

STATE OF MINNESOTA

EIGHTY-FIFTH SESSION — 2007

 FORTY-SIXTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 12, 2007

The House of Representatives convened at 3:00 p.m. and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by Father Bob Mraz, Holy Family Catholic Church, Silver Lake, 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	Dettmer	Haws	Lenczewski	Olin	Simpson
Anderson, B.	Dill	Heidgerken	Lesch	Olson	Slawik
Anderson, S.	Dittrich	Hilstrom	Liebling	Otremba	Slocum
Anzelc	Dominguez	Hilty	Lieder	Ozment	Smith
Atkins	Doty	Holberg	Lillie	Paulsen	Solberg
Beard	Eastlund	Hoppe	Loeffler	Paymar	Sviggum
Benson	Eken	Hornstein	Madore	Pelowski	Swails
Berns	Emmer	Hortman	Magnus	Peppin	Thao
Bigham	Erhardt	Hosch	Mahoney	Peterson, A.	Thissen
Bly	Erickson	Howes	Mariani	Peterson, N.	Tillberry
Brod	Faust	Huntley	Marquart	Peterson, S.	Tingelstad
Brown	Finstad	Jaros	Masin	Poppe	Tschumper
Brynaert	Fritz	Johnson	McFarlane	Rukavina	Urdahl
Buesgens	Gardner	Juhnke	McNamara	Ruth	Wagenius
Bunn	Garofalo	Kahn	Moe	Ruud	Walker
Carlson	Gottwalt	Kalin	Morgan	Sailer	Ward
Clark	Greiling	Knuth	Mullery	Scalze	Wardlow
Cornish	Gunther	Koenen	Murphy, E.	Seifert	Welti
Davnie	Hackbarth	Kohls	Murphy, M.	Sertich	Winkler
Dean	Hamilton	Kranz	Nelson	Severson	Zellers
DeLaForest	Hansen	Laine	Nornes	Shimanski	Spk. Kelliher
Demmer	Hausman	Lanning	Norton	Simon	

A quorum was present.

Morrow, Westrom and Wollschlager were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Lesch 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 STANDING COMMITTEES AND DIVISIONS

Carlson from the Committee on Finance to which was referred:

H. F. No. 6, A bill for an act relating to education finance; increasing the general education basic formula allowance by three percent per year; amending Minnesota Statutes 2006, section 126C.10, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2006, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches \$350,000,000;

(2) the budget reserve account established in subdivision 1a until that account reaches \$653,000,000;

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve; and

(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, paragraph ~~(e)~~ (b), and Laws 2003, First Special Session chapter 9, article 5, section 34, as amended by Laws 2003, First Special Session chapter 23, section 20, by the same amount.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) To the extent that a positive unrestricted budgetary general fund balance is projected, appropriations under this section must be made before section 16A.1522 takes effect.

(d) The commissioner of finance shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

Sec. 2. Minnesota Statutes 2006, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted marginal cost pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0416, calculated without basic skills revenue, extended time revenue, alternative teacher compensation revenue, transition revenue, and transportation sparsity revenue, plus basic skills revenue, extended time revenue, basic alternative teacher compensation aid according to section 126C.10, subdivision 34, and transition revenue as though the school were a school district. The general education revenue for each extended time marginal cost pupil unit equals \$4,378 for fiscal year 2007, \$4,542 for fiscal year 2008, and \$4,677 for fiscal year 2009 and later.

(b) Notwithstanding paragraph (a), for charter schools in the first year of operation, general education revenue shall be computed using the number of adjusted pupil units in the current fiscal year.

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

Sec. 3. Minnesota Statutes 2006, section 124D.128, subdivision 1, is amended to read:

Subdivision 1. **Program established.** A learning year program provides instruction throughout the year on an extended year calendar, extended school day calendar, or both. A pupil may participate in the program and accelerate attainment of grade level requirements or graduation requirements. A learning year program may begin after the close of the regular school year in June. The program may be for students in one or more grade levels from kindergarten through grade 12.

Sec. 4. Minnesota Statutes 2006, section 124D.128, subdivision 2, is amended to read:

Subd. 2. **Commissioner designation.** (a) An area learning center designated by the state must be a site. An area learning center must provide services to students who meet the criteria in section 124D.68 and who are enrolled in:

(1) a district that is served by the center; or

(2) a charter school located within the geographic boundaries of a district that is served by the center.

(b) A school district or charter school may be approved biennially by the state to provide additional instructional programming that results in grade level acceleration. The program must be designed so that students make grade progress during the school year and graduate prior to the students' peers.

(c) To be designated, a district, charter school, or center must demonstrate to the commissioner that it will:

(1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

(2) develop and maintain a separate record system that, for purposes of section 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total ~~number of pupil units~~ average daily membership attributable to an individual pupil as a result of a learning year program. The record system must include the date the pupil originally enrolled in a learning year program, the pupil's grade level, the date of each grade promotion, the average daily membership generated in each grade level, the number of credits or standards earned, and the number needed to graduate.

~~(b)~~ (d) A student who has not completed a school district's graduation requirements may continue to enroll in courses the student must complete in order to graduate until the student satisfies the district's graduation requirements or the student is 21 years old, whichever comes first.

Sec. 5. Minnesota Statutes 2006, section 124D.128, subdivision 3, is amended to read:

Subd. 3. **Student planning.** A district, charter school, or area learning center must inform all pupils and their parents about the learning year program and that participation in the program is optional. A continual learning plan must be developed at least annually for each pupil with the participation of the pupil, parent or guardian, teachers, and other staff; each participant must sign and date the plan. The plan must specify the learning experiences that must occur during the entire fiscal year and; are necessary for grade progression, or for secondary students, ~~for~~ graduation. The plan must include:

(1) the pupil's learning objectives and experiences, including courses or credits the pupil plans to complete each year and, for a secondary pupil, the graduation requirements the student must complete;

(2) the assessment measurements used to evaluate a pupil's objectives;

(3) requirements for grade level or other appropriate progression; and

(4) for pupils generating more than one average daily membership in a given grade, an indication of which objectives were unmet.

The plan may be modified to conform to district schedule changes. The district may not modify the plan if the modification would result in delaying the student's time of graduation.

Sec. 6. Minnesota Statutes 2006, section 124D.4531, is amended to read:

124D.4531 CAREER AND TECHNICAL LEVY REVENUE.

Subdivision 1. **Career and technical levy.** (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified may levy an amount equal to the lesser of:

(1) \$80 times the district's average daily membership served in grades 10 through 12 for the fiscal year in which the levy is certified; or

(2) 25 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

(i) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

(ii) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

(iii) necessary travel between instructional sites by licensed career and technical education personnel;

(iv) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

(v) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(vi) necessary travel by licensed career and technical education personnel for noncollegiate credit-bearing professional development; and

(vii) specialized vocational instructional supplies.

(b) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

Subd. 1a. **Career and technical aid.** A district with a career and technical program approved under this section is eligible for career and technical state aid in an amount equal to 10 percent of approved expenditures under subdivision 1.

Subd. 1b. **Revenue uses.** Up to ten percent of a district's career and technical ~~levy revenue~~ may be spent on equipment purchases. Districts using the career and technical ~~levy revenue~~ for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

~~(c) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.~~

Subd. 2. Allocation from cooperative centers and intermediate districts. For purposes of this section, a cooperative center or an intermediate district must allocate its approved expenditures for career and technical education programs among participating districts.

Subd. 3. Levy guarantee. Notwithstanding subdivision 1, the career and technical education levy for a district is not less than the lesser of:

(1) the district's career and technical education levy authority for the previous fiscal year; or

(2) 100 percent of the approved expenditures for career and technical programs included in subdivision 1, paragraph ~~(b)~~ (a), for the fiscal year in which the levy is certified.

Subd. 4. District reports. Each district or cooperative center must report data to the department for all career and technical education programs as required by the department to implement the career and technical aid and levy formula formulas.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 7. Minnesota Statutes 2006, section 124D.59, subdivision 2, is amended to read:

Subd. 2. Pupil of limited English proficiency. (a) "Pupil of limited English proficiency" means a pupil in kindergarten through grade 12 who meets the following requirements:

(1) the pupil, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English; and

(2) the pupil is determined by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in classes taught in English.

(b) Notwithstanding paragraph (a), a pupil in grades 4 through 12 who was enrolled in a Minnesota public school on the dates during the previous school year when a commissioner provided assessment that measures the pupil's emerging academic English was administered, shall not be counted as a pupil of limited English proficiency in calculating limited English proficiency pupil units under section 126C.05, subdivision 17, and shall not generate

state limited English proficiency aid under section 124D.65, subdivision 5, unless the pupil scored below the state cutoff score on an assessment measuring emerging academic English provided by the commissioner during the previous school year.

(c) Notwithstanding paragraphs (a) and (b), a pupil in kindergarten through grade 12 shall not be counted as a pupil of limited English proficiency in calculating limited English proficiency pupil units under section 126C.05, subdivision 17, and shall not generate state limited English proficiency aid under section 124D.65, subdivision 5, if:

~~(1) the pupil is not enrolled during the current fiscal year in an educational program for pupils of limited English proficiency in accordance with sections 124D.58 to 124D.64; or~~

~~(2) the pupil has generated five or more years of average daily membership in Minnesota public schools since July 1, 1996.~~

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

Sec. 8. Minnesota Statutes 2006, section 124D.65, subdivision 5, is amended to read:

Subd. 5. **School district LEP revenue.** (a) The limited English proficiency allowance equals \$700 for fiscal year 2007, and \$815 for fiscal year 2008 and later.

~~(b) A district's limited English proficiency programs revenue equals the product of (1) \$700 in fiscal year 2004 and later the limited English proficiency allowance times (2) the greater of 20 or the adjusted marginal cost average daily membership of eligible pupils of limited English proficiency enrolled in the district during the current fiscal year.~~

~~(b) (c) A pupil ceases to generate state limited English proficiency aid in the school year following the school year in which the pupil attains the state cutoff score on a commissioner-provided assessment that measures the pupil's emerging academic English.~~

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

Sec. 9. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 3a. **Referendum market value equalizing factor.** The referendum market value equalizing factor equals the quotient derived by dividing the total referendum market value of all school districts in the state for the year before the year the levy is certified by the total number of resident marginal cost pupil units in the state for the current school year.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 10. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 12. **Location equity index.** (a) A school district's wage equity index equals each district's composite wage level divided by the statewide average wage for the same period. The composite wage level for a school district equals the sum of 80 percent of the district's county wage level and 20 percent of the district's economic development region composite wage level. The composite wage level is computed by using the most recent three-year weighted wage data with the coefficient weights set at 0.5 for the most recent year, 0.3 for the prior year, and 0.15 for the second prior year.

(b) A school district's housing equity index equals the ratio of each district's county median home value to the statewide median home value.

(c) A school district's location equity index equals the greater of one, or the sum of (i) 0.65 times the district's wage equity index, and (ii) 0.35 times the district's housing equity index.

(d) The commissioner of education annually must recalculate the indexes in this section. For purposes of this subdivision, the commissioner must locate a school district with boundaries that cross county borders in the county that generates the highest location equity index for that district.

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

Sec. 11. Minnesota Statutes 2006, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 times 1.25 with a minimum average daily membership of 0.28, but not more than 1.25 pupil units.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.25.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~.557 of a pupil unit for fiscal year 2000 and thereafter~~ 0.86 pupil units.

(e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal year 2000 and thereafter.

(f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(h) A pupil who is in the postsecondary enrollment options program is counted as 1.3 pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 12. Minnesota Statutes 2006, section 126C.05, subdivision 8, is amended to read:

Subd. 8. **Average daily membership.** (a) Membership for pupils in grades kindergarten through 12 and for prekindergarten pupils with disabilities shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused. However, a pupil,

regardless of age, who has been absent from school for 15 consecutive school days during the regular school year or for five consecutive school days during summer school or intersession classes of flexible school year programs without receiving instruction in the home or hospital shall be dropped from the roll and classified as withdrawn. Nothing in this section shall be construed as waiving the compulsory attendance provisions cited in section 120A.22. Average daily membership equals the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days the schools are in session. Days of summer school or intersession classes of flexible school year programs are only included in the computation of membership for pupils with a disability not appropriately served primarily in the regular classroom. A student must not be counted as more than ~~4.2~~ 1.5 pupils in average daily membership under this section. When the initial total average daily membership exceeds ~~4.2~~ 1.5 for a pupil enrolled in more than one school district during the fiscal year, each district's average daily membership must be reduced proportionately.

(b) A student must not be counted as more than one pupil in average daily membership except for purposes of section 126C.10, subdivision 2a.

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

Sec. 13. Minnesota Statutes 2006, section 126C.05, subdivision 15, is amended to read:

Subd. 15. **Learning year pupil units.** (a) When a pupil is enrolled in a learning year program under section 124D.128, an area learning center under sections 123A.05 and 123A.06, an alternative program approved by the commissioner, or a contract alternative program under section 124D.68, subdivision 3, paragraph (d), or subdivision 3a, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student more than 850 hours in a school year for a kindergarten student without a disability enrolled in a full-day kindergarten program in fiscal year 2009 or later, or more than 425 hours in a school year for a half-day kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership for purposes of section 126C.10, subdivision 2a. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; ~~and~~ (iii) the greater of ~~425~~ 850 hours or the number of hours required for a full-time kindergarten student without a disability in the district to ~~425~~ 850 for a kindergarten student without a disability for fiscal years 2009 and later; and (iv) the greater of 425 hours or the number of hours required for all kindergarten pupils for fiscal year 2008 and for a half-day kindergarten student without a disability to 425 for a kindergarten student without a disability. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. A kindergarten student must not be counted as more than 1.2 pupils in average daily membership under this subdivision. A student in grades 1 through 12 must not be counted as more than ~~4.2~~ 1.5 pupils in average daily membership under this subdivision.

(b)(i) To receive general education revenue for a pupil in an alternative program that has an independent study component, a district must meet the requirements in this paragraph. The district must develop, for the pupil, a continual learning plan consistent with section 124D.128, subdivision 3. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

(ii) General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. The district must develop a continual learning plan for the pupil, consistent with section 124D.128, subdivision 3. Each school

district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

(iii) General education revenue for a pupil in an approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit or graduation standards necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

(iv) For an alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

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

Sec. 14. Minnesota Statutes 2006, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** ~~For fiscal year 2006 and later,~~ The general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, location equity revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue, and transition revenue.

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

Sec. 15. Minnesota Statutes 2006, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** The basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. The formula allowance for fiscal year ~~2005~~ 2007 is ~~\$4,601~~ \$4,974. The formula allowance for fiscal year ~~2006~~ 2008 is ~~\$4,783~~ \$5,125. The formula allowance for fiscal year ~~2007~~ 2009 and subsequent years is ~~\$4,974~~ \$5,280.

Sec. 16. Minnesota Statutes 2006, section 126C.10, subdivision 2a, is amended to read:

Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue is equal to the product of ~~\$4,601~~ the extended time allowance and the sum of the adjusted marginal cost pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than ~~4.2~~ 1.5 according to section 126C.05, subdivision 8. The extended time allowance is \$4,601 for fiscal year 2007, \$4,740 for fiscal year 2008, and \$4,880 for fiscal year 2009 and subsequent years.

(b) A school district's extended time revenue may be used for extended day programs, extended week programs, summer school, ~~and~~ other programming authorized under the learning year program, and for additional pupil transportation costs attributable to these programs. Not more than five percent of the extended time revenue may be used for administrative and oversight services.

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

Sec. 17. Minnesota Statutes 2006, section 126C.10, subdivision 2b, is amended to read:

Subd. 2b. **Gifted and talented revenue.** Gifted and talented revenue for each district equals ~~\$4 times the district's adjusted marginal cost pupil units for fiscal year 2006 and \$9 for fiscal year 2007 and later that school year times \$13 for fiscal year 2008 and later.~~ A school district must reserve gifted and talented revenue and, consistent with section 120B.15, must spend the revenue only to:

- (1) identify gifted and talented students;
- (2) provide education programs for gifted and talented students; or
- (3) provide staff development to prepare teachers to best meet the unique needs of gifted and talented students.

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

Sec. 18. Minnesota Statutes 2006, section 126C.10, is amended by adding a subdivision to read:

Subd. 2c. **Location equity revenue.** (a) A school district's location equity revenue equals the product of:

- (1) the basic formula allowance for that year;
- (2) the district's adjusted marginal cost pupil units for that year; and
- (3) the district's location equity index minus one.

(b) The total annual revenue for this subdivision must not exceed \$500,000.

(c) If the revenue required under paragraph (b) is insufficient to fund the formula in paragraph (a), the commissioner of education must proportionately reduce each district's aid payment.

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

Sec. 19. Minnesota Statutes 2006, section 126C.10, subdivision 4, is amended to read:

Subd. 4. **Basic skills revenue.** A school district's basic skills revenue equals the sum of:

- (1) compensatory revenue under subdivision 3; plus
- (2) limited English proficiency revenue under section 124D.65, subdivision 5; ~~plus~~
- ~~(3) \$250 times the limited English proficiency pupil units under section 126C.05, subdivision 17.~~

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

Sec. 20. Minnesota Statutes 2006, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal year 2007 and later, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals ~~\$22,222 for fiscal year 2006, and \$10,700 for fiscal year 2007~~ \$22,222 for fiscal year 2006, and \$10,700 for fiscal year 2008 and \$33,000 for fiscal year 2009 and later.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 21. Minnesota Statutes 2006, section 126C.10, subdivision 18, is amended to read:

Subd. 18. **Transportation sparsity revenue allowance.** (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

- (i) Multiply the formula allowance according to subdivision 2, by ~~1469~~ .1493.
- (ii) Multiply the result in clause (i) by the district's sparsity index raised to the ~~26/100~~ 30/100 power.
- (iii) Multiply the result in clause (ii) by the district's density index raised to the ~~13/100~~ 15/100 power.
- (iv) Multiply the formula allowance according to subdivision 2, by ~~0485~~ .0416.
- (v) Subtract the result in clause (iv) from the result in clause (iii).

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

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

Sec. 22. Minnesota Statutes 2006, section 126C.10, subdivision 24, is amended to read:

Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

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

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

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

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

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

(e) A school district's equity revenue for a school district located in the metro equity region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

(f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school district that has per pupil referendum revenue below the 95th percentile qualifies for additional equity revenue equal to \$46 times its adjusted marginal cost pupil unit.

(g) A district that does not qualify for revenue under paragraph (f) qualifies for equity revenue equal to ~~one-half of the per pupil allowance in paragraph (f)~~ \$46 times its adjusted marginal cost pupil units.

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

Sec. 23. Minnesota Statutes 2006, section 126C.126, is amended to read:

**126C.126 REALLOCATING GENERAL EDUCATION REVENUE FOR ALL-DAY KINDERGARTEN
EARLY EDUCATION PROGRAMS.**

(a) In order to provide additional revenue for an optional all-day kindergarten program early education programs including school readiness and early childhood family education, a district may reallocate general education revenue attributable to 12th grade students who have graduated early under section 120B.07.

(b) A school district may spend general education revenue on extended time kindergarten and prekindergarten programs.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 24. Minnesota Statutes 2006, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** ~~(a) For fiscal year 2006, a district's general education aid is the sum of the following amounts:~~

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

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

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

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

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

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

~~(7) online learning aid according to section 124D.096.~~

~~(b)~~ For fiscal year ~~2007~~ 2008 and later, a district's general education aid is the sum of the following amounts:

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

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

(3) equity aid under section 126C.10, subdivision 30;

(4) alternative teacher compensation aid under section 126C.10, subdivision 36;

(5) transition aid under section 126C.10, subdivision 33;

- (6) shared time aid under section 126C.01, subdivision 7;
- (7) referendum aid under section 126C.17, subdivisions 7 and 7a; and
- (8) online learning aid according to section 124D.096.

Sec. 25. Minnesota Statutes 2006, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served unless the school district has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50 to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district may allocate up to five percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board. The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

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

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

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

Sec. 26. Minnesota Statutes 2006, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **Referendum equalization levy.** (a) ~~For fiscal year 2003 and later,~~ A district's referendum equalization levy equals the sum of the first tier referendum equalization levy and the second tier referendum equalization levy.

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to ~~\$476,000~~ 120 percent of the referendum market value equalizing factor.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to ~~\$270,000~~ 60 percent of the referendum market value equalizing factor.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 27. Minnesota Statutes 2006, section 126C.17, subdivision 9, is amended to read:

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board or shall be called by the board upon written petition of qualified voters of the district. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per resident

marginal cost pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil unit that differs from year to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per resident marginal cost pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ~~MAY BE VOTING FOR A PROPERTY TAX INCREASE~~ ARE RENEWING AN EXISTING REFERENDUM. YOU ARE NOT RAISING YOUR OPERATING REFERENDUM TAX RATE FROM ITS LEVEL IN THE PREVIOUS YEAR."

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

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

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

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

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

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

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board and shall be called by the board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the revenue amount must state the amount per resident

marginal cost pupil unit by which the authority is to be reduced. Revenue authority approved by the voters of the district pursuant to paragraph (a) must be available to the school district at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

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

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

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

EFFECTIVE DATE. This section is effective for elections conducted on or after July 1, 2007.

Sec. 28. Minnesota Statutes 2006, section 126C.21, subdivision 3, is amended to read:

Subd. 3. **County apportionment deduction.** Each year the amount of money apportioned to a district for that year pursuant to ~~section~~ sections 127A.34, subdivision 2, and 272.029, subdivision 6, must be deducted from the general education aid earned by that district for the same year or from aid earned from other state sources.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 29. Minnesota Statutes 2006, section 126C.21, subdivision 5, is amended to read:

Subd. 5. **Adjustment for failure to meet federal maintenance of effort.** (a) The general education aid paid to a school district or charter school that failed to meet federal special education maintenance of effort for the previous fiscal year must be reduced by the amount that must be paid to the federal government due to the shortfall.

(b) The general education aid paid to school districts that were members of a cooperative that failed to meet federal special education maintenance of effort must be reduced by the amount that must be paid to the federal government due to the shortfall. The commissioner must apportion the aid reduction amount to the member school districts based on each district's individual shortfall in maintaining effort, and on each member district's proportionate share of any shortfall in expenditures made by the cooperative. Each district's proportionate share of shortfall in expenditures made by the cooperative must be calculated using the adjusted marginal pupil units of each member school district.

(c) The amounts recovered under this subdivision shall be paid to the federal government to meet the state's obligations resulting from the district's ~~or~~ charter school's, or cooperative's failure to meet federal special education maintenance of effort.

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

Sec. 30. Minnesota Statutes 2006, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS LEVY.

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

(b) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed \$5 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

(c) If a school district spends safe schools levy proceeds under paragraph (a), clause (6), the district must annually certify that its total spending on services provided by the employees listed in paragraph (a), clause (6), is not less than the sum of its expenditures for these purposes in the previous year plus the amount spent under this section.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 31. Minnesota Statutes 2006, section 127A.441, is amended to read:

127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.

Each year, the state aids payable to any school district for that fiscal year that are recognized as revenue in the school district's general and community service funds shall be adjusted by an amount equal to (1) the amount the district recognized as revenue for the prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b) ~~or~~ ~~(e)~~, minus (2) the amount the district recognized as revenue for the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph ~~(e)~~ (b). For purposes of making the aid adjustments under this section, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b) ~~or~~ ~~(e)~~, shall not include any amount levied pursuant to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6. Payment from the permanent school fund shall not be adjusted pursuant to this section. The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

Sec. 32. Minnesota Statutes 2006, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the greater of (1) the referendum equalization aid attributable to the pupil in the nonresident district; or (2) the product of the district's open enrollment concentration index, the maximum amount of referendum revenue in the first tier, and the district's net open enrollment pupil units for that year. A district's open enrollment concentration index equals the greater of: (i) zero, or (ii) the lesser of 1.0, or the difference between the district's ratio of open enrollment pupil units served to its resident pupil units for that year and 0.2. This clause does not apply to a school district where more than 50 percent of the open enrollment students are enrolled solely in online learning courses.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit.

(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit. Special education

aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

(f) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center, plus the amount of compensatory revenue generated by pupils attending the area learning center.

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

Sec. 33. Minnesota Statutes 2006, section 127A.47, subdivision 8, is amended to read:

Subd. 8. **Charter schools.** (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 124D.10. The adjustments must be made according to this subdivision.

(b) General education aid paid to a district in which a charter school not providing transportation according to section 124D.10, subdivision 16, is located must be increased by an amount equal to the sum of:

(1) the product of: (i) the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0416, plus the transportation sparsity allowance for the district; times (ii) the adjusted marginal cost pupil units attributable to the pupil; plus

(2) the product of \$223 ~~and~~ for fiscal year 2007, \$198 for fiscal year 2008, and \$203 for fiscal year 2009 and later, times the extended time marginal cost pupil units attributable to the pupil.

