in which the supplemental administrative expense assessment was determined and allocated.

(f) The disclosure notice must be provided annually in the annual report of the association.

(g) The supplemental administrative expense assessments must be deposited in the applicable teachers retirement fund upon receipt.

(h) Any omitted active membership group assessments that remain undeducted and unpaid to the teachers retirement fund association for 90 days must be paid by the respective school district. The school district may recover any omitted active membership group assessment amounts that it has previously paid. The teachers retirement fund association shall deduct any omitted retired membership group assessment amounts from the benefits next payable after the discovery of the omitted amounts.

Sec. 25. Minnesota Statutes 2004, section 354A.30, is amended to read:

354A.30 MINNEAPOLIS AND ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATIONS ASSOCIATION; COORDINATED PROGRAM.

There is established a coordinated program within the ~~Minneapolis Teachers Retirement Fund Association and a coordinated program within the~~ St. Paul Teachers Retirement Fund Association to provide retirement coverage for teachers who are covered by an agreement or modification made between the state and the secretary of health, education and welfare making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to certain teachers covered by the teachers retirement fund association. The provisions governing the coordinated program shall be sections 354A.31 to 354A.41 and any other applicable provisions of this chapter.

Sec. 26. Minnesota Statutes 2005 Supplement, section 354A.31, subdivision 4, is amended to read:

Subd. 4. **Computation of the normal coordinated retirement annuity; Minneapolis and St. Paul funds fund.** (a) This subdivision applies to the coordinated ~~programs~~ program of the ~~Minneapolis Teachers Retirement Fund Association and the~~ St. Paul Teachers Retirement Fund Association.

(b) The normal coordinated retirement annuity is an amount equal to a retiring coordinated member's average salary under section 354A.011, subdivision 7a, multiplied by the retirement annuity formula percentage.

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) will apply. The retirement annuity formula percentage for purposes of this paragraph is the percent specified in section 356.315, subdivision 1, per year for each year of coordinated service for the first ten years and the percent specified in section 356.315, subdivision 2, for each year of coordinated service thereafter.

(d) This paragraph applies to a person who has become at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7 is higher than it is when calculated under paragraph (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is the percent specified in section 356.315, subdivision 2, for each year of coordinated service.

Sec. 27. Minnesota Statutes 2004, section 354A.32, subdivision 1, is amended to read:

Subdivision 1. **Optional forms generally.** The ~~boards~~ board of the ~~Minneapolis and the~~ St. Paul Teachers Retirement Fund ~~Associations~~ Association shall ~~each~~ establish for the coordinated program and the board of the Duluth Teachers Retirement Fund Association shall establish for the new law coordinated program an optional retirement annuity which shall take the form of a joint and survivor annuity. Each board may also in its discretion establish an optional annuity which shall take the form of an annuity payable for a period certain and for life thereafter. Each board shall also establish an optional retirement annuity that guarantees payment of the balance of the annuity recipient's accumulated deductions to a designated beneficiary upon the death of the annuity recipient. Except as provided in subdivision 1a, optional annuity forms shall be the actuarial equivalent of the normal forms provided in section 354A.31. In establishing these optional annuity forms, the board shall obtain the written recommendation of the commission-retained actuary. The recommendation shall be a part of the permanent records of the board.

Sec. 28. Minnesota Statutes 2004, section 354A.39, is amended to read:

354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.

Any person who has been a member of the Minnesota State Retirement System, the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota State Patrol Retirement Association, the legislators retirement plan, the constitutional officers retirement plan, the Minneapolis Employees Retirement Fund, the Duluth Teachers Retirement Fund Association new law coordinated program, ~~the Minneapolis Teachers Retirement Fund Association coordinated program~~, the St. Paul Teachers Retirement Fund Association coordinated program, or any other public employee retirement system in the state of Minnesota having a like provision but excluding all other funds providing retirement benefits for police officers or firefighters shall be entitled when qualified to an annuity from each fund if the person's total allowable service in all of the funds or in any two or more of the funds totals three or more years, provided that no portion of the allowable service upon which the retirement annuity from one fund is based is used again in the computation for a retirement annuity from another fund and provided further that the person has not taken a refund from any of funds or associations since the person's membership in the fund or association has terminated. The annuity from each fund or association shall be determined by the appropriate provisions of the law governing each fund or association, except that the requirement that a person must have at least three years of allowable service in the respective fund or association shall not apply for the purposes of this section, provided that the aggregate service in two or more of these funds equals three or more years.

Sec. 29. Minnesota Statutes 2004, section 354A.40, subdivision 1, is amended to read:

Subdivision 1. **Retirement annuity.** Any coordinated member of ~~either the Minneapolis Teachers Retirement Fund Association or of the St. Paul Teachers Retirement Fund Association~~ who has credited service prior to July 1, 1978 shall be entitled to receive a retirement annuity when otherwise qualified, the calculation of which shall utilize the applicable retirement annuity formula specified in articles of incorporation and bylaws of the teachers retirement fund association governing the basic program for that portion of credited service which was served prior to July 1, 1978, and the retirement annuity formula specified in section 354A.31 for the remainder of the member's credited service, both applied to the member's average salary as specified in section 354A.31, subdivision 4. The formula percentages to be used in calculating the coordinated portion of the retirement annuity or coordinated service under this section shall recognize the coordinated service as a continuation of any service prior to July 1, 1978.

Sec. 30. Minnesota Statutes 2004, section 354A.41, is amended to read:

354A.41 ADMINISTRATION OF COORDINATED PROGRAM.

Subdivision 1. **Administrative provisions.** The provisions of the articles of incorporation and bylaws of the ~~Minneapolis or the St. Paul Teachers Retirement Fund Association, whichever is applicable~~, relating to the administration of the fund shall govern the administration of the coordinated ~~program~~ and basic programs and the provisions of the articles of incorporation and bylaws of the Duluth Teachers Retirement Fund Association relating to the administration of the fund shall govern the administration of the new law coordinated program in instances where the administrative provisions are not inconsistent with the provisions of sections 354A.31 to 354A.41, including but not limited to provisions relating to the composition and function of the board of trustees, the investment of assets of the teachers retirement fund association, and the definition of the plan year. The administrative provisions in the articles of incorporation and the bylaws of the Minneapolis Teachers Retirement Fund Association pertaining to the granting of pension benefits of the basic and coordinated programs are no longer in effect after June 30, 2006.

Subd. 2. **Actuarial valuations.** In any actuarial valuation of the ~~Minneapolis Teachers Retirement Fund Association, the~~ St. Paul Teachers Retirement Fund Association, or the Duluth Teachers Retirement Fund Association under section 356.215 prepared by the commission-retained actuary or supplemental actuarial valuation prepared by an approved actuary retained by the teachers retirement fund association, there shall be included a finding of the condition of the fund showing separately the basic and coordinated programs or the old law coordinated and new law coordinated programs, as appropriate. The finding shall include the level normal cost and the applicable employee and employer contribution rates for each program.

Sec. 31. Minnesota Statutes 2004, section 356.20, subdivision 2, is amended to read:

Subd. 2. **Covered public pension plans and funds.** This section applies to the following public pension plans:

- (1) the general state employees retirement plan of the Minnesota State Retirement System;
- (2) the general employees retirement plan of the Public Employees Retirement Association;
- (3) the Teachers Retirement Association;
- (4) the State Patrol retirement plan;
- (5) the ~~Minneapolis Teachers Retirement Fund Association;~~
- (6) ~~the~~ St. Paul Teachers Retirement Fund Association;
- (7) (6) the Duluth Teachers Retirement Fund Association;
- (8) (7) the Minneapolis Employees Retirement Fund;
- (9) (8) the University of Minnesota faculty retirement plan;
- (10) (9) the University of Minnesota faculty supplemental retirement plan;
- (11) (10) the judges retirement fund;
- (12) (11) a police or firefighter's relief association specified or described in section 69.77, subdivision 1a, or 69.771, subdivision 1;
- (13) (12) the public employees police and fire plan of the Public Employees Retirement Association;
- (14) (13) the correctional state employees retirement plan of the Minnesota State Retirement System; and
- (15) (14) the local government correctional service retirement plan of the Public Employees Retirement Association.

Sec. 32. Minnesota Statutes 2004, section 356.214, subdivision 1, is amended to read:

Subdivision 1. **Joint retention.** (a) The chief administrative officers of the Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, the Duluth Teachers Retirement Fund Association, ~~the Minneapolis Teachers Retirement Fund Association,~~ the Minneapolis Employees Retirement Fund, and the St. Paul Teachers Retirement Fund Association, jointly, on behalf of the state, its employees, its taxpayers, and its various public pension plans, shall contract with an established actuarial consulting

firm to conduct annual actuarial valuations and related services for the retirement plans named in paragraph (b). The principal from the actuarial consulting firm on the contract must be an approved actuary under section 356.215, subdivision 1, paragraph (c). Prior to becoming effective, the contract under this section is subject to a review and approval by the Legislative Commission on Pensions and Retirement.

(b) The contract for actuarial services must include the preparation of actuarial valuations and related actuarial work for the following retirement plans:

- (1) the teachers retirement plan, Teachers Retirement Association;
- (2) the general state employees retirement plan, Minnesota State Retirement System;
- (3) the correctional employees retirement plan, Minnesota State Retirement System;
- (4) the State Patrol retirement plan, Minnesota State Retirement System;
- (5) the judges retirement plan, Minnesota State Retirement System;
- (6) the Minneapolis employees retirement plan, Minneapolis Employees Retirement Fund;
- (7) the public employees retirement plan, Public Employees Retirement Association;
- (8) the public employees police and fire plan, Public Employees Retirement Association;
- (9) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund Association;
- ~~(10) the Minneapolis teachers retirement plan, Minneapolis Teachers Retirement Fund Association;~~
- ~~(11)~~ (10) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund Association;
- ~~(12)~~ (11) the legislators retirement plan, Minnesota State Retirement System;
- ~~(13)~~ (12) the elective state officers retirement plan, Minnesota State Retirement System; and
- ~~(14)~~ (13) local government correctional service retirement plan, Public Employees Retirement Association.

(c) The contract must require completion of the annual actuarial valuation calculations on a fiscal year basis, with the contents of the actuarial valuation calculations as specified in section 356.215, and in conformity with the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

The contract must require completion of annual experience data collection and processing and a quadrennial published experience study for the plans listed in paragraph (b), clauses (1), (2), and (7), as provided for in the standards for actuarial work adopted by the commission. The experience data collection, processing, and analysis must evaluate the following:

- (1) individual salary progression;
- (2) the rate of return on investments based on the current asset value;
- (3) payroll growth;
- (4) mortality;

- (5) retirement age;
- (6) withdrawal; and
- (7) disablement.

The contract must include provisions for the preparation of cost analyses by the jointly retained actuary for proposed legislation that include changes in benefit provisions or funding policies prior to their consideration by the Legislative Commission on Pensions and Retirement.

(d) The actuary retained by the joint retirement systems shall annually prepare a report to the legislature, including a commentary on the actuarial valuation calculations for the plans named in paragraph (b) and summarizing the results of the actuarial valuation calculations. The actuary shall include with the report the actuary's recommendations to the legislature concerning the appropriateness of the support rates to achieve proper funding of the retirement plans by the required funding dates. The actuary shall, as part of the quadrennial experience study, include recommendations to the legislature on the appropriateness of the actuarial valuation assumptions required for evaluation in the study.

(e) If the actuarial gain and loss analysis in the actuarial valuation calculations indicates a persistent pattern of sizable gains or losses, as directed by the joint retirement systems or as requested by the chair of the Legislative Commission on Pensions and Retirement, the actuary shall prepare a special experience study for a plan listed in paragraph (b), clause (3), (4), (5), (6), (8), (9), (10), (11), (12), ~~(13)~~, or ~~(14)~~ (13), in the manner provided for in the standards for actuarial work adopted by the commission.