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

Sec. 34. Minnesota Statutes 2006, section 127A.49, subdivision 2, is amended to read:

Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86, 375.192, or otherwise, the net tax capacity or referendum market value of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

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

(2) the ratio of:

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

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

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

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

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

(E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(I) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

(J) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

(K) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year; to

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

Sec. 35. Minnesota Statutes 2006, section 127A.49, subdivision 3, is amended to read:

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

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

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

(2) the ratio of:

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

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

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

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

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

(E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(I) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

(J) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

(K) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year; to

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

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

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

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

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

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

Sec. 36. Minnesota Statutes 2006, section 272.029, is amended by adding a subdivision to read:

Subd. 6a. **Report to commissioner of education.** The county auditor, on the first Wednesday after such settlement, shall report to the commissioner the amount distributed to each school district under subdivision 6.

EFFECTIVE DATE. This section is effective July 1, 2008, for settlements made during fiscal year 2009.

Sec. 37. Laws 2005, First Special Session chapter 5, article 1, section 50, subdivision 2, is amended to read:

Subd. 2. **Application process.** Independent School Districts Nos. 11, Anoka-Hennepin; 279, Osseo; 281, Robbinsdale; 286, Brooklyn Center; 535, Rochester; and 833, South Washington may submit an application to the commissioner of education by August 15, 2005, for a plan to allocate compensatory revenue to school sites based on student performance. The application must include a written resolution approved by the school board that: (1) identifies the test results that will be used to assess student performance; (2) describes the method for distribution of compensatory revenue to the school sites; and (3) summarizes the evaluation procedure the district will use to determine if the redistribution of compensatory revenue improves overall student performance. The application must be submitted in the form and manner specified by the commissioner. The commissioner must notify the selected school districts by September 1, 2005 within 90 days of receipt of their application.

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

Sec. 38. Laws 2006, chapter 282, article 3, section 4, subdivision 2, is amended to read:

Subd. 2. **Onetime energy assistance aid.** For onetime energy assistance aid under section 3:

\$3,495,000 2007 2006

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to fiscal year 2006.

Sec. 39. **SCHOOL FINANCE REFORM; TASK FORCE ESTABLISHED.**

Subdivision 1. **Task force established.** A School Finance Reform Task Force is established.

Subd. 2. **Task force goals.** The goals of the School Finance Reform Task Force include:

- (1) creating a standard and index to ensure that the formula remains adequate over time;
- (2) simplifying the remaining school formulas;
- (3) analyzing categorical funding formulas, including but not limited to pupil transportation, compensatory revenue, and limited English proficiency revenue;
- (4) establishing a schedule for implementation of the other new formulas; and
- (5) examining the role of the regional delivery structure including the functions performed by intermediate school districts, service cooperatives, education districts, and other cooperative organizations.

Subd. 3. **Task force members.** The task force consists of nine members. Membership includes the commissioner of education, four members appointed according to the rules of the senate by the Senate Committee on Rules and Administration Subcommittee on Committees, and four members appointed by the speaker of the house.

Subd. 4. **Task force recommendations.** The task force must submit a report to the education committees of the legislature by January 15, 2008, describing the formula recommendations according to the goals it has established.

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

Sec. 40. **CHARTER SCHOOL PUPIL TRANSPORTATION.**

The commissioner of education shall undertake a study and make recommendations to the legislature on the organization, delivery, and financing of transportation services for students attending public charter schools. The study must be undertaken with affected stakeholders including school districts, charter schools, parents of charter school students, pupil transportation providers and others with expertise in arranging and financing pupil transportation services. The study must be completed and reported to the house and senate Education Policy and Finance Committees no later than December 31, 2007.

Sec. 41. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$5,654,187,000	.....	<u>2008</u>
\$5,977,201,000	.....	<u>2009</u>

The 2008 appropriation includes \$531,733,000 for 2007 and \$5,122,454,000 for 2008.

The 2009 appropriation includes \$550,550,000 for 2008 and \$5,426,651,000 for 2009.

Subd. 3. **Referendum tax base replacement aid.** For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

\$870,000	<u>2008</u>
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The 2008 appropriation includes \$870,000 for 2007 and \$0 for 2008.

Subd. 4. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$95,000	.....	<u>2008</u>
\$97,000	.....	<u>2009</u>

Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$1,343,000	.....	<u>2008</u>
\$1,347,000	.....	<u>2009</u>

The 2008 appropriation includes \$76,000 for 2007 and \$1,267,000 for 2008.

The 2009 appropriation includes \$140,000 for 2008 and \$1,207,000 for 2009.

Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$565,000	2008
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\$212,000	2009
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The 2008 appropriation includes \$43,000 for 2007 and \$522,000 for 2008.

The 2009 appropriation includes \$57,000 for 2008 and \$155,000 for 2009.

Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

\$16,349,000	2008
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\$16,803,000	2009
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The 2008 appropriation includes \$1,606,000 for 2007 and \$14,743,000 for 2008.

The 2009 appropriation includes \$1,638,000 for 2008 and \$15,165,000 for 2009.

Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$21,747,000	2008
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\$21,993,000	2009
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The 2008 appropriation includes \$2,124,000 for 2007 and \$19,623,000 for 2008.

The 2009 appropriation includes \$2,180,000 for 2008 and \$19,813,000 for 2009.

Subd. 9. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

\$50,000	2008
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\$50,000	2009
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Subd. 10. **Declining pupil aid; Browns Valley.** For declining pupil aid for Independent School District No. 801, Browns Valley, due to the March 2007 flood:

\$120,000	2008
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\$100,000	2009
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Any balance in the first year does not cancel but is available in the second year.

Subd. 11. **Declining pupil aid McGregor.** For declining pupil aid for Independent School District No. 4, McGregor:

<u>\$100,000</u>	<u>.....</u>	<u>2008</u>
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Any balance in the first year does not cancel but is available in the second year.

Subd. 12. **Compensatory revenue pilot project.** For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50:

<u>\$2,175,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$2,175,000</u>	<u>.....</u>	<u>2009</u>
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Of this amount, \$1,500,000 in each year is for a grant to Independent School District No. 11, Anoka-Hennepin; \$210,000 in each year is for a grant to Independent School District No. 279, Osseo; \$160,000 in each year is for a grant to Independent School District No. 281, Robbinsdale; \$75,000 in each year is for a grant to Independent School District No. 286, Brooklyn Center; \$165,000 in each year is for a grant to Independent School District No. 535, Rochester; and \$65,000 in each year is for a grant to Independent School District No. 833, South Washington.

If a grant to a specific school district is not awarded, the commissioner may increase the aid amounts to any of the remaining participating school districts.

This appropriation is part of the base budget for subsequent fiscal years.

Subd. 13. **School Finance Reform Task Force.** For the school finance reform task force under section 39:

<u>\$100,000</u>	<u>.....</u>	<u>2008</u>
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This is a onetime appropriation.

Sec. 42. **REVISOR'S INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall correct any incorrect cross references resulting from the repeal of Minnesota Statutes, section 124D.06.

Sec. 43. **REPEALER.**

(a) Minnesota Statutes 2006, section 124D.06, is repealed, June 30, 2007.

(b) Minnesota Statutes 2006, section 124D.081, subdivisions 1, 2, 3, 4, 5, 6, and 9, are repealed effective for revenue for fiscal year 2009.

ARTICLE 2

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2006, section 13.32, is amended by adding a subdivision to read:

Subd. 8a. **Access to student records; school conferences.** (a) A parent or guardian of a student may designate one "significant individual," defined under paragraph (c), to participate in a school conference involving the child of the parent or guardian. The parent or guardian must provide the school with prior written consent allowing the

significant individual to participate in the conference and to receive any data on the child of the consenting parent or guardian that is necessary and relevant to the conference discussions. The consenting parent or guardian may withdraw consent, in writing, at any time.

(b) A school may accept the following form, or another consent to release student data form, as sufficient to meet the requirements of this subdivision:

"CONSENT TO PARTICIPATE IN CONFERENCES AND RECEIVE STUDENT DATA

I, (Name of parent or guardian), as parent or guardian of (Name of child), consent to allow (Name of significant individual) to participate in school conferences and receive student data relating to the above-named child, consistent with Minnesota Statutes, section 13.32, subdivision 8a. I understand that I may withdraw my consent, upon written request, at any time.

..... (Signature of parent or guardian)

..... (Date)"

(c) For purposes of this section, "significant individual" means one additional adult designated by a child's parent or guardian to attend school-related activities and conferences. The significant individual must reside with the child and participate actively in the child's care and upbringing.

Sec. 2. Minnesota Statutes 2006, section 119A.50, is amended by adding a subdivision to read:

Subd. 3. **Early childhood literacy programs.** (a) A research-based early childhood literacy program premised on actively involved parents, ongoing professional staff development, and high quality early literacy program standards is established to increase the literacy skills of children participating in Head Start to prepare them to be successful readers and to increase families' participation in providing early literacy experiences to their children. Program providers must:

(1) work to prepare children to be successful learners;

(2) work to close the achievement gap for at-risk children;

(3) use an integrated approach to early literacy that daily offers a literacy-rich classroom learning environment composed of books, writing materials, writing centers, labels, rhyming, and other related literacy materials and opportunities;

(4) support children's home language while helping the children master English and use multiple literacy strategies to provide a cultural bridge between home and school;

(5) use literacy mentors, ongoing literacy groups, and other teachers and staff to provide appropriate, extensive professional development opportunities in early literacy and classroom strategies for preschool teachers and other preschool staff;

(6) use ongoing data-based assessments that enable preschool teachers to understand, plan, and implement literacy strategies, activities, and curriculum that meet children's literacy needs and continuously improve children's literacy; and

(7) foster participation by parents, community stakeholders, literacy advisors, and evaluation specialists.

Program providers are encouraged to collaborate with qualified, community-based early childhood providers in implementing this program and to seek nonstate funds to supplement the program.

(b) Program providers under paragraph (a) interested in extending literacy programs to children in kindergarten through grade 3 may elect to form a partnership with an eligible organization under section 124D.38, subdivision 2, or 124D.42, subdivision 6, clause (3), schools enrolling children in kindergarten through grade 3, and other interested and qualified community-based entities to provide ongoing literacy programs that offer seamless literacy instruction focused on closing the literacy achievement gap. To close the literacy achievement gap by the end of third grade, partnership members must agree to use best efforts and practices and to work collaboratively to implement a seamless literacy model from age three to grade 3, consistent with paragraph (a). Literacy programs under this paragraph must collect and use literacy data to:

(1) evaluate children's literacy skills; and

(2) formulate specific intervention strategies to provide reading instruction to children premised on the outcomes of formative and summative assessments and research-based indicators of literacy development.

The literacy programs under this paragraph also must train teachers and other providers working with children to use the assessment outcomes under clause (2) to develop and use effective, long-term literacy coaching models that are specific to the program providers.

(c) The commissioner must collect and evaluate literacy data on children from age three to grade 3 who participate in literacy programs under this section to determine the efficacy of early literacy programs on children's success in developing the literacy skills that they need for long-term academic success and the programs' success in closing the literacy achievement gap. Annually by February 1, the commissioner must report to the education policy and finance committees of the legislature on the ongoing impact of these programs.

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

Sec. 3. Minnesota Statutes 2006, section 120A.22, subdivision 7, is amended to read:

Subd. 7. **Education records.** (a) A district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 from which a student is transferring must transmit the student's educational records, within ten business days of a request, to the district, the charter school, or the nonpublic school in which the student is enrolling. Districts, charter schools, and nonpublic schools that receive services or aid under sections 123B.40 to 123B.48 must make reasonable efforts to determine the district, the charter school, or the nonpublic school in which a transferring student is next enrolling in order to comply with this subdivision.

(b) A closed charter school must transfer the student's educational records, within ten business days of the school's closure, to the student's school district of residence where the records must be retained unless the records are otherwise transferred under this subdivision.

(c) A school district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 that transmits a student's educational records to another school district or other educational entity, charter school, or nonpublic school to which the student is transferring must include in the transmitted records information about any formal suspension, expulsion, and exclusion disciplinary action ~~taken as a result of any incident in which the student possessed or used a dangerous weapon~~ under sections 121A.40 to 121A.56. The district, the charter school, or the nonpublic school that receives services or aid under sections 123B.40 to 123B.48 must provide notice to a student and the student's parent or guardian that formal disciplinary records will be transferred as part of the student's educational record, in accordance with data practices under chapter 13 and the Family Educational Rights and Privacy Act of 1974, United States Code, title 20, section 1232(g).

~~(d)~~ (d) Notwithstanding section 138.17, a principal or chief administrative officer must remove from a student's educational record and destroy a probable cause notice received under section 260B.171, subdivision 5, or paragraph (d), if one year has elapsed since the date of the notice and the principal or chief administrative officer has not received a disposition or court order related to the offense described in the notice. This paragraph does not apply if the student no longer attends the school when this one-year period expires.

~~(d)~~ (e) A principal or chief administrative officer who receives a probable cause notice under section 260B.171, subdivision 5, or a disposition or court order, must include a copy of that data in the student's educational records if they are transmitted to another school, unless the data are required to be destroyed under paragraph (c) or section 121A.75.

Sec. 4. Minnesota Statutes 2006, section 120B.021, subdivision 1, is amended to read:

Subdivision 1. **Required academic standards.** The following subject areas are required for statewide accountability:

- (1) language arts;
- (2) mathematics;
- (3) science;
- (4) social studies, including history, geography, economics, and government and citizenship;
- (5) health and physical education, for which locally developed health academic standards apply; and

(6) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

To satisfy state graduation requirements under section 120B.024, paragraph (a), clause (6), the physical education standards under clause (5) must be consistent with either the (i) six physical education standards developed by the department's quality teaching network or the (ii) six National Physical Education Standards developed by the National Association for Sport and Physical Education. To satisfy federal reporting requirements for continued funding under Title VII of the Physical Education for Progress Act, a school district, if applicable, must notify the department by March 15, in the form and manner the department prescribes, of its intent to comply with the National Physical Education Standards in the next school year.

The commissioner must submit proposed standards in science and social studies to the legislature by February 1, 2004.

For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education plan team has determined that the required academic standards are inappropriate. An individualized education plan team that makes this determination must establish alternative standards.

A school district, no later than the 2007-2008 school year, must adopt graduation requirements that meet or exceed state graduation requirements established in law or rule. A school district that incorporates these state graduation requirements before the 2007-2008 school year must provide students who enter the 9th grade in or before the 2003-2004 school year the opportunity to earn a diploma based on existing locally established graduation

requirements in effect when the students entered the 9th grade. District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

The commissioner must include the contributions of Minnesota American Indian tribes and communities as they relate to each of the academic standards during the review and revision of the required academic standards.

EFFECTIVE DATE. This section is effective the day following final enactment, except that clause (5) applies to students entering the ninth grade in the 2008-2009 school year and later.

Sec. 5. Minnesota Statutes 2006, section 120B.023, subdivision 2, is amended to read:

Subd. 2. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a review cycle for state academic standards and related benchmarks, consistent with this subdivision. During each review cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for college readiness and advanced work in the particular subject area.

(b) The commissioner in the 2006-2007 school year must revise and align the state's academic standards and high school graduation requirements in mathematics to require that students satisfactorily complete the revised mathematics standards, beginning in the 2010-2011 school year. Under the revised standards:

(1) students must satisfactorily complete an algebra I credit by the end of eighth grade; and

(2) students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete an algebra II credit or its equivalent.

The commissioner also must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 beginning in the 2010-2011 school year are aligned with the state academic standards in mathematics. The statewide 11th grade mathematics test administered to students under clause (2) beginning in the 2013-2014 school year must include algebra II test items that are aligned with corresponding state academic standards in mathematics. The office of educational accountability under section 120B.31, subdivision 3, in collaboration with the Minnesota State Colleges and Universities, must determine and the commissioner must set a passing score for the statewide 11th grade mathematics test that represents readiness for college so that a student who achieves a passing score on this test, upon graduation, is immediately ready to take college courses for college credit in a two-year or a four-year institution, consistent with section 135A.104. The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year.

(c) The commissioner in the 2007-2008 school year must revise and align the state's academic standards and high school graduation requirements in the arts to require that students satisfactorily complete the revised arts standards beginning in the 2010-2011 school year. The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year.

(d) The commissioner in the 2008-2009 school year must revise and align the state's academic standards and high school graduation requirements in science to require that students satisfactorily complete the revised science standards, beginning in the 2011-2012 school year. Under the revised standards, students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete a chemistry or physics credit. The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year.

(e) The commissioner in the 2009-2010 school year must revise and align the state's academic standards and high school graduation requirements in language arts to require that students satisfactorily complete the revised language arts standards beginning in the 2012-2013 school year. The office of educational accountability under section 120B.31, subdivision 3, in collaboration with the Minnesota State Colleges and Universities, must determine and the commissioner must set a passing score for the statewide tenth grade reading and language arts test that represents readiness for college so that a student who achieves a passing score on this test, upon graduation, is immediately ready to take college courses for college credit in a two-year or a four-year institution, consistent with section 135A.104. The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year.

(f) The commissioner in the 2010-2011 school year must revise and align the state's academic standards and high school graduation requirements in social studies to require that students satisfactorily complete the revised social studies standards beginning in the 2013-2014 school year. The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year.

(g) The commissioner in the 2011-2012 school year must revise and align the state's standards and high school graduation requirements in physical education, consistent with the requirements governing sections 120B.021, subdivision 1, clause (5), and 120B.024, paragraph (a), clause (6), to require students to satisfactorily complete the revised physical education standards beginning in the 2014-2015 school year. The commissioner must implement a review of the standards and related benchmarks in physical education beginning in the 2020-2021 school year.

~~(g)~~ (h) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, ~~physical education~~, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, ~~physical education~~, world languages, and career and technical education.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to students entering the ninth grade in the 2008-2009 school year and later.

Sec. 6. Minnesota Statutes 2006, section 120B.024, is amended to read:

120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.

(a) Students beginning 9th grade in the 2004-2005 school year and later must successfully complete the following high school level course credits for graduation:

- (1) four credits of language arts;
- (2) three credits of mathematics, encompassing at least algebra, geometry, statistics, and probability sufficient to satisfy the academic standard;
- (3) three credits of science, including at least one credit in biology;
- (4) three and one-half credits of social studies, encompassing at least United States history, geography, government and citizenship, world history, and economics or three credits of social studies encompassing at least United States history, geography, government and citizenship, and world history, and one-half credit of economics taught in a school's social studies, agriculture education, or business department;
- (5) one credit in the arts; ~~and~~

(6) one-half credit in physical education; and

(7) a minimum of ~~seven~~ six elective course credits.

A course credit is equivalent to a student successfully completing an academic year of study or a student mastering the applicable subject matter, as determined by the local school district.

(b) An agriculture science course may fulfill a science credit requirement in addition to the specified science credits in biology and chemistry or physics under paragraph (a), clause (3).

(c) The commissioner, in collaboration with the Minnesota State Colleges and Universities, must develop and implement a statewide plan to communicate with all Minnesota high school students no later than the beginning of 9th grade the state's expectations for college readiness, consistent with section 120B.023, subdivision 2, paragraphs (b) and (e), and section 135A.104.

EFFECTIVE DATE. This section is effective the day following final enactment. Paragraph (a) applies to students entering the ninth grade in the 2008-2009 school year and later.

Sec. 7. Minnesota Statutes 2006, section 120B.11, subdivision 5, is amended to read:

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

(1) student achievement goals for meeting state academic standards;

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

(3) description of student achievement in subject areas under section 120B.021, subdivision 1, for which locally developed academic standards apply and statewide assessments are not developed;

~~(3)~~ (4) the annual school district improvement plans including staff development goals under section 122A.60;

~~(4)~~ (5) information about district and learning site progress in realizing previously adopted improvement plans; and

~~(5)~~ (6) the amount and type of revenue attributed to each education site as defined in section 123B.04.

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

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

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

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

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

Sec. 8. Minnesota Statutes 2006, section 120B.132, is amended to read:

120B.132 RAISED ACADEMIC ACHIEVEMENT; ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.

Subdivision 1. **Establishment; eligibility.** A program is established to raise kindergarten through grade 12 academic achievement through increased student participation in preadvanced placement ~~and~~ advanced placement, and international baccalaureate programs, consistent with section 120B.13. Schools and charter schools eligible to participate under this section:

(1) must have a three-year plan approved by the local school board to establish a new international baccalaureate program leading to international baccalaureate authorization, expand an existing program that leads to international baccalaureate authorization, or expand an existing authorized international baccalaureate program; or

(2) must have a three-year plan approved by the local school board to create a new or expand an existing program to implement the college board advanced placement courses and exams or preadvanced placement ~~courses~~ initiative; and

~~(2)~~ (3) must propose to further raise students' academic achievement by:

(i) increasing the availability of and all students' access to advanced placement or international baccalaureate courses or programs;

(ii) expanding the breadth of advanced placement or international baccalaureate courses or programs that are available to students;

(iii) increasing the number and the diversity of the students who participate in advanced placement or international baccalaureate courses or programs and succeed;

(iv) providing low-income and other disadvantaged students with increased access to advanced placement or international baccalaureate courses and programs; or

(v) increasing the number of high school students, including low-income and other disadvantaged students, who receive college credit by successfully completing advanced placement or international baccalaureate courses or programs and achieving satisfactory scores on related exams.

Subd. 2. **Application and review process; funding priority.** (a) Charter schools and school districts in which eligible schools under subdivision 1 are located may apply to the commissioner, in the form and manner the commissioner determines, for competitive funding to further raise students' academic achievement. The application must detail the specific efforts the applicant intends to undertake in further raising students' academic achievement, consistent with subdivision 1, and a proposed budget detailing the district or charter school's current and proposed expenditures for advanced placement ~~or~~ preadvanced placement, and international baccalaureate courses and programs. The proposed budget must demonstrate that the applicant's efforts will ~~supplement but not supplant any expenditures for advanced placement and preadvanced placement courses and programs the applicant currently makes available to students~~ support implementation of advanced placement, preadvanced placement, and international baccalaureate courses and programs. Expenditures for administration must not exceed five percent of the proposed budget. The commissioner may require an applicant to provide additional information.

(b) When reviewing applications, the commissioner must determine whether the applicant satisfied all the requirements in this subdivision and subdivision 1. The commissioner may give funding priority to an otherwise qualified applicant that demonstrates:

(1) a focus on developing or expanding preadvanced placement, advanced placement, or international baccalaureate courses ~~and~~ or programs or increasing students' participation in, access to, or success with the courses or programs, including the participation, access, or success of low-income and other disadvantaged students;

(2) a compelling need for access to preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(3) an effective ability to actively involve local business and community organizations in student activities that are integral to preadvanced placement, advanced placement, or international baccalaureate courses ~~and~~ or programs;

(4) access to additional public or nonpublic funds or in-kind contributions that are available for preadvanced placement, advanced placement, or international baccalaureate courses or programs; or

(5) an intent to implement activities that target low-income and other disadvantaged students.

Subd. 3. **Funding; permissible funding uses.** (a) The commissioner shall award grants to applicant school districts and charter schools that meet the requirements of subdivisions 1 and 2. The commissioner must award grants on an equitable geographical basis to the extent feasible and consistent with this section. Grant awards must not exceed the lesser of:

(1) \$85 times the number of pupils enrolled at the participating sites on October 1 of the previous fiscal year; or

(2) the approved supplemental expenditures based on the budget submitted under subdivision 2. For charter schools in their first year of operation, the maximum ~~grant~~ funding award must be calculated using the number of pupils enrolled on October 1 of the current fiscal year. The commissioner may adjust the maximum ~~grant~~ funding award computed using prior year data for changes in enrollment attributable to school closings, school openings, grade level reconfigurations, or school district reorganizations between the prior fiscal year and the current fiscal year.

(b) School districts and charter schools that submit an application and receive funding under this section must use the funding, consistent with the application, to:

(1) provide teacher training and instruction to more effectively serve students, including low-income and other disadvantaged students, who participate in preadvanced ~~and~~ placement, advanced placement, or international baccalaureate courses or programs;

(2) further develop preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(3) improve the transition between grade levels to better prepare students, including low-income and other disadvantaged students, for succeeding in preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(4) purchase books and supplies;

(5) pay course or program fees;

(6) increase students' participation in and success with preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(7) expand students' access to preadvanced placement ~~or~~ advanced placement, or international baccalaureate courses or programs through online learning;

(8) hire appropriately licensed personnel to teach additional advanced placement or international baccalaureate courses or programs; or

(9) engage in other activity directly related to expanding students' access to, participation in, and success with preadvanced placement ~~or~~ advanced placement, or international baccalaureate courses and or programs, including low-income and other disadvantaged students.

Subd. 4. **Annual reports.** (a) Each school district and charter school that receives a grant under this section annually must collect demographic and other student data to demonstrate and measure the extent to which the district or charter school raised students' academic achievement under this program and must report the data to the commissioner in the form and manner the commissioner determines. The commissioner annually by February 15 must make summary data about this program available to the education policy and finance committees of the legislature.