(f) The term of the contract between the joint retirement systems and the actuary retained may not exceed five years. The joint retirement system administrative officers shall establish procedures for the consideration and selection of contract bidders and the requirements for the contents of an actuarial services contract under this section. The procedures and requirements must be submitted to the Legislative Commission on Pensions and Retirement for review and comment prior to final approval by the joint administrators. The contract is subject to the procurement procedures under chapter 16C. The consideration of bids and the selection of a consulting actuarial firm by the chief administrative officers must occur at a meeting that is open to the public and reasonable timely public notice of the date and the time of the meeting and its subject matter must be given.

(g) The actuarial services contract may not limit the ability of the Minnesota legislature and its standing committees and commissions to rely on the actuarial results of the work prepared under the contract.

(h) The joint retirement systems shall designate one of the retirement system executive directors as the actuarial services contract manager.

Sec. 33. Minnesota Statutes 2005 Supplement, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0

general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
Minneapolis teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Minneapolis Police Relief Association	6.0	6.0
Fairmont Police Relief Association	5.0	5.0
Minneapolis Fire Department Relief Association	6.0	6.0
Virginia Fire Department Relief Association	5.0	5.0
Bloomington Fire Department Relief Association	6.0	6.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
elective state officers retirement plan	5.0
judges retirement plan	5.0
Minneapolis Police Relief Association	4.0
Fairmont Police Relief Association	3.5
Minneapolis Fire Department Relief Association	4.0
Virginia Fire Department Relief Association	3.5
Bloomington Fire Department Relief Association	4.0

(2) modified single rate future salary increase assumption

plan	future salary increase assumption
Minneapolis employees retirement plan	the prior calendar year amount increased first by 1.0198 percent to prior fiscal year date and then increased by 4.0 percent annually for each future year

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
general state employees retirement plan	select calculation and assumption A
correctional state employees retirement plan	assumption H <u>G</u>
State Patrol retirement plan	assumption H <u>G</u>
general public employees retirement plan	select calculation and assumption B
public employees police and fire fund retirement plan	assumption C
local government correctional service retirement plan	assumption H <u>G</u>
teachers retirement plan	assumption D
Duluth teachers retirement plan	assumption E
Minneapolis teachers retirement plan	assumption F
St. Paul teachers retirement plan	assumption G <u>F</u>

The select calculation is: during the ten-year select period, a designated percent is multiplied by the result of ten minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated percent is 0.2 percent for the correctional state employees retirement plan, the State Patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; and 0.3 percent for the general state employees retirement plan, the general public employees retirement plan, the teachers retirement plan, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association; ~~and 0.4 percent for the Minneapolis Teachers Retirement Fund Association.~~

The ultimate future salary increase assumption is:

age	A	B	C	D	E	F	G <u>F</u>	H <u>G</u>
16	6.95%	6.95%	11.50%	8.20%	8.00%	6.50%	6.90%	7.7500
17	6.90	6.90	11.50	8.15	8.00	6.50	6.90	7.7500
18	6.85	6.85	11.50	8.10	8.00	6.50	6.90	7.7500
19	6.80	6.80	11.50	8.05	8.00	6.50	6.90	7.7500
20	6.75	6.40	11.50	6.00	6.90	6.50	6.90	7.7500
21	6.75	6.40	11.50	6.00	6.90	6.50	6.90	7.1454
22	6.75	6.40	11.00	6.00	6.90	6.50	6.90	7.0725
23	6.75	6.40	10.50	6.00	6.85	6.50	6.85	7.0544
24	6.75	6.40	10.00	6.00	6.80	6.50	6.80	7.0363

25	6.75	6.40	9.50	6.00	6.75	6.50	6.75	7.0000
26	6.75	6.36	9.20	6.00	6.70	6.50	6.70	7.0000
27	6.75	6.32	8.90	6.00	6.65	6.50	6.65	7.0000
28	6.75	6.28	8.60	6.00	6.60	6.50	6.60	7.0000
29	6.75	6.24	8.30	6.00	6.55	6.50	6.55	7.0000
30	6.75	6.20	8.00	6.00	6.50	6.50	6.50	7.0000
31	6.75	6.16	7.80	6.00	6.45	6.50	6.45	7.0000
32	6.75	6.12	7.60	6.00	6.40	6.50	6.40	7.0000
33	6.75	6.08	7.40	6.00	6.35	6.50	6.35	7.0000
34	6.75	6.04	7.20	6.00	6.30	6.50	6.30	7.0000
35	6.75	6.00	7.00	6.00	6.25	6.50	6.25	7.0000
36	6.75	5.96	6.80	6.00	6.20	6.50	6.20	6.9019
37	6.75	5.92	6.60	6.00	6.15	6.50	6.15	6.8074
38	6.75	5.88	6.40	5.90	6.10	6.50	6.10	6.7125
39	6.75	5.84	6.20	5.80	6.05	6.50	6.05	6.6054
40	6.75	5.80	6.00	5.70	6.00	6.50	6.00	6.5000
41	6.75	5.76	5.90	5.60	5.90	6.50	5.95	6.3540
42	6.75	5.72	5.80	5.50	5.80	6.50	5.90	6.2087
43	6.65	5.68	5.70	5.40	5.70	6.50	5.85	6.0622
44	6.55	5.64	5.60	5.30	5.60	6.50	5.80	5.9048
45	6.45	5.60	5.50	5.20	5.50	6.50	5.75	5.7500
46	6.35	5.56	5.45	5.10	5.40	6.40	5.70	5.6940
47	6.25	5.52	5.40	5.00	5.30	6.30	5.65	5.6375
48	6.15	5.48	5.35	5.00	5.20	6.20	5.60	5.5822
49	6.05	5.44	5.30	5.00	5.10	6.10	5.55	5.5404
50	5.95	5.40	5.25	5.00	5.00	6.00	5.50	5.5000
51	5.85	5.36	5.25	5.00	5.00	5.90	5.45	5.4384
52	5.75	5.32	5.25	5.00	5.00	5.80	5.40	5.3776
53	5.65	5.28	5.25	5.00	5.00	5.70	5.35	5.3167
54	5.55	5.24	5.25	5.00	5.00	5.60	5.30	5.2826
55	5.45	5.20	5.25	5.00	5.00	5.50	5.25	5.2500
56	5.35	5.16	5.25	5.00	5.00	5.40	5.20	5.2500
57	5.25	5.12	5.25	5.00	5.00	5.30	5.15	5.2500
58	5.25	5.08	5.25	5.10	5.00	5.20	5.10	5.2500
59	5.25	5.04	5.25	5.20	5.00	5.10	5.05	5.2500
60	5.25	5.00	5.25	5.30	5.00	5.00	5.00	5.2500
61	5.25	5.00	5.25	5.40	5.00	5.00	5.00	5.2500
62	5.25	5.00	5.25	5.50	5.00	5.00	5.00	5.2500
63	5.25	5.00	5.25	5.60	5.00	5.00	5.00	5.2500
64	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
65	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
66	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
67	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
68	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
69	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
70	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
71	5.25	5.00		5.70				

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan	5.00%
correctional state employees retirement plan	5.00
State Patrol retirement plan	5.00
legislators retirement plan	5.00
elective state officers retirement plan	5.00
judges retirement plan	5.00
general public employees retirement plan	6.00
public employees police and fire retirement plan	6.00
local government correctional service retirement plan	6.00
teachers retirement plan	5.00
Duluth teachers retirement plan	5.00
Minneapolis teachers retirement plan	5.00
St. Paul teachers retirement plan	5.00

Sec. 34. Minnesota Statutes 2004, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis Employees Retirement Fund and the Public Employees Retirement Association general plan, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis Employees Retirement Fund and the Public Employees Retirement Association general plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the Minneapolis Employees Retirement Fund, the established date for full funding is June 30, 2020.

(e) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.

(f) For the Teachers Retirement Association, the established date for full funding is June 30, 2037.

(g) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

Sec. 35. Minnesota Statutes 2004, section 356.30, subdivision 3, is amended to read:

Subd. 3. **Covered plans.** This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the unclassified employees retirement program, established under chapter 352D;

(4) the State Patrol retirement plan, established under chapter 352B;

(5) the legislators retirement plan, established under chapter 3A;

(6) the elective state officers' retirement plan, established under chapter 352C;

(7) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353;

(8) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E;

(10) the Teachers Retirement Association, established under chapter 354;

(11) the Minneapolis Employees Retirement Fund, established under chapter 422A;

~~(12) the Minneapolis Teachers Retirement Fund Association, established under chapter 354A;~~

~~(13)~~ (12) the St. Paul Teachers Retirement Fund Association, established under chapter 354A;

~~(14)~~ (13) the Duluth Teachers Retirement Fund Association, established under chapter 354A; and

~~(15)~~ (14) the judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 36. Minnesota Statutes 2004, section 356.302, subdivision 7, is amended to read:

Subd. 7. **Covered retirement plans.** This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(2) the unclassified state employees retirement program of the Minnesota State Retirement System, established by chapter 352D;

(3) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;

- (4) the Teachers Retirement Association, established by chapter 354;
- (5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
- ~~(6) the Minneapolis Teachers Retirement Fund Association, established by chapter 354A;~~
- ~~(7) (6)~~ the St. Paul Teachers Retirement Fund Association, established by chapter 354A;
- ~~(8) (7)~~ the Minneapolis Employees Retirement Fund, established by chapter 422A;
- ~~(9) (8)~~ the state correctional employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- ~~(10) (9)~~ the State Patrol retirement plan, established by chapter 352B;
- ~~(11) (10)~~ the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;
- ~~(12) (11)~~ the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E; and
- ~~(13) (12)~~ the judges' retirement plan, established by sections 490.121 to 490.132.

Sec. 37. Minnesota Statutes 2004, section 356.303, subdivision 4, is amended to read:

Subd. 4. **Covered retirement plans.** This section applies to the following retirement plans:

- (1) the legislators retirement plan, established by chapter 3A;
- (2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- (3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- (4) the State Patrol retirement plan, established by chapter 352B;
- (5) the elective state officers retirement plan, established by chapter 352C;
- (6) the unclassified state employees retirement program, established by chapter 352D;
- (7) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;
- (8) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;
- (9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;
- (10) the Teachers Retirement Association, established by chapter 354;

- (11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
- ~~(12) the Minneapolis Teachers Retirement Fund Association, established by chapter 354A;~~
- ~~(13)~~ (12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;
- ~~(14)~~ (13) the Minneapolis Employees Retirement Fund, established by chapter 422A; and
- ~~(15)~~ (14) the judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 38. Minnesota Statutes 2004, section 356.315, is amended by adding a subdivision to read:

Subd. 1a. **Coordinated plan members.** The applicable benefit accrual rate is 1.4 percent.

Sec. 39. Minnesota Statutes 2004, section 356.315, is amended by adding a subdivision to read:

Subd. 2b. **Certain coordinated program members.** The applicable benefit accrual rate is 1.9 percent.

Sec. 40. Minnesota Statutes 2004, section 356.42, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The postretirement adjustment provided in this section applies to the following retirement funds:

- (1) the general employees retirement plans of the Public Employees Retirement Association;
- (2) the public employees police and fire plan of the Public Employees Retirement Association;
- (3) the teachers retirement association;
- (4) the State Patrol retirement plan;
- (5) the state employees retirement plan of the Minnesota State Retirement System;
- ~~(6) the Minneapolis Teachers Retirement Fund Association established under chapter 354A;~~
- ~~(7)~~ (6) the St. Paul Teachers Retirement Fund Association established under chapter 354A; and
- ~~(8)~~ (7) the Duluth Teachers Retirement Fund Association established under chapter 354A.