(b) Each school district and charter school that receives a grant under this section annually must report to the commissioner, consistent with the Uniform Financial Accounting and Reporting Standards, its actual expenditures for advanced placement ~~and~~ preadvanced placement, and international baccalaureate courses and programs. The report must demonstrate that the school district or charter school has maintained its effort from other sources for advanced placement ~~and~~ preadvanced placement, and international baccalaureate courses and programs compared with the previous fiscal year, and the district or charter school has expended all grant funds, consistent with its approved budget.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the 2007-2008 school year and later.

Sec. 9. Minnesota Statutes 2006, section 120B.15, is amended to read:

120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.

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

(b) School districts may adopt guidelines for assessing and identifying students for participation in gifted and talented programs. The guidelines should include the use of:

(1) multiple and objective criteria; and

(2) assessments and procedures that are valid and reliable, fair, and based on current theory and research.

(c) School districts must adopt policies and procedures for the academic acceleration of gifted and talented students. These policies and procedures must include how the district will:

(1) assess a student's readiness and motivation for acceleration; and

(2) match the level, complexity, and pace of the curriculum to a student to achieve the best type of academic acceleration for that student.

Sec. 10. Minnesota Statutes 2006, section 120B.30, is amended to read:

120B.30 STATEWIDE TESTING AND REPORTING SYSTEM.

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

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

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

~~(b) For students enrolled in grade 8 in the 2005-2006 school year and later, only the Minnesota Comprehensive Assessments Second Edition (MCA II's) in reading, mathematics, and writing following options shall fulfill students' academic standard state graduation test requirements:-~~

(1) for reading and mathematics:

(i) obtaining an achievement level equivalent to or greater than proficient as determined through a standard setting process on the Minnesota comprehensive assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing score as determined through a standard setting process on the graduation-required assessment for diploma in grade 10 for reading and grade 11 for mathematics or subsequent retests;

(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in reading and the mathematics test for English language learners or the graduation-required assessment for diploma equivalent of those assessments for students designated as English language learners;

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individual education plan or 504 plan;

(iv) obtaining achievement level equivalent to or greater than proficient as determined through a standard setting process on the state-identified alternate assessment or assessments in grade 10 for reading and grade 11 for mathematics for students with an individual education plan; or

(v) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individual education plan; and

(2) for writing:

(i) achieving a passing score on the graduation-required assessment for diploma;

(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in writing for students designated as English language learners;

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individual education plan or 504 plan; or

(iv) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individual education plan.

~~(b)~~ (c) The ~~third~~ 3rd through 8th grade and high school level test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must disseminate to the public the test results upon receiving those results.

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

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

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

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

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

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

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

Subd. 1a. **Statewide and local assessments; results.** (a) The commissioner must develop reading, mathematics, and science assessments aligned with state academic standards that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

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

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

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

(c) Reporting of assessment results must:

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

(2) include, by ~~the 2006-2007~~ no later than the 2008-2009 school year, a value-added component ~~to~~ that is in addition to a measure for student achievement growth over time; and

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

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

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

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

(f) A school district or charter school must place a student's assessment score for 9th grade writing, 10th grade language arts, and 11th grade mathematics on the student's transcript.

Subd. 2. **Department of Education assistance.** The Department of Education shall contract for professional and technical services according to competitive bidding procedures under chapter 16C for purposes of this section.

Subd. 3. **Reporting.** The commissioner shall report test data publicly and to stakeholders, including the ~~three performance baselines~~ performance achievement levels developed from students' unweighted ~~mean~~ test scores in each tested subject and a listing of demographic factors that strongly correlate with student performance. The commissioner shall also report data that compares performance results among school sites, school districts, Minnesota and other states, and Minnesota and other nations. The commissioner shall disseminate to schools and school districts a more comprehensive report containing testing information that meets local needs for evaluating instruction and curriculum.

Subd. 4. **Access to tests.** The commissioner must adopt and publish a policy to provide public and parental access for review of basic skills tests, Minnesota Comprehensive Assessments, or any other such statewide test and assessment. Upon receiving a written request, the commissioner must make available to parents or guardians a copy of their student's actual ~~answer sheet~~ responses to the test questions to be reviewed by the parent.

Sec. 11. Minnesota Statutes 2006, section 120B.31, subdivision 3, is amended to read:

Subd. 3. **Educational accountability.** (a) The Independent Office of Educational Accountability, as authorized by Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 2, is established, and shall be funded through the Board of Regents of the University of Minnesota. The office shall advise the education committees of the legislature and the commissioner of education, at least on a biennial basis, on the degree to which the statewide educational accountability and reporting system includes a comprehensive assessment framework that measures school accountability for students achieving the goals described in the state's results-oriented graduation rule. The office shall ~~consider~~ determine and annually report to the legislature whether and how effectively:

(1) the statewide system of educational accountability utilizes multiple indicators to provide valid and reliable comparative and contextual data on students, schools, districts, and the state, and if not, recommend ways to improve the accountability reporting system-;

(2) the commissioner makes statistical adjustments when reporting student data over time, consistent with clause (4);

(3) the commissioner uses indicators of student achievement growth over time and a value-added assessment model that estimates the effects of the school and school district on student achievement to measure school performance, consistent with section 120B.36, subdivision 1; and

(4) the commissioner makes data available on students who do not pass one or more of the state's required GRAD tests and do not receive a diploma as a consequence, and categorizes these data according to gender, race, eligibility for free or reduced lunch, and English language proficiency.

(b) When the office reviews the statewide educational accountability and reporting system, it shall also consider:

(1) the objectivity and neutrality of the state's educational accountability system; and

(2) the impact of a testing program on school curriculum and student learning.

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

Sec. 12. Minnesota Statutes 2006, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance report cards.** (a) The commissioner shall use objective criteria based on levels of student performance to ~~identify four to six designations applicable to high and low performing public schools. The objective criteria shall include report~~ at least student academic performance, school safety, student-to-teacher ratios that clearly indicate the definition of teacher for purposes of determining these ratios, and staff characteristics, with a value-added ~~growth~~ component added ~~by the 2006-2007~~ no later than the 2008-2009 school year. The report must indicate a school's adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance report cards. ~~A school's designation must be clearly stated on each school performance report card.~~

(c) The commissioner must make available the first ~~school designations and school~~ performance report cards by November 2003, and during the beginning of each school year thereafter.

(d) A school or district may appeal its adequate yearly progress status in writing a designation under this section to the commissioner within 30 days of receiving the ~~designation~~ notice of its status. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance report cards data are nonpublic data under section 13.02, subdivision 9, until not later than ten days after the appeal procedure described in paragraph (d) concludes. The department shall annually post school performance report cards to its public Web site no later than September 1.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the school performance report cards for the 2006-2007 school year and later.

Sec. 13. Minnesota Statutes 2006, section 121A.22, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) This section applies only:

(1) when the parent of a pupil requests school personnel to administer drugs or medicine, including physician-prescribed naturopathic medicine, to the pupil; or

(2) when administration is allowed by the individual education plan of a child with a disability.

The request of a parent may be oral or in writing. An oral request must be reduced to writing within two school days, provided that the district may rely on an oral request until a written request is received.

(b) "Physician-prescribed naturopathic medicine" under this section means naturopathic medicine, as defined by the federal Food, Drug, and Cosmetic Act, that is prescribed by a licensed physician in consultation with a board-certified naturopathic physician.

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

Sec. 14. Minnesota Statutes 2006, section 121A.22, subdivision 3, is amended to read:

Subd. 3. **Labeling.** Drugs or medicine subject to this section, except physician-prescribed and labeled naturopathic medicine, must be in a container with a label prepared by a pharmacist according to section 151.212 and applicable rules.

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

Sec. 15. Minnesota Statutes 2006, section 121A.22, subdivision 4, is amended to read:

Subd. 4. **Administration.** (a) Drugs and medicine subject to this section, except physician-prescribed naturopathic medicine, must be administered in a manner consistent with instructions on the label. Physician-prescribed naturopathic medicine must be administered according to the order of the prescribing physician.

(b) Drugs and medicine subject to this section must be administered, to the extent possible, according to school board procedures that must be developed in consultation:

(1) with a school nurse, in a district that employs a school nurse;

(2) with a licensed school nurse, in a district that employs a licensed school nurse;

(3) with a public or private health or health-related organization, in a district that contracts with a public or private health or health-related organization, according to section 121A.21; or

(4) with the appropriate party, in a district that has an arrangement approved by the commissioner of education, according to section 121A.21.

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

Sec. 16. **[121A.231] RESPONSIBLE FAMILY LIFE AND SEXUALITY EDUCATION PROGRAMS.**

Subdivision 1. **Definitions.** (a) "Responsible family life and sexuality education" means education in grades 7 through 12 that:

(1) respects community values and encourages family communication;

(2) develops skills in communication, decision making, and conflict resolution;

(3) contributes to healthy relationships;

(4) provides human development and sexuality education that is age appropriate and medically accurate;

(5) includes an abstinence-first approach to delaying initiation of sexual activity that emphasizes abstinence while also including education about the use of protection and contraception; and

(6) promotes individual responsibility.

(b) "Age appropriate" refers to topics, messages, and teaching methods suitable to particular ages or age groups of children and adolescents, based on developing cognitive, emotional, and behavioral capacity typical for the age or age group.

(c) "Medically accurate" means verified or supported by research conducted in compliance with scientific methods and published in peer-reviewed journals, where appropriate, and recognized as accurate and objective by professional organizations and agencies in the relevant field, such as the federal Centers for Disease Control and Prevention, the American Public Health Association, the American Academy of Pediatrics, or the American College of Obstetricians and Gynecologists.

Subd. 2. **Curriculum requirements.** (a) A school district must offer and may independently establish policies, procedures, curriculum, and services for providing responsible family life and sexuality education that is age appropriate and medically accurate for grades 7 through 12.

(b) A school district must consult with parents or guardians of enrolled students when establishing policies, procedures, curriculum, and services under this subdivision.

Subd. 3. **Notice and parental options.** (a) It is the legislature's intent to encourage pupils to communicate with their parents or guardians about human sexuality and to respect rights of parents or guardians to supervise their children's education on these subjects.

(b) Parents or guardians may excuse their children from all or part of a responsible family life and sexuality education program.

(c) A school district must establish policies and procedures consistent with paragraph (e) and this section for providing parents or guardians reasonable notice with the following information:

(1) if the district is offering a responsible family life and sexuality education program to the parents' or guardians' child during the course of the year;

(2) how the parents or guardians may inspect the written and audio/visual educational materials used in the program and the process for inspection;

(3) if the program is presented by school district personnel or outside consultants, and if outside consultants are used, who they may be; and

(4) parents' or guardians' right to choose not to have their child participate in the program and the procedure for exercising that right.

(d) A school district must establish policies and procedures for reasonably restricting the availability of written and audio/visual educational materials from public view of students who have been excused from all or part of a responsible family life and sexuality education program at the request of a parent or guardian, consistent with paragraph (e) and this section.

(e) A school district may offer a responsible family life and sexuality education program under this section to a pupil only with the prior written consent of the pupil's parent or guardian. A school district must make reasonable arrangements with school personnel for alternative instruction for those pupils whose parents or guardians refuse to give their consent, and must not impose an academic or other penalty upon a pupil merely for arranging the alternative instruction. School personnel may evaluate and assess the quality of the pupil's work completed as part of the alternative instruction.

Subd. 4. **Assistance to school districts.** (a) The Department of Education may offer services to school districts to help them implement effective responsible family life and sexuality education programs. In making these services available the department may provide:

(1) training for teachers, parents, and community members in the development of responsible family life and sexuality education curriculum or services and in planning for monitoring and evaluation activities;

(2) resource staff persons to provide expert training, curriculum development and implementation, and evaluation services;

(3) technical assistance to promote and coordinate community, parent, and youth forums in communities identified as having high needs for responsible family life and sexuality education;

(4) technical assistance for issue management and policy development training for school boards, superintendents, principals, and administrators across the state; and

(b) Technical assistance in accordance with National Health Education Standards provided by the department to school districts may:

(1) promote instruction and use of materials that are age appropriate;

(2) provide information that is medically accurate and objective;

(3) provide instruction and promote use of materials that are respectful of marriage and commitments in relationships;

(4) provide instruction and promote use of materials that are appropriate for use with pupils and family experiences based on race, gender, sexual orientation, ethnic and cultural background, and appropriately accommodate alternative learning based on language or disability;

(5) provide instruction and promote use of materials that encourage pupils to communicate with their parents or guardians about human sexuality;

(6) provide instruction and promote use of age-appropriate materials that teach abstinence from sexual intercourse as the only certain way to prevent unintended pregnancy or sexually transmitted infections, including HIV and HPV, and provide information about the role and value of abstinence while also providing medically accurate information on other methods of preventing and reducing risk for unintended pregnancy and sexually transmitted infections;

(7) provide instruction and promote use of age-appropriate materials that are medically accurate in explaining transmission modes, risks, symptoms, and treatments for sexually transmitted infections, including HIV and HPV;

(8) provide instruction and promote use of age-appropriate materials that address varied societal views on sexuality, sexual behaviors, pregnancy, and sexually transmitted infections, including HIV and HPV, in an age-appropriate manner;

(9) provide instruction and promote use of age-appropriate materials that provide information about the effectiveness and safety of all FDA-approved methods for preventing and reducing risk for unintended pregnancy and sexually transmitted infections, including HIV and HPV;

(10) provide instruction and promote use of age-appropriate materials that provide instruction in skills for making and implementing responsible decisions about sexuality;

(11) provide instruction and promote use of age-appropriate materials that provide instruction in skills for making and implementing responsible decisions about finding and using health services; and

(12) provide instruction and promote use of age-appropriate materials that do not teach or promote religious doctrine or bias against a religion or reflect or promote bias against any person on the basis of any category protected under the Minnesota Human Rights Act, chapter 363A.

Sec. 17. Minnesota Statutes 2006, section 122A.16, is amended to read:

122A.16 HIGHLY QUALIFIED TEACHER DEFINED.

(a) A qualified teacher is one holding a valid license, under this chapter, to perform the particular service for which the teacher is employed in a public school.

(b) For the purposes of the federal No Child Left Behind Act, a highly qualified teacher ~~is one who holds a valid license under this chapter to perform the particular service for which the teacher is employed in a public school or who meets the requirements of a highly objective uniform state standard of evaluation (HOSSE)~~ means a teacher who:

(1) has obtained full state certification or passed the state teacher licensing examination and holds a license to teach in the state;

(2) does not have certification or licensure requirements waived on an emergency, temporary, or provisional basis;

(3) holds a minimum of a bachelor's degree; and

(4) has demonstrated subject matter competency in core academic subjects.

~~All Minnesota teachers teaching in a core academic subject area, as defined by the federal No Child Left Behind Act, in which they are not fully licensed may complete the following HOUSSE process in the core subject area for which the teacher is requesting highly qualified status by completing an application, in the form and manner described by the commissioner, that includes:~~

~~(1) documentation of student achievement as evidenced by norm-referenced test results that are objective and psychometrically valid and reliable;~~

~~(2) evidence of local, state, or national activities, recognition, or awards for professional contribution to achievement;~~

~~(3) description of teaching experience in the teachers' core subject area in a public school under a waiver, variance, limited license or other exception; nonpublic school; and postsecondary institution;~~

~~(4) test results from the Praxis II content test;~~

~~(5) evidence of advanced certification from the National Board for Professional Teaching Standards;~~

~~(6) evidence of the successful completion of course work or pedagogy courses; and~~

~~(7) evidence of the successful completion of high quality professional development activities.~~

~~Districts must assign a school administrator to serve as a HOUSSE reviewer to meet with teachers under this paragraph and, where appropriate, certify the teachers' applications. Teachers satisfy the definition of highly qualified when the teachers receive at least 100 of the total number of points used to measure the teachers' content expertise under clauses (1) to (7). Teachers may acquire up to 50 points only in any one clause (1) to (7). Teachers may use the HOUSSE process to satisfy the definition of highly qualified for more than one subject area.~~

~~(c) Achievement of the HOUSSE criteria is not equivalent to a license. A teacher must obtain permission from the Board of Teaching in order to teach in a public school. Subject matter competency to meet federal highly qualified teacher requirements is determined by the state.~~

Sec. 18. Minnesota Statutes 2006, section 122A.18, is amended by adding a subdivision to read:

Subd. 2c. **Determining passing scores.** The passing score on the examination of skills in reading, writing, and mathematics required as a condition of granting an initial teaching license under subdivision 2, paragraph (b), is the passing score in effect at the time the person takes the examination and not the time the person applies for the initial teaching license.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all persons enrolled in a teacher preparation program on that date and later.

Sec. 19. Minnesota Statutes 2006, section 122A.414, subdivision 1, is amended to read:

Subdivision 1. **Restructured pay system.** A restructured alternative teacher professional pay system that may include experience and educational credits is established under subdivision 2 to provide incentives to encourage teachers to improve their knowledge and instructional skills in order to improve student learning and for school districts, intermediate school districts, and charter schools to recruit and retain highly qualified teachers, encourage highly qualified teachers to undertake challenging assignments, and support teachers' roles in improving students' educational achievement.

EFFECTIVE DATE. This section is effective for the 2007-2008 school year and later.

Sec. 20. Minnesota Statutes 2006, section 122A.414, subdivision 2, is amended to read:

Subd. 2. **Alternative teacher professional pay system.** (a) To participate in this program, a school district, intermediate school district, school site, or charter school must have an educational improvement plan under section 122A.413 and an alternative teacher professional pay system agreement under paragraph (b). A charter school participant also must comply with subdivision 2a.

(b) The alternative teacher professional pay system agreement must:

(1) describe how teachers can achieve career advancement and additional compensation;

(2) describe how the school district, intermediate school district, school site, or charter school will provide teachers with career advancement options that allow teachers to retain primary roles in student instruction and facilitate site-focused professional development that helps other teachers improve their skills;

(3) reform the "steps and lanes" salary schedule, prevent any teacher's compensation paid before implementing the pay system from being reduced as a result of participating in this system, and base at least 60 percent of any compensation increase funded by alternative compensation revenue on teacher performance using:

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

(ii) measures of student achievement; and

(iii) an objective evaluation program that includes:

(A) individual teacher evaluations aligned with the educational improvement plan under section 122A.413 and the staff development plan under section 122A.60; and

(B) objective evaluations using multiple criteria conducted by a locally selected and periodically trained evaluation team that understands teaching and learning;

(4) provide integrated ongoing site-based professional development activities to improve instructional skills and learning that are aligned with student needs under section 122A.413, consistent with the staff development plan under section 122A.60 and led during the school day by trained teacher leaders such as master or mentor teachers;

(5) allow any teacher in a participating school district, intermediate school district, school site, or charter school that implements an alternative pay system to participate in that system without any quota or other limit; and

(6) encourage collaboration rather than competition among teachers.

EFFECTIVE DATE. This section is effective for the 2007-2008 school year and later.

Sec. 21. Minnesota Statutes 2006, section 122A.415, subdivision 1, is amended to read:

Subdivision 1. **Revenue amount.** (a) A school district, intermediate school district, school site, or charter school that meets the conditions of section 122A.414 and submits an application approved by the commissioner is eligible for alternative teacher compensation revenue.

(b) For school district and intermediate school district applications, the commissioner must consider only those applications to participate that are submitted jointly by a district and the exclusive representative of the teachers. The application must contain an alternative teacher professional pay system agreement that:

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

(2) is negotiated and adopted according to the Public Employment Labor Relations Act under chapter 179A, except that notwithstanding section 179A.20, subdivision 3, a district may enter into a contract for a term of two or four years.

Alternative teacher compensation revenue for a qualifying school district or site in which the school board and the exclusive representative of the teachers agree to place teachers in the district or at the site on the alternative teacher professional pay system equals \$260 times the number of pupils enrolled at the district or site on October 1 of the previous fiscal year. Alternative teacher compensation revenue for a qualifying intermediate school district must be calculated under section 126C.10, subdivision 34, ~~paragraphs (a) and (b)~~ paragraph (c).

(c) For a newly combined or consolidated district, the revenue shall be computed using the sum of pupils enrolled on October 1 of the previous year in the districts entering into the combination or consolidation. The commissioner may adjust the revenue computed for a site using prior year data to reflect changes attributable to school closings, school openings, or grade level reconfigurations between the prior year and the current year.

(d) The revenue is available only to school districts, intermediate school districts, school sites, and charter schools that fully implement an alternative teacher professional pay system by October 1 of the current school year.

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

Sec. 22. Minnesota Statutes 2006, section 122A.60, subdivision 3, is amended to read:

Subd. 3. **Staff development outcomes.** The advisory staff development committee must adopt a staff development plan for improving student achievement. The plan must be consistent with education outcomes that the school board determines. The plan must include ongoing staff development activities that contribute toward continuous improvement in achievement of the following goals:

(1) improve student achievement of state and local education standards in all areas of the curriculum by using best practices methods;

(2) effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, and gifted children, within the regular classroom and other settings;

(3) provide an inclusive curriculum for a racially, ethnically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan;

(4) improve staff collaboration and develop mentoring and peer coaching programs for teachers new to the school or district;

(5) effectively teach and model violence prevention policy and curriculum that address early intervention alternatives, issues of harassment, and teach nonviolent alternatives for conflict resolution; ~~and~~

(6) provide teachers and other members of site-based management teams with appropriate management and financial management skills; and

(7) improve and increase teachers' knowledge of the academic subjects they teach.

Sec. 23. Minnesota Statutes 2006, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. **Staff development revenue.** A district is required to reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, higher education courses and programs in teachers' areas of licensure, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs. With the exception of amounts reserved for staff development from revenues allocated directly to school sites, the board must initially allocate 50 percent of the reserved revenue to each school site in the district on a per teacher basis, which must be retained by the school site until used. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue must be used to make grants to school sites for best practices methods. A grant may be used for any purpose authorized under section 120B.22, subdivision 2, 122A.60, or for the costs of curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and determined by the site professional development team. The site professional development team must demonstrate to the school board the extent ~~to which~~ that staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

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

Sec. 24. **[122A.633] SCHOLAR LOANS TO PREPARE TEACHERS OF COLOR.**

Subdivision 1. **Establishment; definitions.** (a) A scholar loan program is established to encourage academically talented postsecondary students of color to become teachers of early childhood, elementary, or secondary education.

(b) For the purposes of this section, the following terms have the meanings given them:

(1) "student of color" means a student who is African American, American Indian, Alaskan native, Asian American or Pacific Islander, or Hispanic; and

(2) "director" means the director of the Minnesota Office of Higher Education.

Subd. 2. **Eligibility.** To be eligible for a scholar loan, a student of color must:

(1) be an American citizen residing in Minnesota;

(2) be registered as a junior or senior in a Minnesota public or private postsecondary institution and enrolled in a teacher preparation program approved by the Board of Teaching at that postsecondary institution;

(3) be making satisfactory progress towards a baccalaureate degree with a major in education;

(4) agree to teach in a Minnesota school district with a student of color population of at least 15 percent or a desegregation/integration plan approved by the commissioner of education; and

(5) meet academic criteria specified by the director in consultation with the commissioner.

Subd. 3. **Application process; awarding scholar loans.** (a) The director, in consultation with the commissioner of education, shall award scholar loans to eligible students of color. A student of color must submit an application for a scholar loan to the director in the form and manner determined by the director in consultation with the commissioner. The application must include the criteria in subdivision 2 and any other information required by the director.

(b) A student of color may receive scholar loans for two consecutive academic years if the student of color remains enrolled full time in a teacher preparation program and continues to make satisfactory progress toward the baccalaureate degree. For each academic year, a loan may not exceed the lesser of the cost of tuition, fees, books, and on-campus housing, if applicable, or a maximum amount of \$10,000. The director must award ten percent of the scholar loans to students of color who transfer from a Minnesota public community or technical college to a Minnesota public or private college or university with an approved teacher preparation program.

(c) The director must spend up to five percent of any appropriation for promotion of the scholar loan program, recruitment of students of color to the program, and retention and mentoring of students of color while attending a teacher preparation program and teaching in an eligible Minnesota public school under subdivision 2, clause (4). The director must consult with the commissioner to consider the use of existing state programs, as appropriate, to provide the services under this paragraph.

Subd. 4. **Loan forgiveness; deferral; repayment.** (a) A scholar loan may be forgiven if a recipient is employed as a teacher under section 122A.40 or 122A.41 in an eligible school under subdivision 2, clause (4). The director shall forgive up to \$2,500 of the principal of the outstanding loan amount for successful completion of each school year of full-time teaching up to four school years of teaching in an eligible school or a pro rata amount of the principal for eligible employment during part of a school year, part-time employment as a substitute, or other part-time teaching.