Sec. 41. Minnesota Statutes 2004, section 356.465, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

- (1) the general state employees retirement plan of the Minnesota State Retirement System established under chapter 352;
- (2) the correctional state employees retirement plan of the Minnesota State Retirement System established under chapter 352;
- (3) the State Patrol retirement plan established under chapter 352B;

- (4) the legislators retirement plan established under chapter 3A;
- (5) the judges retirement plan established under chapter 490;
- (6) the general employees retirement plan of the Public Employees Retirement Association established under chapter 353;
- (7) the public employees police and fire plan of the Public Employees Retirement Association established under chapter 353;
- (8) the teachers retirement plan established under chapter 354;
- (9) the Duluth Teachers Retirement Fund Association established under chapter 354A;
- (10) the St. Paul Teachers Retirement Fund Association established under chapter 354A;
- ~~(11) the Minneapolis Teachers Retirement Fund Association established under chapter 354A;~~
- ~~(12)~~ (11) the Minneapolis employees retirement plan established under chapter 422A;
- ~~(13)~~ (12) the Minneapolis Firefighters Relief Association established under chapter 423C;
- ~~(14)~~ (13) the Minneapolis Police Relief Association established under chapter 423B; and
- ~~(15)~~ (14) the local government correctional service retirement plan of the Public Employees Retirement Association established under chapter 353E.

Sec. 42. Minnesota Statutes 2004, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. **Additional amortization state aid.** (a) Annually, on October 1, the commissioner of revenue shall allocate the additional amortization state aid transferred under section 69.021, subdivision 11, to:

(1) all police or salaried firefighters relief associations governed by and in full compliance with the requirements of section 69.77, that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31;

(2) all local police or salaried firefighter consolidation accounts governed by chapter 353A that are certified by the executive director of the public employees retirement association as having for the current fiscal year an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented section 353A.083, subdivision 1, if the effective date of the consolidation preceded May 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date of the consolidation preceded June 1, 1995; and

(3) the municipalities that are required to make an additional municipal contribution under section 353.665, subdivision 8, for the duration of the required additional contribution.

(b) The commissioner shall allocate the state aid on the basis of the proportional share of the relief association or consolidation account of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

(c) Beginning October 1, 2000, and annually thereafter, the commissioner shall allocate the state aid, including any state aid in excess of the limitation in subdivision 4, on the following basis:

(1) 64.5 percent to the municipalities to which section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in accordance with paragraph (b) and subject to the limitation in subdivision 4;

(2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis Fire Department Relief Association; and

(3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Virginia Fire Department Relief Association.

If there is no unfunded actuarial accrued liability in both the Minneapolis Police Relief Association and the Minneapolis Fire Department Relief Association as disclosed in the most recent actuarial valuations for the relief associations prepared under sections 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as follows: 49 percent to the ~~Minneapolis~~ Teachers Retirement Fund Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded actuarial accrued liability in the Virginia Fire Department Relief Association as disclosed in the most recent actuarial valuation for the relief association prepared under sections 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the ~~Minneapolis~~ Teachers Retirement Fund Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. The allocation must be made by the commissioner at the same time and under the same procedures as specified in subdivision 3. With respect to the ~~Minneapolis Teachers Retirement Fund Association or the St. Paul Teachers Retirement Fund Association~~, annually, beginning on July 1, 2005, if the applicable teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to that retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of that composite portfolio.

(d) The amounts required under this subdivision are annually appropriated to the commissioner of revenue.

Sec. 43. **MTRFA EMPLOYEES.**

Effective June 30, 2006, the Minneapolis Teachers Retirement Fund Association employees have their employment with the Minneapolis Teachers Retirement Fund Association terminated and, effective July 1, 2006, the Minneapolis Teachers Retirement Fund Association employees, excluding the Executive Director, become employees of the Teachers Retirement Association until December 31, 2007. The commissioner of employee relations shall place employees from the former Minneapolis Teachers Retirement Fund Association into state service in their proper classifications, except that employees are appointed without examination and must be compensated at their current hourly salary rate. Employees must have their accumulated, but unused, vacation leave balance as of June 30, 2006, posted to their credit by the Teachers Retirement Association but if the employee has vacation time in excess of the applicable maximum no additional vacation may accrue until the employee's balance falls below the maximum permitted by the state for the employee's position. The employees must receive length of service credit for vacation leave accrual for time served at the Minneapolis Teachers Retirement Fund Association. Minneapolis Teachers Retirement Fund Association employees who become employees of the Teachers Retirement Association effective on July 1, 2006 must be considered to have completed six months of continuous service for

vacation use purposes. Employees of the former Minneapolis Teachers Retirement Fund Association appointed to the classified service are subject to a probationary period under the collective bargaining agreement or compensation plan applicable to the employee's position at the Teachers Retirement Association. Effective July 1, 2006, all transferred employees must be enrolled in the state employees' group insurance program as provided in Minnesota Statutes, sections 43A.22 to 43A.31 and the commissioner of employee relations shall provide open enrollment in all state employee health and dental insurance plans with no limitation on preexisting conditions except as specified in existing state employee certificates of coverage. The commissioner of employee relations shall provide these transferred employees with the opportunity to purchase optional life and disability insurance as provided by the state group insurance program in accordance with the policies of the department of employee relations.

Sec. 44. **MTRFA ARTICLES AND BYLAWS; REPEAL; APPLICABILITY.**

(a) The articles of incorporation and bylaws of the Minneapolis Teachers Retirement Fund Association are repealed and have application only as provided in section 9, subdivision 6, and in paragraph (b).

(b) The articles of incorporation and bylaws of the Minneapolis Teachers Retirement Fund Association only apply to members of the former Minneapolis Teachers Retirement Fund Association with service credit in the plan on or before June 30, 2006, and apply solely for purposes of determining the retirement annuity for or benefit on behalf of a member of the basic program of that retirement plan.

(c) No annuity adjustment or increase under article 30 of the articles of incorporation of the Minneapolis Teachers Retirement Fund Association is applicable or payable after June 30, 2006.

Sec. 45. **REPEALER.**

Minnesota Statutes 2004, sections 354A.051; 354A.105; 354A.23, subdivision 1; and 354A.28, are repealed effective June 30, 2006.

Sec. 46. **EFFECTIVE DATE.**

Sections 2 to 45 are effective July 1, 2006, except that section 9, subdivision 7, is effective the day following final enactment.

ARTICLE 4

STATE BOARD OF INVESTMENT

Section 1. Laws 2005, chapter 156, article 1, section 8, is amended to read:

Sec. 8. INVESTMENT BOARD	2,167,000	2,167,000
		<u>151,000</u>

Sec. 2. Minnesota Statutes 2005 Supplement, section 11A.04, is amended to read:

11A.04 DUTIES AND POWERS.

The state board shall:

(1) Act as trustees for each fund for which it invests or manages money in accordance with the standard of care set forth in section 11A.09 if state assets are involved and in accordance with chapter 356A if pension assets are involved.

(2) Formulate policies and procedures deemed necessary and appropriate to carry out its functions. Procedures adopted by the board must allow fund beneficiaries and members of the public to become informed of proposed board actions. Procedures and policies of the board are not subject to the Administrative Procedure Act.

(3) Employ an executive director as provided in section 11A.07.

(4) Employ investment advisors and consultants as it deems necessary.

(5) Prescribe policies concerning personal investments of all employees of the board to prevent conflicts of interest.

(6) Maintain a record of its proceedings.

(7) As it deems necessary, establish advisory committees subject to section 15.059 to assist the board in carrying out its duties.

(8) Not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or the issuer's agent.

(9) Direct the commissioner of finance to sell property other than money that has escheated to the state when the board determines that sale of the property is in the best interest of the state. Escheated property must be sold to the highest bidder in the manner and upon terms and conditions prescribed by the board.

(10) Undertake any other activities necessary to implement the duties and powers set forth in this section.

(11) Establish a formula or formulas to measure management performance and return on investment. Public pension funds in the state shall utilize the formula or formulas developed by the state board.

(12) Except as otherwise provided in article XI, section 8, of the Constitution of the state of Minnesota, employ, at its discretion, qualified private firms to invest and manage the assets of funds over which the state board has investment management responsibility. There is annually appropriated to the state board, from the assets of the funds for which the state board utilizes a private investment manager, sums sufficient to pay the costs of employing private firms. Each year, by January 15, the board shall report to the governor and legislature on the cost and the investment performance of each investment manager employed by the board.

(13) Adopt an investment policy statement that includes investment objectives, asset allocation, and the investment management structure for the retirement fund assets under its control. The statement may be revised at the discretion of the state board. The state board shall seek the advice of the council regarding its investment policy statement. Adoption of the statement is not subject to chapter 14.

(14) Adopt a compensation plan setting the terms and conditions of employment for unclassified board employees who are not covered by a collective bargaining agreement.

There is annually appropriated to the state board, from the assets of the funds for which the state board provides investment services, sums sufficient to pay the costs of all necessary expenses for the administration of the board. These sums will be deposited in the State Board of Investment operating account, which must be established by the commissioner of finance.

Sec. 3. Minnesota Statutes 2005 Supplement, section 11A.07, subdivision 4, is amended to read:

Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

(1) plan, direct, coordinate, and execute administrative and investment functions in conformity with the policies and directives of the state board and the requirements of this chapter and of chapter 356A;

(2) prepare and submit biennial and annual budgets to the board and with the approval of the board submit the budgets to the Department of Finance;

(3) employ professional and clerical staff as necessary. Employees whose primary responsibility is to invest or manage money or employees who hold positions designated as unclassified under section 43A.08, subdivision 1a, are in the unclassified service of the state. Other employees are in the classified service. Unclassified employees who are not covered by a collective bargaining agreement are employed under the terms and conditions of the compensation plan approved under section 43A.18, subdivision 3b;

(3) (4) report to the state board on all operations under the director's control and supervision;

(4) (5) maintain accurate and complete records of securities transactions and official activities;

(5) (6) establish a policy relating to the purchase and sale of securities on the basis of competitive offerings or bids. The policy is subject to board approval;

(6) (7) cause securities acquired to be kept in the custody of the commissioner of finance or other depositories consistent with chapter 356A, as the state board deems appropriate;

(7) (8) prepare and file with the director of the Legislative Reference Library, by December 31 of each year, a report summarizing the activities of the state board, the council, and the director during the preceding fiscal year. The report must be prepared so as to provide the legislature and the people of the state with a clear, comprehensive summary of the portfolio composition, the transactions, the total annual rate of return, and the yield to the state treasury and to each of the funds whose assets are invested by the state board, and the recipients of business placed or commissions allocated among the various commercial banks, investment bankers, and brokerage organizations. The report must contain financial statements for funds managed by the board prepared in accordance with generally accepted accounting principles;

(8) (9) require state officials from any department or agency to produce and provide access to any financial documents the state board deems necessary in the conduct of its investment activities;

(9) (10) receive and expend legislative appropriations; and

(10) (11) undertake any other activities necessary to implement the duties and powers set forth in this subdivision consistent with chapter 356A.

Sec. 4. Minnesota Statutes 2004, section 11A.07, subdivision 5, is amended to read:

Subd. 5. **Apportionment of expenses.** ~~The executive director shall apportion the actual expenses incurred by the board on an accrual basis among the several funds whose assets are invested by the board based on the weighted average assets under management during each quarter. The charge to each fund must be calculated, billed, and paid on a quarterly basis in accordance with procedures for interdepartmental payments established by the commissioner of finance. The amounts necessary to pay these charges are appropriated from the investment earnings of each fund. Receipts must be credited to the general fund as nondedicated receipts. The annual expenses incurred by the State Board of Investment will be apportioned among the state general fund, the retirement funds administered by the Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association, and all other funds as follows:~~

(1) on a biennial basis, the State Board of Investment, in accordance with biennial budget procedures established by the commissioner of finance, may request a direct appropriation that represents the portion of the State Board of Investment expenses necessary to provide investment services to the state general fund. This appropriation must be deposited in the State Board of Investment operating account;

(2) the executive director shall apportion the actual expenses incurred by the State Board of Investment, less the charge to the state general fund, among the funds whose assets are invested by the State Board of Investment, with the exception of the state general fund, based on the weighted average assets under management during the fiscal year. The amounts necessary to pay these charges are apportioned from the investment earnings of each fund. Receipts must be credited to the State Board of Investment operating account;

(3) the actual expenses apportioned and charged to the funds, with the exception of the state general fund and the retirement funds administered by the Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association, must be calculated, billed, and paid on a quarterly basis in accordance with procedures for interdepartmental payments established by the commissioner of finance; and

(4) the annual estimated expenses to be incurred by the State Board of Investment that will be payable by the retirement funds administered by the Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association must be deposited in the State Board of Investment operating account on the first business day of each fiscal year. A reconciliation of the actual expenses compared to the estimated costs must occur at the end of each fiscal year with any surplus or deficit being credited or debited to each of the respective funds. The State Board of Investment must present a statement of accrued actual expenses to each fund at the end of each quarter during each fiscal year.