(b) If there is no eligible employment available, the director may grant an exemption from the 15 percent district student of color teaching requirement or a deferral from payment of principal and interest on the loan. The director may also grant a deferral of payment of principal and interest on the loan during any time period the recipient is enrolled at least one-half time in an advanced degree program in a field that leads to employment by a school district. The recipient shall apply for a loan deferral by submitting written notification to the director in a form and manner established by the director.

(c) A recipient with an outstanding scholar loan amount who is not having the loan forgiven under paragraph (a) or deferred under paragraph (b) must repay the principal of the loan plus interest at the rate of six percent. The interest rate must begin accruing the first day of the first month following the last month of the period of forgiveness or deferral. Interest does not accrue during the period of forgiveness or deferral.

(d) The director shall establish repayment procedures for scholar loans including, at least, variable repayment schedules consistent with the need and anticipated income streams of loan recipients. The repayment period begins the first day of the first month after:

(1) the recipient terminates full-time enrollment in an approved teacher preparation program;

(2) the recipient completes an approved teacher preparation program and does not teach in an eligible school under subdivision 2, clause (4), or have an exemption under paragraph (b);

(3) the period of forgiveness under paragraph (a) ends; or

(4) the period of deferral under paragraph (b) ends.

Subd. 5. **Revolving fund.** The scholar loan repayment revolving account is established in the state treasury. Any amounts repaid by a loan recipient shall be deposited in the account. All money in the account is annually appropriated to the director for the purposes of the scholar loan program under this section.

Sec. 25. Minnesota Statutes 2006, section 122A.72, subdivision 5, is amended to read:

Subd. 5. **Center functions.** (a) A teacher center shall perform functions according to this subdivision. The center shall assist teachers, diagnose learning needs, experiment with the use of multiple instructional approaches, assess pupil outcomes, assess staff development needs and plans, and teach school personnel about effective pedagogical approaches. The center shall develop and produce curricula and curricular materials designed to meet the educational needs of pupils being served, by applying educational research and new and improved methods, practices, and techniques. The center shall provide programs to improve the skills of teachers to meet the special educational needs of pupils. The center shall provide programs to familiarize teachers with developments in curriculum formulation and educational research, including how research can be used to improve teaching skills. The center shall facilitate sharing of resources, ideas, methods, and approaches directly related to classroom instruction and improve teachers' familiarity with current teaching materials and products for use in their classrooms. The center shall provide in-service programs.

(b) Each teacher center must provide a professional development program to train interested and highly qualified elementary, middle, and secondary teachers, selected by the employing school district, to assist other teachers in that district with mathematics and science curriculum, standards, and instruction so that all teachers have access to:

(1) high quality professional development programs in mathematics and science that address curriculum, instructional methods, alignment of standards, and performance measurements, enhance teacher and student learning, and support state mathematics and science standards; and

(2) research-based mathematics and science programs and instructional models premised on best practices that inspire teachers and students and have practical classroom application.

EFFECTIVE DATE. This section is effective for the 2007-2008 school year and later.

Sec. 26. **[122A.95] VETERAN'S DAY RECOGNITION.**

(a) Every independent, special, and common school district and every charter school shall honor the federal Veteran's Day holiday by:

(1) granting to each staff member who is a veteran the option of using Veteran's Day as a personal leave day; and

(2) if the school district or school is open and providing instruction on Veteran's Day, instructing the students about Veteran's Day and the significance to our nation of the service provided by veterans. The instruction must be given in each school for at least 30 minutes or one school period, whichever is longer.

(b) In recognition of the educational value of observing Veteran's Day and honoring the service provided by all our veterans, Minnesota institutions, organizations, and other entities are encouraged to honor the federal Veteran's Day holiday by granting to each employee who is a veteran a day off with pay on that holiday.

Sec. 27. Minnesota Statutes 2006, section 123B.03, subdivision 3, is amended to read:

Subd. 3. **Definitions.** For purposes of this section:

(a) "School" means a school as defined in section 120A.22, subdivision 4, except a home school, and includes a school receiving tribal contract or grant school aid under section 124D.83; school, for the purposes of this section, also means a service cooperative, a special education cooperative, or an education district under Minnesota Statutes 1997 Supplement, section 123.35, a charter school under section 124D.10, and a joint powers district under section 471.59.

(b) "School hiring authority" means the school principal or other person having general control and supervision of the school.

(c) "Security violations" means the failure to prevent or failure to institute safeguards to prevent access, use, retention, or dissemination of information in violation of the security and management control outsourcing standard.

Sec. 28. Minnesota Statutes 2006, section 123B.03, is amended by adding a subdivision to read:

Subd. 4. Third-party handling of criminal history record information. (a) For purposes of this section, a school hiring authority may contract with a third party to conduct background checks required in subdivision 1. Prior to engaging in the contract the school hiring authority shall:

(1) request and receive written permission from the state compact officer as defined in section 299C.58, article I, paragraph (2), item (B);

(2) provide the state compact officer a copy of the contract; and

(3) inquire of the state compact officer whether a prospective contractor has any security violations.

(b) The contract shall specifically describe the purposes for which the background check information may be made available, consistent with applicable data practices law, and shall incorporate by reference a security and management control outsourcing standard approved by the state compact officer.

Sec. 29. Minnesota Statutes 2006, section 123B.37, subdivision 1, is amended to read:

Subdivision 1. Boards shall not charge certain fees. (a) A board is not authorized to charge fees in the following areas:

(1) textbooks, workbooks, art materials, laboratory supplies, towels;

(2) supplies necessary for participation in any instructional course except as authorized in sections 123B.36 and 123B.38;

(3) field trips that are required as a part of a basic education program or course;

(4) graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;

(5) instructional costs for necessary school personnel employed in any course or educational program required for graduation;

(6) library books required to be utilized for any educational course or program;

(7) admission fees, dues, or fees for any activity the pupil is required to attend;

(8) any admission or examination cost for any required educational course or program;

(9) locker rentals;

(10) transportation to and from school of pupils living two miles or more from school.

(b) Notwithstanding paragraph (a), clauses (1) and (6), a board may charge fees for textbooks, workbooks, and library books, lost or destroyed by students. The board must annually notify parents or guardians and students about its policy to charge a fee under this paragraph.

(c) A school board must not charge a fee to a person serving in active military service under section 190.05, subdivision 5, who requests that the school district or charter school transmit a copy of the person's transcript to a postsecondary institution or prospective employer. The school district or charter school may request reasonable proof of the service member's current military duty status.

Sec. 30. **[123B.485] NONPUBLIC TRANSCRIPTS.**

A nonpublic school that receives services or aid under sections 123B.40 to 123B.48 must not charge a fee to a person serving in active military service under section 190.05, subdivision 5, who requests that the nonpublic school transmit a copy of the person's transcript to a postsecondary institution or prospective employer. The nonpublic school may request reasonable proof of the service member's current military status.

Sec. 31. Minnesota Statutes 2006, section 123B.92, subdivision 3, is amended to read:

Subd. 3. **Alternative attendance programs.** (a) A district that enrolls nonresident pupils in programs under sections 124D.03, 124D.06, 124D.08, 123A.05 to 123A.08, and 124D.68, must provide authorized transportation to the pupil within the attendance area for the school that the pupil attends at the same level of service that is provided to resident pupils within the attendance area. The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

(b) A district may provide transportation to allow a student who attends a high-need English language learner program and who resides within the transportation attendance area of the program to continue in the program until the student completes the highest grade level offered by the program.

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

Sec. 32. **[124D.091] CONCURRENT ENROLLMENT PROGRAM AID.**

Subdivision 1. **Accreditation.** To establish a uniform standard by which concurrent enrollment courses and professional development activities may be measured, postsecondary institutions are encouraged to apply for accreditation by the National Alliance of Concurrent Enrollment Partnership.

Subd. 2. **Eligibility.** A district that offers a concurrent enrollment course according to an agreement under section 124D.09, subdivision 10, is eligible to receive aid for the costs of providing postsecondary courses at the high school. Beginning in fiscal year 2011, districts only are eligible for aid if the college or university concurrent enrollment courses offered by the district are accredited by the National Alliance of Concurrent Enrollment Partnership, in the process of being accredited, or are shown by clear evidence to be of comparable standard to accredited courses.

Subd. 3. **Aid.** An eligible district shall receive \$150 per pupil enrolled in a concurrent enrollment course. The money must be used to defray the cost of delivering the course at the high school. The commissioner shall establish application procedures and deadlines for receipt of aid payments.

Sec. 33. Minnesota Statutes 2006, section 124D.095, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given them.

(a) "Online learning" is an interactive course or program that delivers instruction from a teacher to a student by computer; is combined with other traditional delivery methods that include frequent student assessment and may include actual teacher contact time; and meets or exceeds state academic standards.

(b) "Online learning provider" is a school district, an intermediate school district, an organization of two or more school districts operating under a joint powers agreement, or a charter school located in Minnesota that provides online learning to students.

(c) "Student" is a Minnesota resident enrolled in a school under section 120A.22, subdivision 4, in kindergarten through grade 12.

(d) "Online learning student" is a student enrolled in an online learning course or program delivered by an online provider under paragraph (b).

(e) "Enrolling district" means the school district or charter school in which a student is enrolled under section 120A.22, subdivision 4, for purposes of compulsory attendance.

(f) "Supplemental online learning" means an online course taken in place of a course period during the regular school day at a local district school.

(g) "Full-time online provider" means an enrolling school authorized by the department to deliver comprehensive public education at any or all of the elementary, middle, or high school levels.

Sec. 34. Minnesota Statutes 2006, section 124D.095, subdivision 3, is amended to read:

Subd. 3. Authorization; notice; limitations on enrollment. ~~(a) A student may apply to an online learning provider to enroll in online learning for full-time enrollment in an approved online learning program under section 124D.03, 124D.08 or 124D.10, or for supplemental online learning. Notwithstanding sections 124D.03, 124D.08, and 124D.10, procedures for enrolling in online learning shall be as provided in this subdivision. A student age 17 or younger must have the written consent of a parent or guardian to apply. No school district or charter school may prohibit a student from applying to enroll in online learning. An online learning provider that accepts a student under this section must, within ten days, notify the student and the enrolling district if the enrolling district is not the online learning provider. The notice must report the student's course or program and hours of instruction. In order that a student may enroll in online learning, the student and the student's parents must submit an application to the online learning provider and identify the reason for enrolling in online learning. The online learning provider that accepts a student under this section must within ten days notify the student and the enrolling district in writing if the enrolling district is not the online learning provider. The student and family must notify the online learning provider of their intent to enroll in online learning within ten days of acceptance, at which time the student and parent must sign a statement of assurance that they have reviewed the online course or program and understand the expectations of online learning enrollment. The online learning provider must notify the enrolling district of the student's enrollment in online learning in writing on a form provided by the department.~~

(b) Supplemental online learning notification to the enrolling district upon student enrollment in the online learning program will include the courses or program, credits to be awarded, the start date of online enrollment, and confirmation that the courses will meet the student's graduation plan. A student may enroll in supplemental online learning courses up to the midpoint of the enrolling district's term. The enrolling district may waive this requirement for special circumstances and upon acceptance by the online provider.

~~(b) An online learning student must notify the enrolling district at least 30 days before taking an online learning course or program if the enrolling district is not providing the online learning. (c) An online learning provider must notify the commissioner that it is delivering online learning and report the number of online learning students it is accepting and the online learning courses and programs it is delivering.~~

~~(e)~~ (d) An online learning provider may limit enrollment if the provider's school board or board of directors adopts by resolution specific standards for accepting and rejecting students' applications.

~~(d)~~ (e) An enrolling district may reduce an online learning student's regular classroom instructional membership in proportion to the student's membership in online learning courses.

Sec. 35. Minnesota Statutes 2006, section 124D.095, subdivision 4, is amended to read:

Subd. 4. **Online learning parameters.** (a) An online learning student must receive academic credit for completing the requirements of an online learning course or program. Secondary credits granted to an online learning student must be counted toward the graduation and credit requirements of the enrolling district. An online learning provider must make available to the enrolling district the course syllabus, standard alignment, content outline, assessment requirements, and contact information for supplemental online courses taken by students in the enrolling district. The enrolling district must apply the same graduation requirements to all students, including online learning students, and must continue to provide nonacademic services to online learning students. If a student completes an online learning course or program that meets or exceeds a graduation standard or grade progression requirement at the enrolling district, that standard or requirement is met. The enrolling district must use the same criteria for accepting online learning credits or courses as it does for accepting credits or courses for transfer students under section 124D.03, subdivision 9. The enrolling district may reduce the ~~teacher-contact time~~ course schedule of an online learning student in proportion to the number of online learning courses the student takes from an online learning provider that is not the enrolling district.

(b) An online learning student may:

(1) enroll in supplemental online learning courses during a single school year in a maximum of 12 semester-long courses or their equivalent delivered by an online learning provider or the enrolling district to a maximum of 50 percent of the student's full schedule of courses per term. A student may exceed the supplemental online learning registration limit if the enrolling district grants permission for supplemental online learning enrollment above the limit, or if an agreement is made between the enrolling district and the online learning provider for instructional services;

(2) complete course work at a grade level that is different from the student's current grade level; and

(3) enroll in additional courses with the online learning provider under a separate agreement that includes terms for payment of any tuition or course fees.

(c) An online learning student has the same access to the computer hardware and education software available in a school as all other students in the enrolling district. An online learning provider must assist an online learning student whose family qualifies for the education tax credit under section 290.0674 to acquire computer hardware and educational software for online learning purposes.

(d) An enrolling district may offer online learning to its enrolled students. Such online learning does not generate online learning funds under this section. An enrolling district that offers online learning only to its enrolled students is not subject to the reporting requirements or review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to enrolled students receiving online learning from an enrolling district. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license.

(e) An online learning provider that is not the enrolling district is subject to the reporting requirements and review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to online learning students. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license. Unless the commissioner grants a waiver, a teacher providing online learning instruction must not instruct more than 40 students in any one online learning course or program.

(f) To enroll in more than 50 percent of the student's full schedule of courses per term in online learning, the student must qualify to exceed the supplemental online learning registration limit under paragraph (b) or apply for enrollment to an approved full-time online learning program following appropriate procedures in subdivision 3, paragraph (a). Full-time online learning students may enroll in classes at a local school per contract for instructional services between the online learning provider and the school district.

Sec. 36. Minnesota Statutes 2006, section 124D.095, subdivision 7, is amended to read:

Subd. 7. **Department of Education.** (a) The department must review and certify online learning providers. The online learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. Online learning providers must ~~affirm~~ demonstrate to the commissioner that online learning courses have equivalent standards or instruction, curriculum, and assessment requirements as other courses offered to enrolled students. The online learning provider must also demonstrate expectations for actual teacher contact time or other student-to-teacher communication. Once an online learning provider is approved under this paragraph, all of its online learning course offerings are eligible for payment under this section unless a course is successfully challenged by an enrolling district or the department under paragraph (b).

(b) An enrolling district may challenge the validity of a course offered by an online learning provider. The department must review such challenges based on the certification procedures under paragraph (a). The department may initiate its own review of the validity of an online learning course offered by an online learning provider.

(c) The department may collect a fee not to exceed \$250 for certifying online learning providers or \$50 per course for reviewing a challenge by an enrolling district.

(d) The department must develop, publish, and maintain a list of approved online learning providers and online learning courses and programs that it has reviewed and certified.

Sec. 37. Minnesota Statutes 2006, section 124D.10, subdivision 4, is amended to read:

Subd. 4. **Formation of school.** (a) A sponsor may authorize one or more licensed teachers under section 122A.18, subdivision 1, to operate a charter school subject to approval by the commissioner. A board must vote on charter school application for sponsorship no later than 90 days after receiving the application. ~~After 90 days, the applicant may apply to the commissioner. If a board elects not to sponsor a charter school, the applicant may appeal the board's decision to the commissioner who may elect to assist the applicant in finding an eligible sponsor.~~ The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section. Notwithstanding sections 465.717 and 465.719, a school district may create a corporation for the purpose of creating a charter school.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the commissioner stating its intent to authorize a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize a charter school and how the sponsor intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the sponsor and the charter school

board of directors under subdivision 6. The commissioner must approve or disapprove the sponsor's proposed authorization within 90 days of receipt of the affidavit. Failure to obtain commissioner approval precludes a sponsor from authorizing the charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members until a timely election for members of the charter school board of directors is held according to the school's articles and bylaws. A charter school board of directors must be composed of at least five members. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election for members of the school's board of directors. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors before the school completes its third year of operation, unless the commissioner waives the requirement for a majority of licensed teachers on the board. Board of director meetings must comply with chapter 13D.

(d) The granting or renewal of a charter by a sponsoring entity must not be conditioned upon the bargaining unit status of the employees of the school.

(e) A sponsor may authorize the operators of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the sponsor's application as approved by the commissioner only after submitting a supplemental application to the commissioner in a form and manner prescribed by the commissioner. The supplemental application must provide evidence that:

- (1) the expansion of the charter school is supported by need and projected enrollment;
- (2) the charter school is fiscally sound;
- (3) the sponsor supports the expansion; and
- (4) the building of the additional site meets all health and safety requirements to be eligible for lease aid.

(f) The commissioner annually must provide timely financial management training to newly elected members of a charter school board of directors and ongoing training to other members of a charter school board of directors. Training must address ways to:

- (1) proactively assess opportunities for a charter school to maximize all available revenue sources;
- (2) establish and maintain complete, auditable records for the charter school;
- (3) establish proper filing techniques;
- (4) document formal actions of the charter school, including meetings of the charter school board of directors;
- (5) properly manage and retain charter school and student records;
- (6) comply with state and federal payroll record-keeping requirements; and
- (7) address other similar factors that facilitate establishing and maintaining complete records on the charter school's operations.

Sec. 38. Minnesota Statutes 2006, section 124D.10, subdivision 23a, is amended to read:

Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from entering a lease of real property with a related party as defined in ~~this~~ subdivision 26, unless the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

(b) For purposes of this ~~subdivision~~ section and section 124D.11:

(1) A "related party" is an affiliate or close relative of the other party in question, an affiliate of a close relative, or a close relative of an affiliate.

(2) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

(3) "Close relative" means an individual whose relationship by blood, marriage, or adoption to another individual is no more remote than first cousin.

(4) "Person" means an individual or entity of any kind.

(5) "Control" includes the terms "controlling," "controlled by," and "under common control with" and means the possession, direct or indirect, of the power to direct or cause the direction of the management, operations, or policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(c) A lease of real property to be used for a charter school, not excluded in paragraph ~~(b)~~ (a), must contain the following statement: "This lease is subject to Minnesota Statutes, section 124D.10, subdivision 23a."

(d) If a charter school enters into as lessee a lease with a related party and the charter school subsequently closes, the commissioner has the right to recover from the lessor any lease payments in excess of those that are reasonable under section 124D.11, subdivision 4, clause (1).

Sec. 39. Minnesota Statutes 2006, section 124D.10, subdivision 24, is amended to read:

Subd. 24. **Pupil enrollment upon nonrenewal or termination of charter school contract.** If a contract is not renewed or is terminated according to subdivision 23, a pupil who attended the school, siblings of the pupil, or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 124D.03 at any time. Applications and notices required by section 124D.03 must be processed and provided in a prompt manner. The application and notice deadlines in section 124D.03 do not apply under these circumstances. The closed charter school must transfer the student's educational records within ten business days of closure to the student's school district of residence where the records must be retained or transferred under section 120A.22, subdivision 7.

Sec. 40. [124D.645] MULTIRACIAL DIVERSITY.

(a) Notwithstanding other law or rule to the contrary and in order to effectively meet students' educational needs and foster parents' meaningful participation in their children's education, a school district may apply to the commissioner for a waiver from the requirement to maintain racial balance within a district school if the racial imbalance in that school results from:

(1) the enrollment of protected multiracial students and the proportion of enrolled multiracial students reflects the proportion of multiracial students who reside in the school attendance area or who are enrolled in the grade levels served by the district; or

(2) the enrollment of limited English proficiency students in a transition program that includes an intensive English component.

The commissioner must grant the waiver if the district in which the school is located offers the multiracial students or the limited English proficiency students, as appropriate, the option of enrolling in another school with the requisite racial balance, and the students' parents choose not to pursue that option.

(b) This section is effective for the 2006-2007 through 2010-2011 school years or until amended rules are adopted under Minnesota Rules, chapter 3535, pertaining to racial diversity, whichever comes first.

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

Sec. 41. Minnesota Statutes 2006, section 124D.84, subdivision 1, is amended to read:

Subdivision 1. **Awards.** The commissioner ~~may award~~ shall establish procedures for the distribution of scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the commissioner, based upon postsecondary institution recommendations, has the capabilities to benefit from further education. Scholarships must be for accredited degree programs in accredited Minnesota colleges or universities or for courses in accredited Minnesota business, technical, or vocational schools. Scholarships may also be given to students attending Minnesota colleges that are in candidacy status for obtaining full accreditation, and are eligible for and receiving federal financial aid programs. Students are also eligible for scholarships when enrolled as students in Minnesota higher education institutions that have joint programs with other accredited higher education institutions. ~~Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned where the student receives federal financial aid. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a federal standardized need analysis after application of federal Pell money, state grant money, and other scholarships. Depending upon students' unmet needs, the Minnesota Indian scholarship program may award up to the current federal Pell grant allowable maximum student award per school year.~~ Applicants are encouraged to apply for all other sources of financial aid.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study at the undergraduate level and five years at the graduate level. Students may acquire only one degree per level and one terminal degree.

Sec. 42. **[124D.8955] PARENT AND FAMILY INVOLVEMENT POLICY.**

(a) In order to promote and support student achievement, a local school board must formally adopt and implement a parent and family involvement policy that promotes and supports:

(1) communication between home and school that is regular, two-way, and meaningful;

(2) parenting skills;

(3) parents and caregivers who play an integral role in assisting student learning and learn about fostering students' academic success and learning at home and school;

(4) welcoming parents in the school and seeking their support and assistance;

(5) partnerships with parents in the decisions that affect children and families in the schools; and

(6) providing community resources to strengthen schools, families, and student learning.

(b) The school board must convene an advisory committee composed of an equal number of resident parents who are not district employees and school staff to make recommendations to the board on developing and evaluating the board's parent and family involvement policy. The advisory committee must represent the diversity of the district. The advisory committee must consider the district's demographic diversity and barriers to parent involvement when developing its recommendations. The advisory committee must present its recommendations to the board for board consideration.

(c) The board must consider best practices when implementing this policy.

(d) The board periodically must review this policy to determine whether it is aligned with the most current research findings on parent involvement policies and practices and how effective the policy is in supporting increased student achievement.

EFFECTIVE DATE. This section is effective for the 2007-2008 school year and later.

Sec. 43. Minnesota Statutes 2006, section 126C.10, subdivision 34, is amended to read:

Subd. 34. **Basic alternative teacher compensation aid.** ~~(a) For fiscal year 2006, the basic alternative teacher compensation aid for a school district or an intermediate school district with a plan approved under section 122A.414, subdivision 2b, equals the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for a charter school with an approved plan under section 122A.414, subdivision 2b, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous school year, or on October 1 of the current fiscal year for a charter school in the first year of operation.~~

~~(b) For fiscal year 2007 and later, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 73.1 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or a charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.~~

(b) The basic alternative teacher compensation aid for an intermediate school district with a plan approved under section 122A.414, subdivision 2b, equals \$3,800 times the number of licensed teachers teaching in the school on October 1 of the previous fiscal year.

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

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

Sec. 44. **[135A.104] COLLEGE READINESS.**

(a) The Minnesota State Colleges and Universities must collaborate with the office of educational accountability under section 120B.31, subdivision 3, in determining passing scores on the Minnesota comprehensive assessments in reading and language arts for grade 10 and in mathematics for grade 11 under section 120B.30 so that "passing score" performances on those two assessments represent a student's college readiness. For purposes of this section and chapter 120B, "college readiness" means that a student who graduates from a public high school is immediately ready to take college courses for college credit in a two-year or a four-year institution within the Minnesota State Colleges and Universities system. The Minnesota State Colleges and Universities also must collaborate with the commissioner of education to develop and implement a statewide plan to communicate the state's expectations for college readiness to all Minnesota high school students no later than the beginning of ninth grade.

(b) The entrance and admission materials that the Minnesota State Colleges and Universities provide to prospective students must clearly indicate the level of academic preparation that students must have in order to be ready to immediately take college courses for college credit in two-year and four-year institutions.

Sec. 45. Laws 2005, First Special Session chapter 5, article 2, section 81, as amended by Laws 2006, chapter 263, article 2, section 20, is amended to read:

Sec. 81. **BOARD OF SCHOOL ADMINISTRATORS; RULEMAKING AUTHORITY.**

On or before June 30, ~~2007~~ 2008, the Board of School Administrators may adopt rules to reflect the changes in duties, responsibilities, and roles of school administrators under sections 121A.035, 121A.037 and 299F.30, and to make technical revisions and clarifications to Minnesota Rules, chapter 3512.