ARTICLE 5

BUDGET PRESENTATION OF EMPLOYER PENSION CONTRIBUTIONS

Section 1. Minnesota Statutes 2004, section 43A.04, subdivision 12, is amended to read:

Subd. 12. **Total compensation reporting.** (a) The commissioner, in consultation with the commissioner of finance, shall report to the governor and the legislature by January 15 each year on executive branch employee salary and benefits. The purpose of the report is to assist in effective long-range planning and to provide data necessary to compute annual and biennial costs related to the state workforce. The report must use data available in the biennial budget system and other necessary sources. The report also must be made available to the public in an electronic format.

(b) The report must be organized by agency. The report must list the salary or hourly rate of pay for each agency employee. The report may list the employee by name or by an identification number.

(c) The report must also include an estimate of the average cost to the state of providing insurance and other benefits to a state employee.

(d) The report must also include the number of employees by agency or department, separated by retirement plan membership, and for each plan, the total compensation, the total employee retirement plan contribution, and the total employer retirement plan contributions.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

ARTICLE 6

INVESTMENT PERFORMANCE REPORTING

Section 1. Minnesota Statutes 2004, section 356.219, is amended by adding a subdivision to read:

Subd. 9. **Data availability.** Any information received by the state auditor under this section, if the data are public, must be made available to individuals or organizations which request that information. The state auditor is authorized to charge fees sufficient to cover the cost of providing the requested information in usable formats.

Sec. 2. Minnesota Statutes 2004, section 356.219, is amended by adding a subdivision to read:

Subd. 10. **Pension performance reporting.** In addition to report presentations that the state auditor is required to provide elsewhere in this section, the state auditor shall provide an analysis comparing the one year and the five year rate of return for each pension fund and the benchmark rate of return for each fund. The state auditor shall select the benchmark rate of return based on the best practice in the industry.

Sec. 3. **EFFECTIVE DATE.**

(a) Sections 1 and 2 are effective the day following final enactment.

(b) Section 2 expires on July 1, 2010.

ARTICLE 7

STUDY OF COMPARATIVE
PUBLIC RETIREMENT PLAN PROVISIONS

Section 1. **STUDY BY LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT.**

(a) The Legislative Commission on Pensions and Retirement shall study the structure and implications of procedures used by the Minnesota State Retirement System plans, Public Employees Retirement Association plans, the Teachers Retirement Association, the Minneapolis Employees Retirement Fund, the first class city teacher retirement fund associations, and the Minneapolis police and fire relief associations to provide investment performance based postretirement increases to plan benefit recipients. The study shall include but not be limited to consideration of the ability of these systems offset the impact of inflation; the cost, budget, and aid implications of these systems; and consistency across plans. In addition, the study must compare Minnesota teacher retirement plans with teacher pension plans in other states on the following items: normal retirement age; penalties that attach to early retirement; taxation of benefits; and pension benefits, including, but not limited to, the coordination with Social Security benefits, formula multipliers, final average salary periods, and special early normal retirement provisions.

(b) The Legislative Commission on Pensions and Retirement shall produce a report of the findings of the study. The Legislative Commission on Pensions and Retirement shall include draft proposed legislation to implement any recommended changes included in the report.

(c) The report must be filed by December 1, 2006, with the chairs of the Senate State and Local Government Operations Committee, the Senate Finance Committee, the House Government Operations and Veterans Affairs Committee, the House State Government Finance Committee, and the House Ways and Means Committee.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

ARTICLE 8

STUDY OF STATEWIDE
RETIREMENT PLAN STRUCTURESection 1. **STUDY BY LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT.**

(a) The Legislative Commission on Pensions and Retirement shall study the structure of the Minnesota combined investment funds under Minnesota Statutes, section 11A.14, and the Minnesota postretirement investment fund under Minnesota Statutes, section 11A.18, including transfer requirements between these funds.

(b) The Legislative Commission on Pensions and Retirement shall produce a report of the findings from the study. The Legislative Commission on Pensions and Retirement shall include draft proposed legislation to implement any recommended changes included in the report.

(c) The report must be filed by December 1, 2006, with the chairs of the Senate State and Local Government Operations Committee, the Senate Finance Committee, the House Government Operations and Veterans Affairs Committee, the House State Government Finance Committee, and the House Ways and Means Committee.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment."

Amend the title accordingly

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

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

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

S. F. No. 2239, A bill for an act relating to retirement; Minneapolis Teachers Retirement Fund Association and expanded list plans; clarifying mutual fund authority; revising investment authority to exclude below-investment grade bonds; authorizing service credit purchase; allowing transfers of certain deferred compensation contributions; providing an early retirement incentive; appropriating money; amending Minnesota Statutes 2004, sections 3A.01, subdivisions 1, 2, 6, 8, by adding subdivisions; 3A.011; 3A.02, subdivisions 1, 1b, 3, 4, 5; 3A.03, subdivisions 1, 2; 3A.04, subdivisions 1, 2, 3, 4, by adding a subdivision; 3A.05; 3A.07; 3A.10, subdivision 1; 3A.12; 3A.13; 6.72; 69.77, subdivision 9; 136F.45, subdivision 1a; 352.04, subdivisions 2, 3; 352.113, subdivision 7a; 352.116, subdivisions 3a, 3b; 352.90; 352.91, subdivisions 1, 2, 3c, 3d, 3e, 3f, 3g, by adding subdivisions; 352.92, subdivisions 1, 2; 352B.02, subdivisions 1a, 1c; 352C.091, subdivision 1; 352C.10; 352D.02, subdivision 1; 352D.04, subdivision 2; 352F.04; 353.01, subdivisions 2a, 11a, 11b, 12, 16, by adding a subdivision; 353.03, subdivisions 1, 1a, by adding a subdivision; 353.27, subdivisions 7, 7a, 7b; 353.29, subdivision 8; 353.30, subdivisions 3a, 3b; 353.32, subdivisions 1a, 1b; 353.33, subdivisions 1, 9; 353.34, subdivision 1; 353.656, subdivisions 3, 4, 6a; 353D.01, subdivision 2; 353D.02, subdivision 3, by adding subdivisions; 353D.03, by adding

subdivisions; 353E.02, subdivision 3; 353F.04; 354.45, subdivision 1a; 354A.08; 354A.28, subdivision 5; 354A.32, subdivision 1a; 354D.05; 355.01, subdivision 3g; 355.02, subdivisions 1, 3, by adding subdivisions; 356.219, subdivisions 3, 6; 356.24, subdivision 1; 356.50; 422A.05, subdivision 2c; 422A.06, subdivisions 3, 5, 8; 422A.101, subdivision 3; 423B.07; 424A.001, by adding a subdivision; 424A.02, subdivision 8b; 424A.05, subdivision 3; 424A.10; 490.121, subdivisions 1, 6, 7, 13, 14, 15, 22, by adding subdivisions; 490.122; 490.123, subdivisions 1, 1a, 1b, 1c, 2, 3; 490.124, subdivisions 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13; 490.125, subdivisions 1, 2; 490.126, as amended; 490.133; 525.05; Minnesota Statutes 2005 Supplement, sections 353.01, subdivision 2d; 353.028, subdivision 3; 353.28, subdivision 6; 353.656, subdivision 1; 353F.02, subdivision 4; 356A.06, subdivision 7; 422A.06, subdivision 7; 423B.09, subdivision 1; 490.121, subdivision 4; Laws 2004, chapter 267, article 8, section 41; proposing coding for new law in Minnesota Statutes, chapters 352; 352C; 353; 355; proposing coding for new law as Minnesota Statutes, chapter 490A; repealing Minnesota Statutes 2004, sections 3A.01, subdivisions 3, 4, 6a, 7; 3A.02, subdivision 2; 3A.04, subdivision 1a; 3A.09; 43A.34, subdivision 1; 352C.01; 352C.011; 352C.021, subdivisions 1, 2, 3, 4, 5, 6, 7; 352C.031, subdivisions 1, 2, 4, 5, 6; 352C.033; 352C.04; 352C.051; 352C.09; 352C.091, subdivisions 2, 3; 422A.101, subdivision 4; 490.021; 490.025; 490.101; 490.102; 490.103; 490.105; 490.106; 490.107; 490.108; 490.109; 490.1091; 490.12; 490.121, subdivisions 2, 3, 5, 8, 9, 10, 11, 12, 16, 17, 18, 19; 490.124, subdivision 6; 490.132; 490.15; 490.16; 490.18; Minnesota Statutes 2005 Supplement, sections 352C.021, subdivision 1a; 490.121, subdivision 20.

Reported the same back with the following amendments to the unofficial engrossment:

Page 54, after line 3, insert:

"Sec. 4. Laws 2005, First Special Session chapter 8, article 6, section 4, is amended to read:

Sec. 4. EFFECTIVE DATE.

(a) Section 1, relating to Bridges Medical Services, is effective upon the later of:

(1) the day after the governing body of the city of Ada and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month next following certification to the governing body of the city of Ada by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Bridges Medical Services employees under section 1 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained under Minnesota Statutes, section 356.214.

(b) Section 1, relating to the Hutchinson Area Health Care, is effective upon the later of:

(1) the day after the governing body of the city of Hutchinson and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, except that the certificate of approval must be filed before January 1, 2008; and

(2) the first day of the month next following certification to the governing body of the city of Hutchinson by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Hutchinson Area Health Care employees under section 1 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained ~~by the Legislative Commission on Pensions and Retirement~~ under Minnesota Statutes, section 356.214.

(c) Section 1, relating to the Northfield Hospital, is effective upon the later of:

(1) the day after the governing body of the city of Northfield and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3; and

(2) the first day of the month next following certification to the governing body of the city of Northfield by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Northfield Hospital employees under section 1 does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting actuary retained ~~by the Legislative Commission on Pensions and Retirement~~ under Minnesota Statutes, section 356.214.

(d) The cost of the actuarial calculations must be borne by the facility, the city in which the facility is located, or the purchaser of the facility.

(e) If the required actions in paragraphs (a), (b), or (c) and (d) occur, section 1 applies retroactively to the date of privatization.

(f) Section 3 is effective the day following final enactment.

(g) Section 2 is effective the day following final enactment and applies to privatizations occurring on or after the effective date."

Page 54, line 5, delete "and 3" and insert ", 3, and 4"

Pages 70 to 75, delete article 9

Renumber the sections in sequence and correct the internal references

Renumber the articles in sequence

Correct the title numbers accordingly

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

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

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

S. F. No. 2706, A bill for an act relating to vocational rehabilitation; extending a pilot project; amending Laws 2004, chapter 188, section 1, as amended.

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

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

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

S. F. No. 3260, A bill for an act relating to biotechnology zones; authorizing the designation of additional biotechnology and health sciences industry zones; amending Minnesota Statutes 2004, section 469.334, subdivisions 1, 4.

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

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 367, 2706 and 3260 were read for the second time.

ADJOURNMENT

Paulsen moved that the House adjourn. The motion prevailed, and Speaker pro tempore Davids declared the House stands adjourned until 11:00 a.m., Friday, May 19, 2006.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