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

Sec. 46. **GRANT PROGRAM TO PROMOTE PROFESSIONAL TEACHING STANDARDS.**

Subdivision 1. **Establishment.** A grant program to promote professional teaching standards through the National Board for Professional Teaching Standards is established to provide teachers with the opportunity to receive National Board for Professional Teaching Standards certification and to reward teachers who have already received this certification.

Subd. 2. **Eligibility.** An applicant for a grant must:

(1) be a licensed teacher employed in a Minnesota public school;

(2) have a minimum of five school years' classroom teaching experience; and

(3) demonstrate acceptance by the National Board for Professional Teaching Standards as a candidate for board certification or as a recipient of board certification.

Subd. 3. **Application process.** To obtain a grant to participate in the National Board for Professional Teaching Standards certification process or to receive a reward for already completing the board certification process, a teacher must submit an application to the commissioner of education in the form and manner established by the commissioner. The commissioner shall consult with the Board of Teaching when reviewing the applications. The commissioner shall also provide program support to assist applicants during the national board certification process.

Subd. 4. **Grant awards; proceeds.** (a) The commissioner may award grants of \$1,000 to eligible teachers accepted as candidates for the National Board for Professional Teaching Standards certification or for national board certification renewal for partial payment of the teacher's candidate application fee.

(b) The commissioner shall award grants of \$3,000 to all eligible teacher applicants who hold certification from the National Board for Professional Teaching Standards and \$2,000 for renewal of their national board certification.

(c) The commissioner shall also award grants to eligible teachers who have received National Board for Professional Teaching Standards certification within one year prior to the date of the teacher's application for a grant to use for educational purposes, including purchasing instructional materials, equipment, or supplies, and pursuing professional development opportunities. The commissioner, under this paragraph, may award grants not to exceed \$1,000 after consulting with interested stakeholders regarding the grant amount.

Sec. 47. EXPERIENCE REQUIREMENTS.

Any rules adopted by the Board of School Administrators governing principal licensure must require that a person applying for a principal license have at least three years of successful teaching experience gained while holding a classroom teaching license valid for the positions in which the applicant taught.

Sec. 48. RULEMAKING AUTHORITY.

The commissioner of education shall adopt rules for implementing and administering the graduation-required assessment for diploma (GRAD) in reading and mathematics and in writing, consistent with Minnesota Statutes, section 120B.30, subdivision 1, and for public review of the GRAD test. The rules must specify the GRAD requirements that apply to students in unique circumstances including dual enrolled students, English language learners, foreign exchange students, home school students, open enrollment students, Minnesota postsecondary enrollment options students, shared-time students, transfer students from other states, and district-placed students and students attending school under a tuition agreement. The rules must establish the criteria for determining individualized GRAD passing scores for students with an individual education plan or a Section 504 plan and for using an alternative assessment when a student's individual education plan team decides to replace the GRAD test.

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

Sec. 49. RULEMAKING REQUIRED.

(a) Notwithstanding the time limit in Minnesota Statutes, section 14.125, the Board of Teaching must adopt the rules it was mandated to adopt under Laws 2003, chapter 129, article 1, section 10. The board must publish a notice of intent to adopt rules or a notice of hearing for rules subject to this section before January 1, 2008.

(b) The failure of a board member to comply with paragraph (a) is a willful failure to perform a specific act that is a required part of the duties of a public official and is cause for removal under Minnesota Statutes, section 15.0575, subdivision 4.

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

Sec. 50. RULEMAKING AUTHORIZED; SUPPLEMENTAL EDUCATION SERVICE PROVIDERS.

The commissioner of education must amend Minnesota Rules, part 3512.5400, consistent with the requirements under Minnesota Statutes, chapter 14, to include specifications that provide the basis for withdrawing Department of Education approval from supplemental education service providers that fail to increase students' academic proficiency for two consecutive school years. The amended rule also must clearly indicate:

(1) how the Department of Education will disentangle the impact of supplemental education from the impact of regular school instruction on students' academic performance; and

(2) whether the Department of Education will assess effectiveness of the supplemental education service providers using an absolute measure, such as percent of "proficient" students or measure individual students' growth toward proficiency over time.

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

Sec. 51. **RULEMAKING AUTHORITY.**

(a) The commissioner of education shall adopt rules under Minnesota Statutes, chapter 14, for physical education standards required for high school graduation, consistent with requirements governing Minnesota Statutes, sections 120B.021, subdivision 1, clause (5)(i), and 120B.024, paragraph (a), clause (6), after reviewing the six physical education standards developed by the Department of Education's health and physical education quality teaching network and consulting with interested and qualified stakeholders and members of the public about the proposed substance of the physical education standards.

(b) Consistent with the requirements governing Minnesota Statutes, sections 120B.021, subdivision 1, clause (5)(ii), and 120B.024, paragraph (a), clause (6), the commissioner of education must use the expedited rulemaking process under Minnesota Statutes, section 14.389, to adopt a rule governing physical education standards that contains the six National Physical Education Standards developed by the National Association for Sport and Physical Education requiring a physically educated person to:

(1) demonstrate competency in motor skills and movement patterns needed to perform a variety of physical activities;

(2) demonstrate understanding of movement concepts, principles, strategies, and tactics as they apply to learning and performance of physical activities;

(3) participate regularly in physical education;

(4) achieve and maintain a health-enhancing level of physical fitness;

(5) exhibit responsible personal and social behavior that respects one's self and others in physical activity settings; and

(6) value physical activity for health, enjoyment, challenge, self-expression, and social interaction.

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

Sec. 52. **WORLD LANGUAGES RESOURCES.**

(a) The commissioner of education shall employ a full-time state coordinator for world languages education within the department by July 1, 2007. The commissioner shall seek advice from the quality teaching network before assigning or hiring the coordinator. The coordinator, at a minimum, shall:

(1) assist charter schools and school districts in planning to develop or enhance their capacity to offer world languages courses and programs;

(2) collaborate with Minnesota world languages professionals and charter schools and school districts and continuously seek their advice in developing all aspects of world languages programs;

(3) survey Minnesota charter schools and school districts to (i) determine the types of existing world languages programs including, among others, those that use information technology to provide high-quality world languages instruction, (ii) identify exemplary model world languages programs, and (iii) identify and address staff development needs of current world languages teachers, preservice teachers, and teacher preparation programs;

(4) identify successful world languages programs in other states;

(5) consult with interested stakeholders to prepare a report for the commissioner of education to submit by February 15, 2008, to the education policy and finance committees of the legislature assessing the feasibility and structure of a statewide world languages graduation requirement under Minnesota Statutes, section 120B.021, subdivision 1; and

(6) beginning February 1, 2008, and until February 1, 2012, report annually to the education policy and finance committees of the legislature on the status of world languages in Minnesota and the programmatic needs identified by charter school and school district surveys, and make recommendations on how to address the identified needs.

(b) After carefully examining existing world languages assessments, including among other considerations the ease or difficulty with which the assessments may be adapted to world languages not currently assessed, the commissioner, by July 1, 2009, shall recommend an assessment tool for charter schools and school districts to use in measuring student progress in acquiring proficiency in world languages.

(c) Beginning July 1, 2008, the department shall assist world languages teachers and other school staff in developing and implementing world languages programs that acknowledge and reinforce the language proficiency and cultural awareness that non-English language speakers already possess, and encourage students' proficiency in multiple world languages. Programs under this paragraph must encompass indigenous American Indian languages and cultures, among other world languages and cultures. The department shall consult with postsecondary institutions in developing related professional development opportunities.

(d) The commissioner, upon request, must evaluate the plans of charter schools and school districts to develop or enhance their capacity to offer world languages courses and programs and continue to offer technical assistance to districts in developing or enhancing world languages programs. The department shall assist districts in monitoring local assessment results.

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

Sec. 53. WORLD LANGUAGES PILOT PROGRAM GRANTS.

(a) A pilot program awarding five world languages grants of \$50,000 per grant to interested and qualified school sites and school districts is established for fiscal year 2009 to develop and implement sustainable, high-quality model world languages programs and to enhance existing world languages programs at various grade levels for students in kindergarten through grade 12. Program participants must simultaneously support both non-English language learners in maintaining their native language while mastering English and native English speakers in learning other languages.

(b) Interested school sites and school districts must apply to the commissioner of education in the form and manner the commissioner determines. The application must indicate whether the applicant intends to develop a new world languages program or expand an existing world languages program and whether the applicant intends to offer more intensive programs or programs that are readily accessible to larger numbers of students. Applicants must agree to disseminate information about their programs to interested school sites and school districts.

(c) The commissioner must award grants to qualified applicants that satisfy the requirements in paragraphs (a) and (b). To the extent there are qualified applicants, the commissioner must award grants to qualified applicants on an equitable geographic basis to the extent feasible. The commissioner must award three grants to kindergarten through grade 8 sites, one grant to a qualified site interested in developing or enhancing a sustainable Mandarin Chinese program, and one grant to an indigenous American Indian world languages program. Grantees must expend the grant consistent with the content of their application and this section.

(d) The commissioner shall provide for an evaluation of the grantees to identify exemplary model world languages programs and the staff development needs of world languages teachers and report the findings of the evaluation to the education policy and finance committees of the legislature by February 15, 2010.

EFFECTIVE DATE. This section is effective for the 2007-2008 school year.

Sec. 54. **BILINGUAL AND MULTILINGUAL CERTIFICATES; DEPARTMENT OF EDUCATION.**

The Department of Education, in consultation with interested stakeholders, must develop and recommend to the legislature by February 15, 2008, the standards and process for awarding bilingual and multilingual certificates to those kindergarten through grade 12 students who demonstrate and maintain a requisite level of proficiency in multiple languages.

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

Sec. 55. **MASTER TEACHER TRAINING IN ECONOMICS AND PERSONAL FINANCE.**

The commissioner of education must contract with the Minnesota Council on Economic Education to allow 20 highly qualified economics and personal finance teachers throughout the state to participate in a week-long summer training program that offers content, skills for teaching adults, mentoring, and workshop planning and delivery. The program must enable participants, as master teachers, to provide professional development to other teachers interested in improving their teaching of economics and personal finance. Successful master teachers may co-teach teacher workshops with members of the statewide network of centers for economic education and provide professional development workshops as part of school districts' professional development programs.

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

Sec. 56. **SCHOOL PERFORMANCE REPORT CARDS; ADVISORY GROUP RECOMMENDATIONS.**

(a) To sustain equity and excellence in education, the Independent Office of Educational Accountability under Minnesota Statutes, section 120B.31, subdivision 3, must convene and facilitate an advisory group of measurement experts to consider and recommend how to structure school performance data and school performance report cards under Minnesota Statutes, section 120B.36, subdivision 1, to fully, fairly, and accurately report student achievement and emphasize school excellence under Minnesota's system of educational accountability and public reporting. The advisory group at least must consider and recommend how to: evaluate student achievement using multiple measures of growth that take into account student demographic characteristics, consistent with Minnesota Statutes, section 120B.31, subdivision 4; and identify outstanding schools based on student achievement and achievement growth and using multiple performance measures that are objective and consistent with the highest standards in the field of educational measurements and accountability. The advisory group, at its discretion, may also consider and make recommendations on other related statewide accountability and reporting matters.

(b) Advisory group members under paragraph (a) include: two qualified experts in measurement in education selected by the State Council on Measurement in Education; three regionally diverse school district research and evaluation directors selected by the Minnesota Assessment Group; one school superintendent selected by the

Minnesota Association of School Administrators; one University of Minnesota faculty selected by the dean of the College of Education and Human Development; one licensed teacher selected by Education Minnesota; two parents selected by the Minnesota Parent Teachers Association with expertise in measurement in education; and the director of evaluation and testing at the Minnesota Department of Education. Advisory group members' terms and other advisory group matters are subject to Minnesota Statutes, section 15.059, subdivision 6. The Independent Office of Educational Accountability must present the advisory group's recommendations under paragraph (a) to the education policy and finance committees of the legislature by February 15, 2008. The advisory group expires February 16, 2008.

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

Sec. 57. **ALTERNATIVE SCHOOL CALENDAR PILOT PROGRAM.**

Subdivision 1. **Establishment.** Notwithstanding Minnesota Statutes, section 120A.41 or 120A.415, or other law to the contrary, but consistent with Minnesota Statutes, section 124D.128, an alternative school calendar pilot program is established to examine the impact of school calendar arrangements on student learning by comparing students' academic gains in school districts and charter schools that use traditional and nontraditional school calendars. The commissioner of education must structure the program and select elementary and secondary program participants with the purpose of comparing the impact of traditional and nontraditional school calendars on:

- (1) the amount of educational material students retain after school vacations;
- (2) the educational enrichment opportunities and remedial help available to students throughout the school year;
- (3) the impact of the calendar on student attendance, student disciplinary actions, and student achievement test scores; and
- (4) the amount of time available to students and school staff for out-of-school learning, vacations, and recreation.

Subd. 2. **Eligibility; application.** An interested school district, charter school, or groups of school districts or charter schools that participate for a particular purpose may apply to the commissioner of education to participate in the pilot program in the form and manner the commissioner determines. An applicant must identify in its application the internal and external factors that it anticipates may determine its preference for a traditional or nontraditional school calendar, including the impact of the school calendar on: costs related to employee compensation, transportation, food, facility use throughout the calendar year, and facility maintenance; needs of at-risk students; number of instructional and staff development days; and the availability of extracurricular activities, community resources, and before- and after-school care and child care. The commissioner may require an applicant to provide additional information.

Subd. 3. **Application review; grant awards.** When reviewing an application, the commissioner must determine whether the applicant met the requirements in subdivisions 1 and 2, and only an applicant that satisfies all the requirements is eligible to receive a grant under this section. The commissioner must equitably distribute grant awards, to the extent feasible, on the basis of geography and must consider grant applications from existing and proposed flexible learning year programs under Minnesota Statutes, section 124D.12. The commissioner must base the amount of the grant award on the number of students the grantee has enrolled in school and the length and structure of the grantee's school calendar. Grant expenditures must be consistent with budget information the grantee periodically submits to the commissioner.

Subd. 4. **Evaluation.** The commissioner must provide for an ongoing annual evaluation of the impact of school calendar arrangements on student learning under subdivision 1, clauses (1) to (4). Within 180 days of when the pilot program terminates, the commissioner must recommend to the education policy and finance committees of the legislature preferred school calendars based upon demonstrated student achievement and the criteria listed in subdivision 1.

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

Sec. 58. **AMERICAN INDIAN SCHOLARSHIP.**

Administration of the American Indian scholarship program under Minnesota Statutes, section 124D.84, is transferred from the Department of Education to the Minnesota Office of Higher Education. The Minnesota Office of Higher Education must maintain an office at no cost to the scholarship program that employs at least one person in the Bemidji area for distributing scholarships under this section. Office space and support may be provided by Bemidji State University at no cost to the scholarship program.

Sec. 59. **TEACHER TRAINING TO INTEGRATE LEARNING TECHNOLOGIES INTO K-12 CLASSROOMS.**

(a) The commissioner of education must contract with the University of Minnesota for qualified experts to provide teacher training in effectively using computers and related technologies in kindergarten through grade 12 classrooms. The experts must provide professional development opportunities to teachers throughout the state and enable participants to successfully use technology-related instructional resources to help diverse students meet state and local academic standards and graduation requirements and achieve educational excellence, and enhance teachers' learning and curriculum content and instruction. The experts also must enable participants to serve as master teachers to provide professional development to other teachers interested in better integrating the use of learning technologies into kindergarten through grade 12 classrooms. Participants who serve as master teachers may co-teach teacher workshops with other qualified professional development providers and participate in professional development workshops as part of school districts' professional development programs.

(b) The commissioner of education must provide for an evaluation of the effectiveness of the teacher training program under paragraph (a) and recommend to the education policy and finance committees of the legislature by February 15, 2010, whether or not to make the program available statewide.

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

Sec. 60. **ADVISORY TASK FORCE ON MINNESOTA AMERICAN INDIAN TRIBES AND COMMUNITIES AND K-12 STANDARDS-BASED REFORM.**

(a) The commissioner of education shall appoint an advisory task force on Minnesota American Indian tribes and communities and kindergarten through grade 12 standards-based reform that is composed of the following representatives: Department of Education staff experienced in working with American Indian students and programs; Minnesota American Indian tribes and communities; Minnesota School Board Association; school administrators; Education Minnesota; the state Board of Teaching; the Minnesota Council on Indian Affairs; postsecondary faculty who serve as instructors in teacher preparation programs; local community service providers who work with Minnesota American Indian tribes and communities; and other representatives recommended by task force members. Task force members' terms and other task force matters are subject to Minnesota Statutes, section 15.059, subject to the limits of available appropriations. The task force must submit a written report to the education policy and finance committees of the legislature by February 15, 2008, that includes any recommended changes to the state's performance standards, content requirements, assessments measures, and teacher preparation programs to most effectively meet the educational needs of American Indian students enrolled in Minnesota schools.

(b) Upon request, the commissioner of education must provide the task force with technical, fiscal, and other support.

(c) The task force expires on February 16, 2008.

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

Sec. 61. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 124D.84 to section 136A.126, correct cross-references, and make other necessary corrections to implement section 58.

Sec. 62. **APPROPRIATIONS.**

Subdivision 1. **Minnesota Office of Higher Education.** The sums indicated in this section are appropriated from the general fund to the Minnesota Office of Higher Education for the fiscal years designated.

Subd. 2. **American Indian scholarships.** For American Indian scholarships under Minnesota Statutes, section 124D.84:

<u>\$1,950,000</u>	<u>.....</u>	<u>2008</u>
<u>\$1,950,000</u>	<u>.....</u>	<u>2009</u>

Of this appropriation, \$75,000 per year is for administration under section 58.

Sec. 63. **APPROPRIATIONS**

Subdivision 1. **Board of Regents of the University of Minnesota.** The sums indicated in this section are appropriated from the general fund to the Board of Regents of the University of Minnesota for the fiscal years designated.

Subd. 2. **Independent Office of Educational Accountability.** For the Independent Office of Educational Accountability under Minnesota Statutes, section 120B.31, subdivision 3:

<u>\$200,000</u>	<u>.....</u>	<u>2008</u>
<u>\$200,000</u>	<u>.....</u>	<u>2009</u>

This is a onetime appropriation.

Sec. 64. **APPROPRIATIONS.**

Subdivision 1. **Department.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

<u>\$31,875,000</u>	<u>.....</u>	<u>2008</u>
<u>\$36,193,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$2,814,000 for 2007 and \$29,061,000 for 2008.

The 2009 appropriation includes \$3,229,000 for 2008 and \$32,964,000 for 2009.

Subd. 3. **Charter school startup cost aid.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

<u>\$1,896,000</u>	<u>.....</u>	<u>2008</u>
<u>\$2,161,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$241,000 for 2007 and \$1,655,000 for 2008.

The 2009 appropriation includes \$183,000 for 2008 and \$1,978,000 for 2009.

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

<u>\$61,769,000</u>	<u>.....</u>	<u>2008</u>
<u>\$61,000,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$5,824,000 for 2007 and \$55,945,000 for 2008.

The 2009 appropriation includes \$6,216,000 for 2008 and \$54,784,000 for 2009.

Subd. 5. **Magnet school program grants.** For magnet school program grants:

<u>\$750,000</u>	<u>.....</u>	<u>2008</u>
<u>\$750,000</u>	<u>.....</u>	<u>2009</u>

These amounts may be used for magnet school programs under Minnesota Statutes, section 124D.88.

Up to \$100,000 each year is available for site-based decision-making grants under Minnesota Statutes, section 123B.04, subdivision 2, clause (g).

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

<u>\$9,639,000</u>	<u>.....</u>	<u>2008</u>
<u>\$11,567,000</u>	<u>.....</u>	<u>2009</u>

Subd. 7. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

<u>\$2,137,000</u>	<u>.....</u>	<u>2008</u>
<u>\$2,137,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$213,000 for 2007 and \$1,924,000 for 2008.

The 2009 appropriation includes \$213,000 for 2008 and \$1,924,000 for 2009.

Subd. 8. **American Indian teacher preparation grants.** For joint grants to assist American Indians to become teachers under Minnesota Statutes, section 122A.63:

<u>\$190,000</u>	<u>.....</u>	<u>2008</u>
<u>\$190,000</u>	<u>.....</u>	<u>2009</u>

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

<u>\$2,251,000</u>	<u>.....</u>	<u>2008</u>
<u>\$2,463,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$204,000 for 2007 and \$2,047,000 for 2008.

The 2009 appropriation includes \$227,000 for 2008 and \$2,236,000 for 2009.

Subd. 10. **Early childhood family education programs at tribal contract schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

<u>\$68,000</u>	<u>.....</u>	<u>2008</u>
<u>\$68,000</u>	<u>.....</u>	<u>2009</u>

Subd. 11. **Statewide testing and reporting system.** For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

<u>\$12,650,000</u>	<u>.....</u>	<u>2008</u>
<u>\$12,650,000</u>	<u>.....</u>	<u>2009</u>

\$11,500,000 each year is to continue the general administration and reporting of the statewide testing program.

\$1,150,000 each year is for the value-added index assessment model.

Any balance in the first year does not cancel but is available in the second year.

The base for this program in fiscal year 2010 and later is \$12,650,000.

Subd. 12. **First grade preparedness.** For first grade preparedness grants under Minnesota Statutes, section 124D.081:

<u>\$7,250,000</u>	<u>.....</u>	<u>2008</u>
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Subd. 13. **Examination fees; teacher training and support programs.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

<u>\$4,500,000</u>	<u>.....</u>	<u>2008</u>
<u>\$4,500,000</u>	<u>.....</u>	<u>2009</u>

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and IBMN, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least \$500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

Any balance in the first year does not cancel but is available in the second year.

Subd. 14. **Preadvanced placement, advanced placement, international baccalaureate, and concurrent enrollment programs.** For preadvanced placement, advanced placement, international baccalaureate, and concurrent enrollment programs under Minnesota Statutes, sections 120B.132 and 124D.091:

<u>\$7,740,000</u>	<u>.....</u>	<u>2008</u>
<u>\$8,600,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$0 for fiscal year 2007 and \$7,740,000 for fiscal year 2008. The 2009 appropriation includes \$860,000 for fiscal year 2008 and \$7,740,000 for fiscal year 2009.

Of this amount, \$2,500,000 each year is for concurrent enrollment program aid under Minnesota Statutes, section 124D.091. If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district.

Subd. 15. **Collaborative urban educator.** For collaborative urban educator grants under Minnesota Statutes, section 122A.641:

<u>\$1,301,000</u>	<u>.....</u>	<u>2008</u>
<u>\$1,301,000</u>	<u>.....</u>	<u>2009</u>

\$500,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$400,000 each year is for the collaborative urban educator program at the University of St. Thomas; and \$400,000 each year is for the Center for Excellence in Urban Teaching at Hamline University. Grant recipients must collaborate with urban and nonurban school districts.

Any balance in the first year does not cancel but is available in the second year.

Subd. 16. **Youth works program.** For funding youth works programs under Minnesota Statutes, sections 124D.37 to 124D.45:

<u>\$900,000</u>	<u>.....</u>	<u>2008</u>
<u>\$900,000</u>	<u>.....</u>	<u>2009</u>

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time youth works program to the extent the coverage is not otherwise available.

Subd. 17. **Early childhood literacy programs.** For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

<u>\$1,500,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$1,500,000</u>	<u>.....</u>	<u>2009</u>
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\$1,000,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program established by Serve Minnesota, including costs associated with the training and teaching of early literacy skills to children age three to grade 3 and the evaluation of the impact of the program under Minnesota Statutes, section 124D.42, subdivision 8.

\$500,000 each year is for grants for early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3, paragraph (a).

Any balance in the first year does not cancel but is available in the second year.

Subd. 18. **St. Croix River Education District.** For a grant to the St. Croix River Education District:

<u>\$500,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$500,000</u>	<u>.....</u>	<u>2009</u>
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These funds must be used to:

(1) deliver standardized research-based professional development in problem-solving, including response to intervention, scientifically based reading instruction, and standards-aligned instruction and assessment;

(2) provide coaching to targeted districts throughout the state;

(3) deliver large scale training throughout the state;

(4) provide ongoing technical assistance to schools;

(5) assist with implementing professional development content into higher education instructional curricula; and

(6) evaluate the effectiveness of project activities.

This is a onetime appropriation.

Subd. 19. **Student organizations.** For student organizations:

<u>\$725,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$725,000</u>	<u>.....</u>	<u>2009</u>
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Any balance in the first year does not cancel but is available in the second year.

Subd. 20. **College level examination program (CLEP).** For the college level examination program (CLEP) under Minnesota Statutes, section 120B.131:

<u>\$1,650,000</u>	<u>.....</u>	<u>2008</u>
<u>\$1,650,000</u>	<u>.....</u>	<u>2009</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 21. **Education planning and assessment (EPAS) program.** For the educational planning and assessment (EPAS) program under Minnesota Statutes, section 120B.128:

<u>\$829,000</u>	<u>.....</u>	<u>2008</u>
<u>\$829,000</u>	<u>.....</u>	<u>2009</u>

Any balance in the first year does not cancel but is available in the second year.

The base for this program in fiscal year 2010 and later is \$829,000.

Subd. 22. **21st century high schools.** (a) For 21st century high schools:

<u>\$1,920,000</u>	<u>.....</u>	<u>2008</u>
<u>\$6,843,000</u>	<u>.....</u>	<u>2009</u>

(b) \$1,000,000 in fiscal year 2008 is for grants for alternative school calendar pilot programs under section 57. Grant funds may be used for pupil transportation costs.

(c) \$6,443,000 in fiscal year 2009 is for Career and Technical Aid under Minnesota Statutes, section 124D.4531. The 2009 appropriation includes \$0 for fiscal year 2008 and \$6,443,000 for fiscal year 2009.

(d) \$500,000 in fiscal year 2008 is for professional teacher licensure.

(e) \$150,000 each year is for the quantum opportunities program.

(f) \$250,000 each year is for world languages resources for developing and implementing world languages programs.

(g) \$20,000 in fiscal year 2008 is for the committee on American Indian education under Minnesota Statutes, section 124D.805.

The base for this appropriation for fiscal year 2010 is \$7,352,000 and \$7,572,000 for fiscal year 2011.

Subd. 23. **Minnesota teacher development.** (a) Effective, well prepared, fully engaged, and adequately supported kindergarten through grade 12 classroom teachers, along with parents, are critical partners in helping the many diverse student populations realize meaningful academic achievement. To afford students needed opportunities to learn effectively without remediation; to acknowledge and reinforce the language proficiency and cultural awareness that diverse language speakers possess; to encourage students' proficiency in science, technology,

math, engineering, economics, civics, and foreign languages; and to provide new and experienced teachers with sufficient staff development resources and support to effectively work to close the student achievement gap, the following resources are provided:

<u>\$4,950,000</u>	<u>.....</u>	<u>2008</u>
<u>\$4,200,000</u>	<u>.....</u>	<u>2009</u>

(b) \$400,000 each year is for a grant to the Minnesota Humanities Commission under Minnesota Statutes, section 138.911.

(c) \$150,000 each year is for a grant to the Minnesota Historical Society.

(d) \$400,000 each year is for the Principals' Leadership Institute under Minnesota Statutes, section 122A.74. Any balance in the first year does not cancel but is available in the second year.

(e) \$1,300,000 each year is for teachers of color scholarships under Minnesota Statutes, section 122A.633.

(f) \$2,200,000 in fiscal year 2008 and \$1,550,000 in fiscal year 2009 are for professional development programs. Of this amount: \$1,667,000 in fiscal year 2008 and \$1,125,000 in fiscal year 2009 are for grants for up to five teacher centers under Minnesota Statutes, section 122A.72, subdivision 5, for the science, technology, engineering and mathematics initiative including teacher workshops and expanded outreach programs in classrooms; \$333,000 in fiscal year 2008 and \$225,000 in fiscal year 2009 are for a grant to the Science Museum of Minnesota for the science, technology, engineering, and mathematics initiative; \$200,000 in fiscal year 2008 is for a grant to the Minnesota Council on Economic Education for master teacher training in economics and personal finance; and \$400,000 each year is for teacher technology training grants under section 59.

(g) \$100,000 in fiscal year 2008 is for a grant to the commissioner of education for a grant to the Learning Law and Democracy Foundation for the development and electronic collection, review, and distribution of educational materials supporting Minnesota's kindergarten through grade 12 education standards for civics and government.

The base for the appropriations contained in this subdivision for fiscal year 2010 and later is \$800,000 per year. Any balance in the first year does not cancel but is available in the second year.

Sec. 65. **REPEALER.**

Minnesota Statutes 2006, sections 121A.23; and 124D.62, are repealed.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2006, section 123B.92, subdivision 1, is amended to read:

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

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

(1) the sum of:

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

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

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

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

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

(1) Regular transportation is:

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

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

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

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

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

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

(2) Excess transportation is:

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

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

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

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

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

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

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

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

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

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

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

For purposes of computing special education ~~base revenue~~ initial aid under section 125A.76, subdivision 2, the cost of providing transportation for children with disabilities includes (A) the additional cost of transporting a homeless student from a temporary nonshelter home in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year; and (B) depreciation on district-owned school buses purchased after July 1, 2005, and used primarily for transportation of pupils with disabilities, calculated according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled transportation category must be excluded in calculating the actual expenditure per pupil transported in the regular and excess transportation categories according to paragraph (a).

(5) "Nonpublic nonregular transportation" is:

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

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

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

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

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

Sec. 2. Minnesota Statutes 2006, section 124D.454, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) ~~"Base year" means the second fiscal year preceding the fiscal year for which aid will be paid.~~

~~(b)~~ (b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

~~(c) "Average daily membership" has the meaning given it in section 126C.05.~~

~~(d) "Program growth factor" means 1.00 for fiscal year 1998 and later.~~

~~(e) "Aid percentage factor" means 100 percent for fiscal year 2000 and later.~~

~~(f)~~ (b) "Essential personnel" means a licensed teacher, licensed support services staff person, paraprofessional providing direct services to students, or licensed personnel under subdivision 12. This definition is not intended to change or modify the definition of essential employee in chapter 179A.

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

Sec. 3. Minnesota Statutes 2006, section 124D.454, subdivision 3, is amended to read:

Subd. 3. **Base revenue Initial aid.** ~~(a)~~ The transition-disabled program base revenue initial aid equals the sum of the following amounts computed using base current year data:

(1) 68 percent of the salary of each essential licensed person or approved paraprofessional who provides direct instructional services to students employed during that fiscal year for services rendered in that district's transition program for children with a disability;

(2) 47 percent of the costs of necessary equipment for transition programs for children with a disability;

(3) 47 percent of the costs of necessary travel between instructional sites by transition program teachers of children with a disability but not including travel to and from local, regional, district, state, or national career and technical student organization meetings;

(4) 47 percent of the costs of necessary supplies for transition programs for children with a disability but not to exceed an average of \$47 in any one school year for each child with a disability receiving these services;

(5) for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, in place of programs provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(6) for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract; and

(7) for a contract approved by the commissioner with another Minnesota school district or cooperative center for vocational evaluation services for children with a disability for children that are not yet enrolled in grade 12, 52 percent of the amount of the contract.

~~(b) If requested by a school district for transition programs during the base year for less than the full school year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full year.~~

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

Sec. 4. Minnesota Statutes 2006, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006, when a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum of (1) the actual cost of providing special instruction and services to the child including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to the pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or request a written statement from each board, giving each board at least ten days' notice, and after the hearing or review of the written statements the commissioner must make an order fixing the tuition rate, which is binding on both school districts. General education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum revenue equalization aid per adjusted pupil unit.

(b) For fiscal year 2007 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraph (e), special education

aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum equalization aid attributable to that pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. General education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7, paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

(d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs (d) and (e), "general education revenue and referendum aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, plus the referendum aid according to section 126C.17, subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a) to (c).

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

Sec. 5. Minnesota Statutes 2006, section 125A.13, is amended to read:

125A.13 SCHOOL OF PARENTS' CHOICE.

(a) Nothing in this chapter must be construed as preventing parents of a child with a disability from sending the child to a school of their choice, if they so elect, subject to admission standards and policies adopted according to sections 125A.62 to 125A.64 and 125A.66 to 125A.73, and all other provisions of chapters 120A to 129C.

(b) The parent of a student with a disability not yet enrolled in kindergarten and not open enrolled in a nonresident district may request that the resident district enter into a tuition agreement with the nonresident district if:

(1) the child is enrolled in a Head Start program or a licensed child care setting in the nonresident district; and

(2) the child can be served in the same setting as other children in the nonresident district with the same level of disability.

Sec. 6. Minnesota Statutes 2006, section 125A.14, is amended to read:

125A.14 ~~SUMMER PROGRAMS~~ EXTENDED SCHOOL YEAR.

A district may provide ~~summer programs~~ extended school year services for children with a disability living within the district and nonresident children temporarily placed in the district pursuant to section 125A.15 or 125A.16. Prior to March 31 or 30 days after the child with a disability is placed in the district, whichever is later, the providing district shall give notice to the district of residence of any nonresident children temporarily placed in the district pursuant to section 125A.15 or 125A.16, of its intention to provide these programs. Notwithstanding any contrary provisions in sections 125A.15 and 125A.16, the district providing the special instruction and services must apply for special education aid for the ~~summer program~~ extended school year services. The unreimbursed actual cost of providing the program for nonresident children with a disability, including the cost of board and lodging, may be billed to the district of the child's residence and must be paid by the resident district. Transportation costs must be paid by the district responsible for providing transportation pursuant to section 125A.15 or 125A.16 and transportation aid must be paid to that district.

Sec. 7. Minnesota Statutes 2006, section 125A.63, is amended by adding a subdivision to read:

Subd. 5. **Statewide hearing loss early education intervention coordinator.** (a) The coordinator shall:

(1) collaborate with the early hearing detection and intervention coordinator for the Department of Health, the director of the Department of Education Resource Center for Deaf and Hard-of-Hearing, and the Department of Health Early Hearing Detection and Intervention Advisory Council;

(2) coordinate and support Department of Education early hearing detection and intervention teams;

(3) leverage resources by serving as a liaison between interagency early intervention committees; part C coordinators from the Departments of Education, Health, and Human Services; Department of Education regional low-incidence facilitators; service coordinators from school districts; Minnesota children with special health needs in the Department of Health; public health nurses; child find; Department of Human Services Deaf and Hard-of-Hearing Services Division; and others as appropriate;

(4) identify, support, and promote culturally appropriate and evidence-based early intervention practices for infants with hearing loss, and provide training, outreach, and use of technology to increase consistency in statewide service provision;

(5) identify culturally appropriate specialized reliable and valid instruments to assess and track the progress of children with hearing loss and promote their use;

(6) ensure that early childhood providers, parents, and members of the individual family service and intervention plan are provided with child progress data resulting from specialized assessments;

(7) educate early childhood providers and teachers of the deaf and hard-of-hearing to use developmental data from specialized assessments to plan and adjust individual family service plans; and

(8) make recommendations that would improve educational outcomes to the early hearing detection and intervention committee, the commissioners of education and health, the Minnesota Commission Serving Deaf and Hard-of-Hearing People, and the advisory council of the Minnesota Department of Education Resource Center for the Deaf and Hard-of-Hearing.

(b) The Department of Education must provide aggregate data regarding outcomes of deaf and hard-of-hearing children who receive early intervention services within the state in accordance with the state performance plan.

Sec. 8. Minnesota Statutes 2006, section 125A.75, subdivision 1, is amended to read:

Subdivision 1. **Travel aid.** The state must pay each district one-half of the sum actually expended by a district, based on mileage, for necessary travel of essential personnel providing home-based or community-based services to children with a disability under age five and their families.

Sec. 9. Minnesota Statutes 2006, section 125A.75, subdivision 4, is amended to read:

Subd. 4. **Program and aid approval.** Before June 1 of each year, each district providing special instruction and services to children with a disability, including children eligible for Part C, as defined in sections 125A.02, subdivision 1, and 125A.27, subdivision 8, must submit to the commissioner an application for approval of these programs and their budgets for the next fiscal year. The application must include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of children with a disability in the district who will receive special instruction and services ~~during the regular school year and in summer school programs~~ during the next fiscal year. The application must also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, for determining the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the Department of Education. The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability pursuant to sections 125A.03 to 125A.24, 125A.259 to 125A.48, and 125A.65. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove, or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the fiscal year, for programs needed to meet any substantial changes in the needs of children with a disability in the district. Notwithstanding the provisions of section 127A.42, the commissioner may modify or withdraw the program or aid approval and withhold aid pursuant to this section without proceeding according to section 127A.42 at any time the commissioner determines that the program does not comply with rules of the Department of Education or that any facts concerning the program or its budget differ from the facts in the district's approved application.

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

Sec. 10. Minnesota Statutes 2006, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) ~~"Base year" for fiscal year 1998 and later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.~~

~~(b)~~ "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

~~(c)~~ (b) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing direct services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individual education plans.

~~(d)~~ (c) "Average daily membership" has the meaning given it in section 126C.05.

~~(e)~~ (d) "Program growth factor" means 1.046 for fiscal year 2003, and 1.0 for fiscal year 2004 and later.

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

Sec. 11. Minnesota Statutes 2006, section 125A.76, subdivision 2, is amended to read:

Subd. 2. **Special education base revenue initial aid.** ~~(a)~~ The special education ~~base revenue~~ initial aid equals the sum of the following amounts computed using ~~base~~ current year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the fiscal year, whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota State Academy for the Deaf or the Minnesota State Academy for the Blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and ~~the amount of the basic revenue, as defined in section 126C.10, subdivision 2, special education aid, and any other aid earned on behalf of the child~~ the general education revenue, excluding basic skills revenue and alternative teacher compensation revenue, and referendum equalization aid attributable to a pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit for the fraction of the school day the pupil receives services under the contract. This includes children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155 as provided for in section 125A.79, subdivision 8;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability, an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

~~(6) for fiscal years 1997 and later,~~ special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year; ~~and~~

~~(7) for fiscal years 1999 and later,~~ the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4).

The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts; and

(8) the district's transition-disabled program initial aid according to section 124D.454, subdivision 3.

~~(b) If requested by a school district operating a special education program during the base year for less than the full fiscal year, or a school district in which is located a Minnesota correctional facility operating on a fee for service basis for less than the full fiscal year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full fiscal year.~~

~~(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base revenue attributable to a Minnesota correctional facility operating on a fee for service basis during the facility's first year of operating on a fee for service basis shall be computed using current year data.~~

Sec. 12. Minnesota Statutes 2006, section 125A.76, subdivision 4, is amended to read:

Subd. 4. **State total special education aid.** ~~The state total special education aid for fiscal year 2004 equals \$530,642,000. The state total special education aid for fiscal year 2005 equals \$529,164,000~~ \$572,297,000 for fiscal year 2008, \$573,122,000 for fiscal year 2009, \$574,696,000 for fiscal year 2010, and \$576,653,000 for fiscal year 2011. The state total special education aid for later fiscal years equals:

(1) the state total special education aid for the preceding fiscal year; times

(2) the program growth factor; times

(3) the greater of one, or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

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

Sec. 13. Minnesota Statutes 2006, section 125A.76, subdivision 5, is amended to read:

Subd. 5. **School district special education aid.** ~~(a) A school district's special education aid for fiscal year 2000~~ 2008 ~~and later equals the state total special education aid, minus the amount determined under paragraphs (b) and (c), times the ratio of the district's adjusted initial special education base revenue aid to the state total adjusted initial special education base revenue aid. If the commissioner of education modifies its rules for special education in a manner that increases a district's special education obligations or service requirements, the commissioner shall annually increase each district's special education aid by the amount necessary to compensate for the increased service requirements. The additional aid equals the cost in the current year attributable to rule changes not reflected in the computation of special education base revenue, multiplied by the appropriate percentages from subdivision 2.~~

~~(b) Notwithstanding paragraph (a), if the special education base revenue for a district equals zero, the special education aid equals the amount computed according to subdivision 2 using current year data.~~

~~(c) Notwithstanding paragraphs (a) and (b), if the special education base revenue for a district is greater than zero, and the base year amount for the district under subdivision 2, paragraph (a), clause (7), equals zero, the special education aid equals the sum of the amount computed according to paragraph (a), plus the amount computed according to subdivision 2, paragraph (a), clause (7), using current year data.~~

~~(d) A charter school under section 124D.10 shall generate state special education aid based on current year expenditures for its first four years of operation and only in its fifth and later years shall paragraphs (a), (b), and (c) apply.~~

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

Sec. 14. Minnesota Statutes 2006, section 125A.76, is amended by adding a subdivision to read:

Subd. 8. Special education forecast maintenance of effort. (a) If, on the basis of a forecast of general fund revenues and expenditures under section 16A.103, the state's expenditures for special education and related services for children with disabilities from nonfederal sources for a fiscal year, including special education aid under section 125A.76; special education excess cost aid under section 125A.76, subdivision 7; travel for home-based services under section 125A.75, subdivision 1; aid for students with disabilities under section 125A.75, subdivision 3; court-placed special education under section 125A.79, subdivision 4; out-of-state tuition under section 125A.79, subdivision 8; and direct expenditures by state agencies are projected to be less than the amount required to meet federal special education maintenance of effort, the additional amount required to meet federal special education maintenance of effort is added to the state total special education aid in section 125A.76, subdivision 4.

(b) If, on the basis of a forecast of general fund revenues and expenditures under section 16A.103, expenditures in the programs in paragraph (a) are projected to be greater than previously forecast for an enacted budget, and an addition to state total special education aid has been made under paragraph (a), the state total special education aid must be reduced by the lesser of the amount of the expenditure increase or the amount previously added to state total special education aid in section 125A.76, subdivision 4.

(c) For the purpose of this section, "previously forecast for an enacted budget" means the allocation of funding for these programs in the most recent forecast of general fund revenues and expenditures or the act appropriating money for these programs, whichever occurred most recently. It does not include planning estimates for a future biennium.

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

Sec. 15. Minnesota Statutes 2006, section 125A.79, subdivision 5, is amended to read:

Subd. 5. Initial excess cost aid. For fiscal years ~~2002~~ 2008 and later, a district's initial excess cost aid equals the ~~greatest~~ greater of:

(1) 75 percent of the difference between (i) the district's unreimbursed special education cost and (ii) 4.36 percent of the district's general revenue; or

~~(2) 70 percent of the difference between (i) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (ii) 1.6 percent of the district's general revenue; or~~

~~(3) zero.~~

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

Sec. 16. Minnesota Statutes 2006, section 125A.79, subdivision 6, is amended to read:

Subd. 6. State total special education excess cost aid. The state total special education excess cost aid ~~for~~ for fiscal year 2005 equals \$91,811,000 \$128,341,000 for fiscal year 2008, \$129,523,000 for fiscal year 2009, \$129,801,000 for fiscal year 2010, and \$130,193,000 for fiscal year 2011. ~~The state total special education excess cost aid equals \$103,600,000 for fiscal year 2006 and \$104,700,000 for fiscal year 2007. The state total special education excess cost aid for fiscal year 2008 and later fiscal years equals:~~

- (1) the state total special education excess cost aid for the preceding fiscal year; times
- (2) the program growth factor; times
- (3) the greater of one, or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

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

Sec. 17. Minnesota Statutes 2006, section 125A.79, subdivision 8, is amended to read:

Subd. 8. **Out-of-state tuition.** For children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155, the resident school district shall submit the balance of the tuition bills, minus the ~~amount of the basic revenue, as defined by section 126C.10, subdivision 2, of the district for the child and general education revenue, excluding basic skills revenue and alternative teacher compensation revenue, and referendum equalization aid attributable to the pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit minus the special education aid, and any other aid earned on behalf of the child contracted services initial aid attributable to the pupil.~~

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

Sec. 18. Minnesota Statutes 2006, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the referendum equalization aid attributable to the pupil in the nonresident district.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and

services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit. Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

(f) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center, plus the amount of compensatory revenue generated by pupils attending the area learning center.

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

Sec. 19. Laws 2006, chapter 263, article 3, section 15, is amended to read:

Sec. 15. **SPECIAL EDUCATION TUITION BILLING FOR FISCAL YEARS 2006 ~~AND~~, 2007, AND 2008.**

(a) Notwithstanding Minnesota Statutes, sections 125A.11, subdivision 1, paragraph (a), and 127A.47, subdivision 7, paragraph (d), for fiscal year 2006 an intermediate district, special education cooperative, or school district that served as an applicant agency for a group of school districts for federal special education aids for fiscal year 2006 is not subject to the uniform special education tuition billing calculations, but may instead continue to bill the resident school districts for the actual unreimbursed costs of serving pupils with a disability as determined by the intermediate district, special education cooperative, or school district.

(b) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph (c), for fiscal year 2007 only, an ~~applicant district~~ agency exempted from the uniform special education tuition billing calculations for fiscal year 2006 under paragraph (a) may apply to the commissioner for ~~a waiver~~ an exemption from the uniform special education tuition calculations and aid adjustments under Minnesota Statutes, sections 125A.11, subdivision 1, paragraph (b), and 127A.47, subdivision 7, paragraph (e). The commissioner must grant the ~~waiver~~ exemption within 30 days of receiving the following information from the intermediate district, special education cooperative, or school district:

(1) a detailed description of the applicant district's methodology for calculating special education tuition for fiscal years 2006 and 2007, as required by the applicant district to recover the full cost of serving pupils with a disability;

(2) sufficient data to determine the total amount of special education tuition actually charged for each student with a disability, as required by the applicant district to recover the full cost of serving pupils with a disability in fiscal year 2006; and

(3) sufficient data to determine the amount that would have been charged for each student for fiscal year 2006 using the uniform tuition billing methodology according to Minnesota Statutes, sections 125A.11, subdivision 1, or 127A.47, subdivision 7, as applicable.

(c) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph (c), for fiscal year 2008 only, an agency granted an exemption from the uniform special education tuition billing calculations and aid adjustments for fiscal year 2007 under paragraph (b) may apply to the commissioner for a one-year extension of the exemption granted under paragraph (b). The commissioner must grant the extension within 30 days of receiving the request.

(d) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraphs (a) and (b), and section 127A.47, subdivision 7, paragraphs (d) and (e), for fiscal year 2007 only, a school district or charter school not eligible for a waiver under Minnesota Statutes, section 125A.11, subdivision 1, paragraph (d), may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a) or (b), or Minnesota Statutes, section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

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

Sec. 20. **TASK FORCE TO COMPARE FEDERAL AND STATE SPECIAL EDUCATION REQUIREMENTS.**

Subdivision 1. **Establishment; duties.** A task force is established to recommend which state laws and rules that exceed or expand upon minimum federal special education requirements for providing special education programs and services to eligible students should be amended to conform with minimum federal requirements. The commissioner of the Bureau of Mediation Services under Minnesota Statutes, section 179.02, after consulting with interested stakeholders, shall appoint a ten-member task force composed of equal numbers of providers, advocates, regulators, consumers of special education services, lawyers who practice in the field of special education and represent either parents or school districts, special education teachers, and school officials. The commissioner must convene the task force by August 1, 2007, which shall meet regularly and shall review the January 25, 2006, report prepared by the Minnesota Department of Education Office of Compliance and Assistance and other relevant studies and resources analyzing differences between federal and state special education requirements. The terms and compensation of task force members are governed by Minnesota Statutes, section 15.059, subdivision 6.

Subd. 2. **Report.** The task force must submit to the education policy and finance committees of the legislature by February 15, 2008, a report that identifies and clearly and concisely explains each provision in state law or rule that exceeds or expands upon a minimum federal requirement contained in law or regulation for providing special education programs and services to eligible students. The report also must recommend which state provisions that exceed or expand upon a minimum federal requirement may be amended to conform with minimum federal requirements. The task force expires when it submits its report to the legislature.

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

Sec. 21. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$568,034,000 2008

\$573,040,000 2009

The 2008 appropriation includes \$52,965,000 for 2007 and \$515,069,000 for 2008.

The 2009 appropriation includes \$57,228,000 for 2008 and \$515,812,000 for 2009.

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$1,538,000 2008

\$1,729,000 2009

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

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$254,000 2008

\$284,000 2009

The 2008 appropriation includes \$22,000 for 2007 and \$232,000 for 2008.

The 2009 appropriation includes \$26,000 for 2008 and \$258,000 for 2009.

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$120,445,000 2008

\$129,128,000 2009

The 2008 appropriation includes \$34,969,000 for 2007 and \$85,476,000 for 2008.

The 2009 appropriation includes \$42,865,000 for 2008 and \$86,263,000 for 2009.

Subd. 6. **Transition for disabled students.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

\$879,000 2008

The 2008 appropriation includes \$879,000 for 2007 and \$0 for 2008.

Subd. 7. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

<u>\$72,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$74,000</u>	<u>.....</u>	<u>2009</u>
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Subd. 8. **Special education out-of-state tuition.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

<u>\$250,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$250,000</u>	<u>.....</u>	<u>2009</u>
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Subd. 9. **Special education task force.** For the commissioner to contract with the Bureau of Mediation Services for costs related to the work of the special education task force under section 20:

<u>\$20,000</u>	<u>.....</u>	<u>2008</u>
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Sec. 22. **REPEALER.**

Minnesota Statutes 2006, sections 124D.454, subdivisions 4, 5, 6, and 7; 125A.10; 125A.75, subdivision 6; and 125A.76, subdivision 3, are repealed effective for revenue for fiscal year 2008.

ARTICLE 4

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2006, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 126C.40, subdivision 2, alternative facilities levies under section 123B.59, subdivision 5, paragraph (a), minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24; and

(4) obligations under section 123B.62.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to section 127A.48 shall be adjusted to include a portion of the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivisions 64 and 65, equal to the product of that tax capacity times the ratio of the eligible debt service revenue attributed to general obligation bonds to the total eligible debt service revenue of the district.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 2. Minnesota Statutes 2006, section 123B.53, subdivision 4, is amended to read:

Subd. 4. **Debt service equalization revenue.** ~~(a) The debt service equalization revenue of a district equals the sum of the first tier debt service equalization revenue and the second tier debt service equalization revenue.~~

~~(b) The first tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue minus the amount raised by a levy of 15 percent times the adjusted debt service net tax capacity of the district minus the second tier debt service equalization revenue of the district.~~

~~(c) The second tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue, excluding alternative facilities levies under section 123B.59, subdivision 5, minus the amount raised by a levy of 25 percent times the adjusted net tax capacity of the district.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 3. Minnesota Statutes 2006, section 123B.53, subdivision 5, is amended to read:

Subd. 5. **Equalized debt service levy.** ~~(a) The equalized debt service levy of a district equals the sum of the first tier equalized debt service levy and the second tier equalized debt service levy.~~

~~(b) A district's first tier equalized debt service levy equals the district's first tier debt service equalization revenue times the lesser of one or the ratio of:~~

~~(1) the quotient derived by dividing the adjusted debt service net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to~~

~~(2) \$3,200 100 percent of the statewide adjusted net tax capacity equalizing factor.~~

~~(c) A district's second tier equalized debt service levy equals the district's second tier debt service equalization revenue times the lesser of one or the ratio of:~~

~~(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to~~

~~(2) \$8,000.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 4. Minnesota Statutes 2006, section 123B.54, is amended to read:

123B.54 DEBT SERVICE AND SCHOOL BOND AGRICULTURAL CREDIT APPROPRIATION.

(a) \$21,624,000 \$14,813,000 in fiscal year 2008 and \$20,403,000, \$26,100,000 in fiscal year 2009, \$29,816,000 in fiscal year 2010, and \$30,538,000 in fiscal year 2011 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) \$10,000,000 in fiscal year 2009, \$10,475,000 in fiscal year 2010, and \$10,948,000 in fiscal year 2011 and each year thereafter are appropriated from the general fund to the commissioner of education for payment of school bond agricultural credit aid under section 123B.555.

~~(b)~~ (c) The appropriations in paragraph paragraphs (a) and (b) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 5. **[123B.555] SCHOOL BOND AGRICULTURAL CREDIT.**

Subdivision 1. **Eligibility.** All class 2 property under section 273.13, subdivision 23, except for (1) property consisting of the house, garage, and immediately surrounding one acre of land of an agricultural homestead, and (2) property classified under section 273.13, subdivision 23, paragraph (b), clause (4), is eligible to receive the credit under this section.

Subd. 2. **Credit amount.** For each qualifying property, the school bond agricultural credit is equal to 20 percent of the property's eligible net tax capacity multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under this section within the county for each taxes payable year and shall certify that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted under section 275.29. Any prior year adjustments shall also be certified on the abstracts of tax lists. The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to reduce the school district net tax capacity-based property tax as provided in section 273.1393.

Subd. 4. **Payment.** The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of education, who shall pay the reimbursement amounts to each school district as provided in section 273.1392.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 6. Minnesota Statutes 2006, section 123B.57, subdivision 3, is amended to read:

Subd. 3. **Health and safety revenue.** A district's health and safety revenue for a fiscal year equals the district's alternative facilities levy under section 123B.59, subdivision 5, paragraph (b), plus the greater of zero or:

(1) the sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, excluding expenditures funded with bonds issued under section 123B.59 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or 6; and other federal, state, or local revenues, minus

(2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the district's health and safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 7. Minnesota Statutes 2006, section 123B.63, subdivision 3, is amended to read:

Subd. 3. **Capital project levy referendum.** A district may levy the local tax rate approved by a majority of the electors voting on the question to provide funds for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date set by the board. A referendum for a project not receiving a positive review and comment by the commissioner under section 123B.71 must be approved by at least 60 percent of the voters at the election. The referendum may be called by the school board and may be held:

(1) separately, before an election for the issuance of obligations for the project under chapter 475; or

(2) in conjunction with an election for the issuance of obligations for the project under chapter 475; or

(3) notwithstanding section 475.59, as a conjunctive question authorizing both the capital project levy and the issuance of obligations for the project under chapter 475. Any obligations authorized for a project may be issued within five years of the date of the election.

The ballot must provide a general description of the proposed project, state the estimated total cost of the project, state whether the project has received a positive or negative review and comment from the commissioner, state the maximum amount of the capital project levy as a percentage of net tax capacity, state the amount that will be raised by that local tax rate in the first year it is to be levied, and state the maximum number of years that the levy authorization will apply.

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

"Shall the capital project levy proposed by the board of School District No. be approved?"

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified may be certified for the number of years, not to exceed ten, approved.

In the event a conjunctive question proposes to authorize both the capital project levy and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.

The district must notify the commissioner of the results of the referendum.

EFFECTIVE DATE. This section is effective July 1, 2007, for elections conducted on or after that day.

Sec. 8. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 2a. **Statewide adjusted net tax capacity equalizing factor.** The statewide adjusted net tax capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in the state for the fiscal year preceding the year the levy is certified.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 9. Minnesota Statutes 2006, section 127A.48, is amended by adding a subdivision to read:

Subd. 17. **Adjusted debt service net tax capacity.** To calculate each district's adjusted debt service net tax capacity, the commissioner of revenue must recompute the amounts in this section using an alternative sales ratio comparing the sales price to the estimated market value of the property.

EFFECTIVE DATE. This section is effective the day following final enactment for computing taxes payable in 2008.

Sec. 10. Minnesota Statutes 2006, section 128D.11, subdivision 3, is amended to read:

Subd. 3. **No election.** Subject to the provisions of subdivisions 7 to 10, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year general obligation bonds of the district in an amount not to exceed 5-1/10 per cent of the net tax capacity of the taxable property in the district (plus, for calendar years 1990 to 2003, an amount not to exceed \$7,500,000, ~~and~~ for calendar years 2004 to 2008 an amount not to exceed \$15,000,000, and for each calendar year after 2008, an amount not to exceed \$15,000,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following).

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

Sec. 11. Minnesota Statutes 2006, section 273.11, subdivision 1a, is amended to read:

Subd. 1a. **Limited market value.** In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber, or noncommercial seasonal residential recreational, the assessor shall compare the value with the taxable portion of the value determined in the preceding assessment.

For assessment years 2004, 2005, and 2006, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2007, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2008, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference between the current assessment and the preceding assessment.

This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

The provisions of this subdivision shall be in effect through assessment year 2008 as provided in this subdivision.

For purposes of the assessment/sales ratio study conducted under section 127A.48, and the computation of state aids paid under chapters 122A, 123A, 123B, excluding section 123B.53, 124D, 125A, 126C, 127A, and 477A, market values and net tax capacities determined under this subdivision and subdivision 16, shall be used.

EFFECTIVE DATE. This section is effective the day following final enactment for computing taxes payable in 2008.

Sec. 12. Minnesota Statutes 2006, section 273.1393, is amended to read:

273.1393 COMPUTATION OF NET PROPERTY TAXES.

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

- (1) disaster credit as provided in section 273.123;
- (2) powerline credit as provided in section 273.42;
- (3) agricultural preserves credit as provided in section 473H.10;
- (4) enterprise zone credit as provided in section 469.171;
- (5) disparity reduction credit;
- (6) conservation tax credit as provided in section 273.119;
- (7) homestead and agricultural credits as provided in section 273.1384;
- (8) school bond agricultural credit as provided in section 123B.555;
- ~~(8)~~ (9) taconite homestead credit as provided in section 273.135; and
- ~~(9)~~ (10) supplemental homestead credit as provided in section 273.1391.

The combination of all property tax credits must not exceed the gross tax amount.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 13. Minnesota Statutes 2006, section 275.065, subdivision 3, is amended to read:

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

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

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. In the case of taxing authorities required to hold a public meeting under

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

(d) The notice must state for each parcel:

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

(2) the items listed below, shown separately by county, city or town, and state general tax, net of the residential and agricultural homestead credit under section 273.1384 and the school bond agricultural credit under section 123B.555, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

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

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for the Minneapolis Library Board and the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

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

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

(e) The notice must clearly state that the proposed or final taxes do not include the following:

- (1) special assessments;
 - (2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;
 - (3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;
 - (4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;
 - (5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and
 - (6) the contamination tax imposed on properties which received market value reductions for contamination.
- (f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.
- (g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.
- (h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:
- (1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or
 - (2) post a copy of the notice in a conspicuous place on the premises of the property.
- The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.
- (i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:
- (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;
 - (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and
 - (3) Metropolitan Mosquito Control Commission under section 473.711.

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

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

- (1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;
- (2) population growth and decline;
- (3) state or federal government action; and
- (4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 14. Minnesota Statutes 2006, section 275.07, subdivision 2, is amended to read:

Subd. 2. **School district in more than one county levies; special requirements.** (a) In school districts lying in more than one county, the clerk shall certify the tax levied to the auditor of the county in which the administrative offices of the school district are located.

(b) The clerk shall identify the portion of the school district levy that is levied for the purposes specified in section 123B.53, subdivision 5, as the school debt levy at the time that the levy is certified under this section.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 15. Minnesota Statutes 2006, section 275.08, subdivision 1b, is amended to read:

Subd. 1b. **Computation of tax rates.** (a) The amounts certified to be levied against net tax capacity under section 275.07 by an individual local government unit shall be divided by the total net tax capacity of all taxable properties within the local government unit's taxing jurisdiction. The resulting ratio, the local government's local tax rate, multiplied by each property's net tax capacity shall be each property's net tax capacity tax for that local government unit before reduction by any credits.

(b) The auditor shall also determine the school debt tax rate for each school district equal to the school debt levy certified under section 275.07 divided by the total net tax capacity of all taxable property within the district.

(c) Any amount certified to the county auditor to be levied against market value shall be divided by the total referendum market value of all taxable properties within the taxing district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each property's referendum market value shall be each property's new referendum tax before reduction by any credits. For the purposes of this subdivision, "referendum market value" means the market value as defined in section 126C.01, subdivision 3.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 16. Minnesota Statutes 2006, section 276.04, subdivision 2, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly under the appropriate county's levy. If the county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value under section 273.11, subdivision 1;
- (2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;
- (3) the property's gross tax, calculated by adding the property's total property tax to the sum of the aids enumerated in clause (4);
- (4) a total of the following aids:
 - (i) education aids payable under chapters 122A, 123A, 123B, 124D, 125A, 126C, and 127A;
 - (ii) local government aids for cities, towns, and counties under sections 477A.011 to 477A.04; and
 - (iii) disparity reduction aid under section 273.1398;
- (5) for homestead residential and agricultural properties, the credits under ~~section~~ sections 123B.555 and 273.1384;
- (6) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(7) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in paragraph (c), clause (4), that local governments will receive in the following year. The commissioner must certify this amount by January 1 of each year.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 17. **SCHOOL TECHNOLOGY AID.**

Subdivision 1. Advisory task force established. An advisory task force on school technology standards is established to develop and recommend to the commissioner of education and the education policy and finance committees of the legislature school technology standards and systems. At a minimum, the advisory task force must propose:

- (1) minimum standards for technology infrastructure and capacity;
- (2) standards for local and state online student assessments;
- (3) standards for electronic student records;
- (4) school interoperability frameworks;
- (5) policies and procedures that ensure instructional resource availability to help students successfully achieve education excellence and state standards;
- (6) databases that are accessible to and within each district and on the Internet;
- (7) policies, procedures, and systems that stimulate and promote teacher and student curriculum and learning collaboration;
- (8) uniform technology standards;
- (9) adequate Internet and bandwidth capacity; and
- (10) the Department of Education data collection procedures under each of the department's major data reporting systems, and recommendations for streamlining the reporting of school district data and eliminating duplication.

Subd. 2. Advisory task force members. (a) The commissioner of education shall appoint as members to the advisory task force a representative from each of the following:

- (1) one member from the Department of Education who shall serve as chair;
- (2) one member from the Office of Enterprise Technology;

(3) one member from a list of school technology experts submitted to the commissioner by Education Minnesota;

(4) one member from a list of school technology experts submitted to the commissioner by the Minnesota School Boards Association;

(5) one member from a list of school technology experts submitted to the commissioner by the Association of Metropolitan School Districts;

(6) one member from a list of school technology experts submitted to the commissioner by the Minnesota Rural Education Association;

(7) one member from a list of school technology experts submitted to the commissioner by the Schools for Equity in Education;

(8) one member from a list of school technology experts submitted to the commissioner by the service cooperatives;

(9) one member from a list of school technology experts submitted to the commissioner by the Minnesota Association of School Administrators;

(10) one member from a list of school technology experts submitted to the commissioner by Minnesota Educational Media Organization;

(11) one member from a list of school technology experts submitted to the commissioner by the Minnesota State Colleges and Universities;

(12) one member from a list of school technology experts submitted to the commissioner by the president of the University of Minnesota; and

(13) one member from a list of technology experts submitted to the commissioner by the online advisory council.

(b) The commissioner of education shall provide needed materials and assistance to the task force upon request.

(c) Advisory task force members' terms and other task force matters are subject to Minnesota Statutes, section 15.059. The advisory task force must submit by February 15, 2008, to the commissioner of education and the education policy and finance committees of the legislature a written report that includes the recommendations under subdivision 1.

(d) The advisory task force expires on February 16, 2008.

Subd. 3. **Funding.** A school technology funding program is established to assist school districts, consortiums of school districts, and charter schools to achieve the school technology standards proposed in subdivision 1.

School technology aid equals \$30 times the district's adjusted marginal cost pupil units for fiscal year 2009.

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

Sec. 18. **ADMINISTRATIVE LEASE LEVY; SPRING LAKE PARK.**

Notwithstanding the instructional purposes limitation of Minnesota Statutes, section 126C.40, subdivision 1, Independent School District No. 16, Spring Lake Park, may lease a building for administrative purposes and include the lease under Minnesota Statutes, section 126C.40, subdivision 1.

Sec. 19. **BONDING AUTHORIZATION.**

To provide funds for the acquisition or betterment of school facilities, Independent School District No. 625, St. Paul, may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series for each calendar year following 2008, as provided in this section. The aggregate principal amount of any bonds issued under this section for each calendar year must not exceed \$15,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 123B, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of Minnesota Statutes, chapter 123B, or any other law other than Minnesota Statutes, section 475.53, subdivision 4.

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

Sec. 20. **TAX LEVY FOR DEBT SERVICE.**

To pay the principal of and interest on bonds issued under section 19, Independent School District No. 625, St. Paul, must levy a tax annually in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 123B, 124D, or 126C, or other law.

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

Sec. 21. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$190,000	.....	2008
\$179,000	.....	2009

The 2008 appropriation includes \$20,000 for 2007 and \$170,000 for 2008.

The 2009 appropriation includes \$18,000 for 2008 and \$161,000 for 2009.

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$14,813,000	.....	2008
\$26,100,000	.....	2009

The 2008 appropriation includes \$1,767,000 for 2007 and \$13,046,000 for 2008.

The 2009 appropriation includes \$1,450,000 for 2008 and \$24,650,000 for 2009.

Subd. 4. **School bond agricultural credit aid.** For school bond agricultural credit aid:

<u>\$10,000,000</u>	<u>.....</u>	<u>2009</u>
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Subd. 5. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

<u>\$19,287,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$19,287,000</u>	<u>.....</u>	<u>2009</u>
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The 2008 appropriation includes \$1,928,000 for 2007 and \$17,359,000 for 2008.

The 2009 appropriation includes \$1,928,000 for 2008 and \$17,359,000 for 2009.

Subd. 6. **Equity in telecommunications access.** For equity in telecommunications access:

<u>\$7,622,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$8,743,000</u>	<u>.....</u>	<u>2009</u>
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If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2008 and 2009 shall be prorated.

Any balance in the first year does not cancel but is available in the second year.

The base appropriation for fiscal year 2010 and later is \$3,750,000.

Subd. 7. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

<u>\$3,290,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$2,667,000</u>	<u>.....</u>	<u>2009</u>
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The 2008 appropriation includes \$0 for 2007 and \$3,290,000 for 2008.

The 2009 appropriation includes \$368,000 for 2008 and \$2,302,000 for 2009.

Subd. 8. **Red Lake security reimbursement aid.** For Independent School District No. 38, Red Lake, for onetime security reimbursement aid to improve infrastructure needs in the Red Lake School District as a result of the March 21, 2005, school shooting:

<u>\$132,000</u>	<u>.....</u>	<u>2008</u>
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This is a onetime appropriation.

Subd. 9. **Rocori school district.** For Rocori, Independent School District No. 750, for Project Serv:

<u>\$53,000</u>	<u>.....</u>	<u>2008</u>
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Subd. 10. **School technology grants.** For school technology grants under section 17:

<u>\$29,100,000</u>	<u>.....</u>	<u>2009</u>
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This is a onetime appropriation.

Subd. 11. **School Technology Advisory Task Force expenses.** For expenses of the School Technology Advisory Task Force under section 17:

<u>\$20,000</u>	<u>.....</u>	<u>2008</u>
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This is a onetime appropriation.

Subd. 12. **Eden Valley-Watkins; environmental remediation.** For a grant to Independent School District No. 463, Eden Valley-Watkins, to recover the amount actually spent on environmental remediation efforts related to the cleanup of a mercury spill.

<u>\$126,000</u>	<u>.....</u>	<u>2008</u>
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ARTICLE 5

NUTRITION AND ACCOUNTING

Section 1. Minnesota Statutes 2006, section 123B.10, subdivision 1, is amended to read:

Subdivision 1. **Budgets.** Every board must publish revenue and expenditure budgets for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the commissioner within one week of the acceptance of the final audit by the board, or November 30, whichever is earlier. The forms prescribed must be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. ~~These budgets, reports of revenue, expenditures and fund balances must be published in a qualified newspaper of general circulation in the district or on the district's official Web site. If published on the district's official Web site, the district must also publish an announcement in a qualified newspaper of general circulation in the district that includes the Internet address where the information has been posted.~~

Sec. 2. Minnesota Statutes 2006, section 123B.10, is amended by adding a subdivision to read:

Subd. 1a. **Form of notification.** A school board annually must notify the public of its revenue, expenditures, fund balances, and other relevant budget information. The board must include the budget information required by this section in the materials provided as a part of its truth in taxation hearing, post the materials in a conspicuous place on the district's official Web site, including a link to the district's school report card on the Department of Education's Web site, and publish the information in a qualified newspaper of general circulation in the district.

Sec. 3. Minnesota Statutes 2006, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. **Contract; duties.** All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a board as a

superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

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

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

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

(4) make reports required by the commissioner; and

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

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

Sec. 4. Minnesota Statutes 2006, section 123B.77, subdivision 4, is amended to read:

Subd. 4. **Budget approval.** Prior to July 1 of each year, the board of each district must approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted must be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures. ~~Prior to the appropriation of revenue for the next school year in the initial budget, the board shall inform the principal or other responsible administrative authority of each site of the amount of general education and referendum revenue that the Department of Education estimates will be generated by the pupils in attendance at each site. For purposes of this subdivision, a district may adjust the department's estimates for school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics not reflected in the department's calculations. A~~

~~district must report to the department any adjustments it makes according to this subdivision in the department's estimates of compensatory revenue generated by the pupils in attendance at each site, and the department must use the adjusted compensatory revenue estimates in preparing the report required under section 123B.76, subdivision 3, paragraph (c).~~

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

Sec. 5. Minnesota Statutes 2006, section 123B.79, subdivision 8, is amended to read:

Subd. 8. **Account transfer for reorganizing districts.** A district that has reorganized according to sections 123A.35 to 123A.43, 123A.46, or 123A.48, or has conducted a successful referendum on the question of combination under section 123A.37, subdivision 2, or consolidation under section 123A.48, subdivision 15, or has been assigned an identification number by the commissioner under section 123A.48, subdivision 16, may make permanent transfers between any of the funds or accounts in the newly created or enlarged district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund. Fund transfers under this section may be made for up to one year prior to the effective date of combination or consolidation by the consolidating boards and during the year following the effective date of reorganization by the consolidated board. The newly formed board of the combined district may adopt a resolution on or before August 30 of the year of the reorganization authorizing a transfer among accounts or funds of the previous independent school districts which transfer or transfers shall be reported in the affected districts' audited financial statements for the year immediately preceding the consolidation.

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

Sec. 6. Minnesota Statutes 2006, section 123B.79, is amended by adding a subdivision to read:

Subd. 9. **Elimination of reserve accounts.** A school board shall eliminate all reserve accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007. Any balance in the district's reserved for bus purchases account as of June 30, 2007, shall be transferred to the reserved account for operating capital in the school district's general fund. Any balance in other reserved accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007, shall be transferred to the school district's unreserved general fund balance. A school board may, upon adoption of a resolution by the school board, establish a designated account for any program for which a reserved account has been eliminated.

EFFECTIVE DATE. This section is effective June 30, 2007.

Sec. 7. Minnesota Statutes 2006, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. **School lunch aid computation.** Each school year, the state must pay participants in the national school lunch program the amount of ~~40.5~~ 12 cents for each full paid, reduced, and free student lunch served to students.

Sec. 8. Minnesota Statutes 2006, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served unless the school district has received permission under section 50 to allocate compensatory revenue according to student performance measures developed by the school board.

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

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

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

(e) A district with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

Sec. 9. Minnesota Statutes 2006, section 126C.41, is amended by adding a subdivision to read:

Subd. 6. **Levy authority for unfunded severance and retirement costs.** (a) A school district qualifies for eligibility under this section if the district:

(1) participated in the cooperative secondary facilities program;

(2) consolidated with at least two other school districts; and

(3) has unfunded severance or retirement costs.

(b) An eligible school district may annually levy up to \$150,000 for unfunded severance or retirement costs. This levy authority expires after taxes payable in 2017.

(c) A school district that levies under this section must reserve the proceeds of the levy and spend those amounts only for unfunded severance or retirement costs.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 10. Minnesota Statutes 2006, section 126C.48, subdivision 2, is amended to read:

Subd. 2. **Notice to commissioner; forms.** By October 7 of each year each district must notify the commissioner of the proposed levies in compliance with the levy limitations of this chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, 127A, and 136D. A school district that has reached an agreement with its home county auditor to extend the date of certification of its proposed levy under section 275.065, subdivision 1, must submit its notice of proposed levies to the commissioner no later than October 10 of each year. By January 7 of each year each district must notify the commissioner of the final levies certified. The commissioner shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

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

Sec. 11. Minnesota Statutes 2006, section 205A.03, subdivision 1, is amended to read:

Subdivision 1. **Required Resolution requiring primary in certain circumstances.** ~~In~~ The school board of a school district election, may, by resolution adopted by June 1 of any year, decide to choose nominees for school board by a primary as provided in this section. The resolution, when adopted, is effective for all ensuing elections of

board members in that school district until it is revoked. If the board decides to choose nominees by primary and if there are more than two candidates for a specified school board position or more than twice as many school board candidates as there are at-large school board positions available, ~~a~~ the school district must hold a primary.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for school board elections held in 2007 and thereafter.

Sec. 12. Minnesota Statutes 2006, section 205A.06, subdivision 1a, is amended to read:

Subd. 1a. **Filing period.** In school districts that have adopted a resolution to choose nominees for school board by a primary election, affidavits of candidacy must be filed with the school district clerk no earlier than the 70th day and no later than the 56th day before the first Tuesday after the second Monday in September in the year when the school district general election is held. In all other school districts, affidavits of candidacy must be filed no earlier than the 70th day and no later than the 56th day before the school district general election.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for school board elections held in 2007 and thereafter.

Sec. 13. Minnesota Statutes 2006, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 15, each taxing authority, other than a school district, shall adopt a proposed budget and shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 15, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

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

Sec. 14. Minnesota Statutes 2006, section 275.065, subdivision 1a, is amended to read:

Subd. 1a. **Overlapping jurisdictions.** In the case of a taxing authority lying in two or more counties, the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by October 5, unless the home county has agreed to delay the certification of its proposed property tax levy, in which case the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by October 10. The home county auditor must estimate the levy or rate in preparing the notices required in subdivision 3, if the other county has not certified the appropriate information. If requested by the home county auditor, the other county auditor must furnish an estimate to the home county auditor.

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

Sec. 15. **DEPARTMENT OF EDUCATION REPORT.**

The Department of Education must provide a report to the education committees of the legislature by January 15, 2008. The report must analyze the department's data collection procedures under each of the department's major data reporting systems and recommend a streamlined, Web-based system of reporting school district data. The report must also analyze any stand-alone school district reporting requirements and recommend elimination of any district reports that are duplicative of other data already collected by the department.

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

Sec. 16. **PLAINVIEW-ELGIN-MILLVILLE; CONSOLIDATED DISTRICT FUND BALANCE CALCULATIONS.**

Subdivision 1. **Fiscal year 2007 replacement aid.** Independent School District No. 2899, Plainview-Elgin-Millville, is eligible for replacement aid to offset its excess fund balance penalty for fiscal year 2007.

Subd. 2. **Fiscal years 2008 and 2009.** Upon receipt of appropriate documentation from Independent School District No. 2899, Plainview-Elgin-Millville, the Department of Education must adjust the district's three-year adjusted average fund balances required under Minnesota Statutes, sections 124D.135, 124D.16 and 124D.20. The department shall adjust the fiscal year 2006 account balances reported by former Independent School Districts Nos. 806, Elgin-Millville, and 810, Plainview, to reflect any permanent account of fund transfers made under Minnesota Statutes, section 123B.79.

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

Sec. 17. **FUND TRANSFERS.**

Subdivision 1. **Brainerd.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, Independent School District No. 181, Brainerd, on June 30, 2007, may permanently transfer up to \$750,000 from the reserved for operating capital account to the undesignated balance in its general fund.

Subd. 2. **Campbell-Tintah.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 852, Campbell-Tintah, may permanently transfer up to \$100,000 from its reserved for operating capital account to the undesignated balance in its general fund.

Subd. 3. **Jackson County Central.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 2895, Jackson County Central, may permanently transfer up to \$300,000 from its reserved for operating capital account to the undesignated balance in its general fund.

Subd. 4. **Comfrey.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, Independent School District No. 81, Comfrey, on June 30, 2007, may permanently transfer up to \$250,000 from its reserved for operating capital account to the undesignated balance in its general fund.

Sec. 18. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

<u>\$12,022,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$12,166,000</u>	<u>.....</u>	<u>2009</u>
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Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

<u>\$5,460,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$5,695,000</u>	<u>.....</u>	<u>2009</u>
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Subd. 4. **Summer food service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

<u>\$150,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$150,000</u>	<u>.....</u>	<u>2009</u>
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Subd. 5. **Plainview-Elgin-Millville fund balance replacement aid.** For fund balance replacement aid for Independent School District No. 2899, Plainview-Elgin-Millville:

<u>\$17,000</u>	<u>.....</u>	<u>2008</u>
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This is a onetime appropriation.

Sec. 19. **REVISOR'S INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes, section 123B.10, subdivision 1, as 123B.10, subdivision 1b, and make necessary cross-reference changes consistent with the renumbering.

ARTICLE 6

LIBRARIES

Section 1. Minnesota Statutes 2006, section 134.31, is amended by adding a subdivision to read:

Subd. 4a. **Services to the blind and physically handicapped.** The Minnesota Department of Education shall provide specialized services to the blind and physically handicapped through the Minnesota Library for the Blind and Physically Handicapped under a cooperative plan with the National Library Services for the Blind and Physically Handicapped of the Library of Congress.

Sec. 2. Minnesota Statutes 2006, section 134.34, subdivision 4, is amended to read:

Subd. 4. **Limitation.** A regional library basic system support grant shall not be made to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the second preceding year. For purposes of this subdivision and subdivision 1, any funds provided under section 473.757, subdivision 2, for extending library hours of operation shall not be considered amounts provided by a city or county for support for operating purposes of public library service. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

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

Sec. 3. **COMPREHENSIVE LIBRARY STRUCTURE STUDY.**

The commissioner of education must contract with an independent consultant that has extensive experience working with libraries to evaluate the structure of the library system and services provided by Minnesota libraries that receive public funding. The study must include all types of libraries in the state such as academic, government, special, school, and public libraries, including collaborative entities such as MINITEX and state library services. The consultant must:

(1) conduct an in-depth analysis of the current library system structure and services, identifying best practices, duplication of services, and opportunities to improve efficiency; and

(2) prepare a report to be submitted to the Department of Education, documenting and reporting findings, and recommending, where necessary, changes to increase efficiency and cooperation in the delivery of service and use of public funds.

The commissioner must report the findings of the study to the legislative committees having jurisdiction over kindergarten through grade 12 finance before January 15, 2009, and shall recommend any required changes in statute that will result in a more streamlined and efficient library structure.

Sec. 4. **DEPARTMENT OF EDUCATION; LIBRARY APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

<u>\$9,182,000</u>	<u>.....</u>	<u>2008</u>
<u>\$13,138,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$857,000 for 2007 and \$8,325,000 for 2008.

The 2009 appropriation includes \$925,000 for 2008 and \$12,213,000 for 2009.

Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$1,260,000	.....	<u>2008</u>
\$1,300,000	.....	<u>2009</u>

The 2008 appropriation includes \$90,000 for 2007 and \$1,170,000 for 2008.

The 2009 appropriation includes \$130,000 for 2008 and \$1,170,000 for 2009.

Subd. 4. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

\$900,000	.....	<u>2008</u>
\$900,000	.....	<u>2009</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$2,190,000	.....	<u>2008</u>
\$2,300,000	.....	<u>2009</u>

The 2008 appropriation includes \$120,000 for 2007 and \$2,070,000 for 2008.

The 2009 appropriation includes \$230,000 for 2008 and \$2,070,000 for 2009.

Subd. 6. **Hennepin County and Minneapolis library systems merger.** For costs attributable to the library system merger:

\$4,500,000	<u>2008</u>
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If the Hennepin County and Minneapolis city library systems do not merge, any unexpended balance remaining in this appropriation must be allocated to increase the fiscal year 2008 entitlement for Basic System Support Grants under Minnesota Statutes, section 134.355. This appropriation is available through June 30, 2009. This is a onetime appropriation.

ARTICLE 7

STATE AGENCIES

Section 1. **[124D.805] COMMITTEES ON AMERICAN INDIAN EDUCATION PROGRAMS.**

Subdivision 1. **Establishment.** The commissioner of education shall create one or more American Indian education committees. Members must include representatives of tribal bodies, community groups, parents of children eligible to be served by the programs for American Indian children in American Indian schools, American

Indian administrators and teachers, persons experienced in training teachers for American Indian education programs, persons involved in programs for American Indian children in American Indian schools, and persons knowledgeable about American Indian education. The commissioner of education shall appoint members who are representative of significant segments of the American Indian population.

Subd. 2. **Committee to advise commissioner.** Each committee on American Indian education programs shall advise the commissioner regarding the commissioner's duties under sections 124D.71 to 124D.82 and other programs for educating American Indian people as determined by the commissioner.

Subd. 3. **Expenses.** Each committee must be reimbursed for expenses under section 15.059, subdivision 6. The commissioner must determine the membership terms and the duration of each committee, which must expire no later than June 30, 2020.

Sec. 2. Minnesota Statutes 2006, section 517.08, subdivision 1c, is amended to read:

Subd. 1c. **Disposition of license fee.** (a) Of the marriage license fee collected pursuant to subdivision 1b, paragraph (a), \$15 must be retained by the county. The local registrar must pay \$85 to the commissioner of finance to be deposited as follows:

(1) \$50 in the general fund;

(2) \$3 in the state government special revenue fund to be appropriated to the commissioner of ~~education~~ public safety for parenting time centers under section 119A.37;

(3) \$2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255;

(4) \$25 in the special revenue fund is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96; and

(5) \$5 in the special revenue fund is appropriated to the commissioner of human services for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under section 256.742.

(b) Of the \$30 fee under subdivision 1b, paragraph (b), \$15 must be retained by the county. The local registrar must pay \$15 to the commissioner of finance to be deposited as follows:

(1) \$5 as provided in paragraph (a), clauses (2) and (3); and

(2) \$10 in the special revenue fund is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96.

(c) The increase in the marriage license fee under paragraph (a) provided for in Laws 2004, chapter 273, and disbursement of the increase in that fee to the special fund for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under paragraph (a), clause (5), is contingent upon the receipt of federal funding under United States Code, title 42, section 1315, for purposes of the initiative.

Sec. 3. RULEMAKING AUTHORITY; CAREER AND TECHNICAL EDUCATION.

The commissioner of education shall adopt rules under Minnesota Statutes, chapter 14, for the administration of career and technical education programs for grades 7 through 12 under Minnesota Statutes, sections 124D.452, 124D.4531, and 124D.454, to ensure that the career and technical levy and programs can be administered to serve students under the current state and local organizational structures.

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

Sec. 4. APPROPRIATIONS; DEPARTMENT OF EDUCATION.

Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Department.** (a) For the Department of Education:

<u>\$22,003,000</u>	<u>.....</u>	<u>2008</u>
<u>\$22,309,000</u>	<u>.....</u>	<u>2009</u>

Any balance in the first year does not cancel but is available in the second year.

(b) \$260,000 each year is for the Minnesota Children's Museum.

(c) \$41,000 each year is for the Minnesota Academy of Science.

(d) \$614,000 in fiscal year 2008 and \$622,000 in fiscal year 2009 are for the Board of Teaching.

(e) \$162,000 in fiscal year 2008 and \$165,000 in fiscal year 2009 are for the Board of School Administrators.

(f) \$7,000 in fiscal year 2008 is for GRAD test rulemaking.

(g) \$7,000 in fiscal year 2008 is for rulemaking under section 3.

(h) \$7,000 in fiscal year 2008 is for rulemaking for health and physical education standards.

(i) \$40,000 each year is for an early hearing loss intervention coordinator under Minnesota Statutes, section 125A.63, subdivision 5.

(j) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(k) \$260,000 per year is for the Minnesota Children's Museum.

(l) \$41,000 per year is for the Academy of Science.

Sec. 5. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

<u>\$11,504,000</u>	<u>.....</u>	<u>2008</u>
<u>\$11,527,000</u>	<u>.....</u>	<u>2009</u>

Any balance in the first year does not cancel but is available in the second year.

Sec. 6. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

The sums indicated in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

<u>\$6,727,000</u>	<u>.....</u>	<u>2008</u>
<u>\$6,833,000</u>	<u>.....</u>	<u>2009</u>

Any balance in the first year does not cancel but is available in the second year.

Sec. 7. **APPROPRIATIONS; DEPARTMENT OF PUBLIC SAFETY.**

The sums indicated in this section are appropriated from the state government special revenue fund to the Department of Public Safety for the fiscal years designated to fund parenting time centers as described in Minnesota Statutes, section 119A.37:

<u>\$96,000</u>	<u>.....</u>	<u>2008</u>
<u>\$96,000</u>	<u>.....</u>	<u>2009</u>

ARTICLE 8

EDUCATION FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 2, as amended by Laws 2006, chapter 282, article 3, section 2, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

<u>\$5,819,153,000</u>	<u>.....</u>	<u>2006</u>
\$ 5,472,238,000 <u>5,453,693,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$787,978,000 for 2005 and \$5,031,175,000 for 2006.

The 2007 appropriation includes ~~\$513,848,000~~ \$518,218,000 for 2006 and ~~\$4,958,390,000~~ \$4,935,475,000 for 2007.

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

Sec. 2. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 4, is amended to read:

Subd. 4. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$55,000	.....	2006
\$ 55,000 <u>93,000</u>	.....	2007

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

Sec. 3. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 5, as amended by Laws 2006, chapter 282, article 7, section 2, is amended to read:

Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$909,000	.....	2006
\$ 1,026,000 <u>765,000</u>	.....	2007

The 2006 appropriation includes \$187,000 for 2005 and \$722,000 for 2006.

The 2007 appropriation includes \$80,000 for 2006 and ~~\$946,000~~ \$685,000 for 2007.

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

Sec. 4. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 6, as amended by Laws 2006, chapter 282, article 7, section 3, is amended to read:

Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$ 527,000 <u>388,000</u>	2007
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The 2007 appropriation includes \$0 for 2006 and ~~\$527,000~~ \$388,000 for 2007.

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

Sec. 5. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 7, as amended by Laws 2006, chapter 282, article 7, section 4, is amended to read:

Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

\$15,458,000	.....	2006
\$ 15,991,000 <u>15,972,000</u>	.....	2007

The 2006 appropriation includes \$1,864,000 for 2005 and \$13,594,000 for 2006.

The 2007 appropriation includes \$1,510,000 for 2006 and ~~\$14,481,000~~ \$14,462,000 for 2007.

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

Sec. 6. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 8, as amended by Laws 2006, chapter 282, article 7, section 5, is amended to read:

Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$21,371,000	.....	2006
\$ 20,843,000 <u>21,133,000</u>	.....	2007

The 2006 appropriation includes \$3,274,000 for 2005 and \$18,097,000 for 2006.

The 2007 appropriation includes \$2,010,000 for 2006 and ~~\$18,833,000~~ \$19,123,000 for 2007.

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

B. EDUCATION EXCELLENCE

Sec. 7. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 6, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$25,331,000	.....	2006
\$ 27,806,000 <u>27,795,000</u>	.....	2007

The 2006 appropriation includes \$3,173,000 for 2005 and \$22,158,000 for 2006.

The 2007 appropriation includes \$2,462,000 for 2006 and ~~\$25,344,000~~ \$25,333,000 for 2007.

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

Sec. 8. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 3, as amended by Laws 2006, chapter 282, article 7, section 7, is amended to read:

Subd. 3. **Charter school startup aid.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

\$1,291,000	.....	2006
\$ 2,347,000 <u>2,316,000</u>	.....	2007

The 2006 appropriation includes \$0 for 2005 and \$1,291,000 for 2006.

The 2007 appropriation includes \$143,000 for 2006 and ~~\$2,204,000~~ \$2,173,000 for 2007.

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

Sec. 9. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 4, as amended by Laws 2006, chapter 282, article 7, section 8, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

\$59,404,000	.....	2006
\$ 58,405,000 <u>58,075,000</u>	.....	2007

The 2006 appropriation includes \$8,545,000 for 2005 and \$50,859,000 for 2006.

The 2007 appropriation includes \$5,650,000 for 2006 and ~~\$52,755,000~~ \$52,425,000 for 2007.

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

Sec. 10. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 6, as amended by Laws 2006, chapter 282, article 7, section 9, is amended to read:

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$6,032,000	.....	2006
\$ 10,134,000 <u>8,169,000</u>	.....	2007

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

Sec. 11. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 10, as amended by Laws 2006, chapter 282, article 7, section 11, is amended to read:

Subd. 10. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$2,338,000	.....	2006
\$ 2,357,000 <u>2,060,000</u>	.....	2007

The 2006 appropriation includes \$348,000 for 2005 and \$1,990,000 for 2006.

The 2007 appropriation includes \$221,000 for 2006 and ~~\$2,136,000~~ \$1,839,000 for 2007.

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

C. SPECIAL PROGRAMS

Sec. 12. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 12, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$559,485,000	.....	2006
\$ 528,106,000 <u>529,257,000</u>	.....	2007

The 2006 appropriation includes \$83,078,000 for 2005 and \$476,407,000 for 2006.

The 2007 appropriation includes \$52,934,000 for 2006 and ~~\$475,172,000~~ \$476,323,000 for 2007.

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

Sec. 13. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 3, as amended by Laws 2006, chapter 282, article 7, section 13, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$1,527,000	.....	2006
\$ 1,624,000 <u>1,410,000</u>	.....	2007

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

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

Sec. 14. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 4, as amended by Laws 2006, chapter 282, article 7, section 14, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes section 125A.75, subdivision 1:

\$198,000	.....	2006
\$ 195,000 <u>224,000</u>	.....	2007

The 2006 appropriation includes \$28,000 for 2005 and \$170,000 for 2006.

The 2007 appropriation includes \$18,000 for 2006 and ~~\$177,000~~ \$206,000 for 2007.

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

Sec. 15. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 6, as amended by Laws 2006, chapter 282, article 7, section 16, is amended to read:

Subd. 6. **Transition for disabled students.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

\$9,300,000	.....	2006
\$ 8,781,000 <u>8,800,000</u>	.....	2007

The 2006 appropriation includes \$1,380,000 for 2005 and \$7,920,000 for 2006.

The 2007 appropriation includes \$880,000 for 2006 and ~~\$7,901,000~~ \$7,920,000 for 2007.

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

D. FACILITIES

Sec. 16. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 18, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57 subdivision 5:

\$823,000	.....	2006
\$ 352,000 <u>249,000</u>	.....	2007

The 2006 appropriation includes \$211,000 for 2005 and \$612,000 for 2006.

The 2007 appropriation includes \$68,000 for 2006 and ~~\$284,000~~ \$181,000 for 2007.

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

Sec. 17. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 3, as amended by Laws 2006, chapter 282, article 5, section 2, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$27,206,000	.....	2006
\$ 18,410,000 <u>18,395,000</u>	.....	2007

The 2006 appropriation includes \$4,654,000 for 2005 and \$22,552,000 for 2006.

The 2007 appropriation includes \$2,504,000 for 2006 and ~~\$15,906,000~~ 15,891,000 for 2007.

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

E. NUTRITION

Sec. 18. Laws 2005, First Special Session chapter 5, article 5, section 17, subdivision 3, as amended by Laws 2006, chapter 282, article 7, section 20, is amended to read:

Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

\$4,856,000	.....	2006
\$ 5,044,000 <u>5,175,000</u>	.....	2007

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

F. EARLY CHILDHOOD EDUCATION

Sec. 19. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 24, is amended to read:

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$9,528,000	.....	2006
\$ 9,020,000 <u>9,087,000</u>	.....	2007

The 2006 appropriation includes \$1,415,000 for 2005 and \$8,113,000 for 2006.

The 2007 appropriation includes \$901,000 for 2006 and ~~\$8,119,000~~ \$8,186,000 for 2007.

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

Sec. 20. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 3, as amended by Laws 2006, chapter 282, article 2, section 24, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$15,105,000	.....	2006
\$ 17,792,000 <u>17,639,000</u>	.....	2007

The 2006 appropriation includes \$1,859,000 for 2005 and \$13,246,000 for 2006.

The 2007 appropriation includes \$1,471,000 for 2006 and ~~\$16,321,000~~ \$16,168,000 for 2007.

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

Sec. 21. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 4, as amended by Laws 2006, chapter 282, article 2, section 25, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$3,000,000	.....	2006
\$ 2,997,000 <u>2,880,000</u>	.....	2007

The 2006 appropriation includes \$417,000 for 2005 and \$2,583,000 for 2006

The 2007 appropriation includes \$287,000 for 2006 and ~~\$2,710,000~~ \$2,593,000 for 2007.

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

Sec. 22. Laws 2006, chapter 282, article 2, section 28, subdivision 4, is amended to read:

Subd. 4. **Early childhood Part C.** For the expansion of early childhood Part C services:

\$ 400,000 <u>-0-</u>	2007
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EFFECTIVE DATE. This section is effective the day following final enactment.

G. PREVENTION

Sec. 23. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 25, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$2,043,000	.....	2006
\$ 1,949,000 <u>1,942,000</u>	.....	2007

The 2006 appropriation includes \$385,000 for 2005 and \$1,658,000 for 2006.

The 2007 appropriation includes \$184,000 for 2006 and ~~\$1,765,000~~ \$1,758,000 for 2007.

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

Sec. 24. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 5, as amended by Laws 2006, chapter 282, article 7, section 27, is amended to read:

Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

\$17,000	.....	2006
\$ 4,000 <u>6,000</u>	.....	2007

The 2006 appropriation includes \$4,000 for 2005 and \$13,000 for 2006.

The 2007 appropriation includes \$1,000 for 2006 and ~~\$3,000~~ \$5,000 for 2007.

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

H. SELF-SUFFICIENCY AND LIFELONG LEARNING

Sec. 25. Laws 2005, First Special Session chapter 5, article 9, section 4, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes:

\$36,518,000	.....	2006
\$ 36,540,000 <u>37,486,000</u>	.....	2007

The 2006 appropriation includes \$5,707,000 for 2005 and \$30,811,000 for 2006.

The 2007 appropriation includes ~~\$5,737,000~~ \$3,654,000 for 2006 and ~~\$30,803,000~~ \$33,832,000 for 2007.

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

ARTICLE 9

TECHNICAL AND CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 2006, section 122A.628, subdivision 2, is amended to read:

Subd. 2. **Revenue.** A school district that is selected to participate in the schools mentoring schools program under this section may utilize its professional compensation revenue under section ~~122A.4142~~ 122A.414, subdivision 4, to pay regional training sites for staff development and training services.

Sec. 2. Minnesota Statutes 2006, section 123A.73, subdivision 8, is amended to read:

Subd. 8. **Taxable property.** As of the effective date of a consolidation of districts or the dissolution of a district and its attachment to one or more existing districts pursuant to chapter 123A, ~~and subject to the conditions of section 126C.42, subdivision 1,~~ all the taxable property which is in the newly created or enlarged district and which was previously taxable for the payment of any statutory operating debt theretofore incurred by any preexisting district of which the taxable property was a part prior to the consolidation or dissolution and attachment shall remain taxable for the payment of that debt and shall not become taxable for the payment of any statutory operating debt theretofore incurred by any preexisting district of which the taxable property was not a part prior to the consolidation or dissolution and attachment. The amount of statutory operating debt attributable to that taxable property and to the newly created or enlarged district in which it is located, and the amount of a preexisting district's reserved fund balance reserve account for purposes of statutory operating debt reduction attributable to the newly created or enlarged district, shall be apportioned according to the proportion which the adjusted net tax capacity of that part of the preexisting district bears to the total adjusted net tax capacity of the entire preexisting district at the time of the consolidation or dissolution and attachment. This apportionment shall be made by the county auditor and shall be incorporated as an annex to the order of the commissioner dividing the assets and liabilities of the component districts. As used in this section, "statutory operating debt" shall have the meaning given it in section 123B.81.

Sec. 3. Minnesota Statutes 2006, section 123B.79, subdivision 6, is amended to read:

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

Sec. 4. Minnesota Statutes 2006, section 123B.81, subdivision 2, is amended to read:

Subd. 2. **Statutory operating debt.** If the amount of the operating debt is more than 2-1/2 percent of the most recent fiscal year's expenditure amount for the funds considered under subdivision 1, the net negative undesignated fund balance is defined as "statutory operating debt" for the purposes of this section and ~~sections~~ section 123B.83 and ~~126C.42, subdivision 1.~~

Sec. 5. Minnesota Statutes 2006, section 123B.81, subdivision 4, is amended to read:

Subd. 4. **Debt elimination.** If an audit or other verification procedure conducted pursuant to subdivision 3 determines that a statutory operating debt exists, a district must follow the procedures set forth in this section ~~126C.42, subdivision 1,~~ to eliminate this statutory operating debt.

Sec. 6. Minnesota Statutes 2006, section 123B.81, subdivision 7, is amended to read:

Subd. 7. **Applicability.** This section ~~and the provisions of section 126C.42, subdivision 1, are~~ is applicable only to common, independent, and special school districts and districts formed pursuant to Laws 1967, chapter 822, as amended, and Laws 1969, chapters 775 and 1060, as amended. This section ~~and the provisions of section 126C.42, subdivision 1, do~~ does not apply to Independent School District No. 625.

Sec. 7. Minnesota Statutes 2006, section 123B.83, subdivision 2, is amended to read:

Subd. 2. **Net unreserved general fund balances.** A school district must limit its expenditures so that its net unreserved general fund balance does not constitute statutory operating debt ~~as defined in section 126C.42 under section 123B.81.~~

Sec. 8. Minnesota Statutes 2006, section 124D.34, subdivision 7, is amended to read:

Subd. 7. **Foundation staff.** The commissioner of education shall appoint the executive director of the foundation from three candidates nominated and submitted by the foundation board of directors and, as necessary, other staff who shall perform duties and have responsibilities solely related to the foundation. The employees appointed are not state employees under chapter 43A, but are covered under section 3.736. The employees may participate in the state health and state insurance plans for employees in unclassified service. The employees shall be supervised by the executive director.

The commissioner shall appoint ~~from the Office of Lifework Development~~ a liaison to the foundation board from the division in the department responsible for career and technical education.

Sec. 9. Minnesota Statutes 2006, section 124D.65, subdivision 11, is amended to read:

Subd. 11. **Allocations from cooperative units.** For the purposes of this section ~~and section 125A.77,~~ pupils of limited English proficiency enrolled in a cooperative or intermediate school district unit shall be counted by the school district of residence, and the cooperative unit shall allocate its approved expenditures for limited English proficiency programs among participating school districts. Limited English proficiency aid for services provided by a cooperative or intermediate school district shall be paid to the participating school districts.

Sec. 10. Minnesota Statutes 2006, section 125A.39, is amended to read:

125A.39 LOCAL INTERAGENCY AGREEMENTS.

School boards and the county board may enter into agreements to cooperatively serve and provide funding for children with disabilities, under age five, and their families within a specified geographic area.

The local interagency agreement must address, at a minimum, the following issues:

(1) responsibilities of local agencies on local interagency early intervention committees (IEIC's), consistent with section 125A.38;

(2) assignment of financial responsibility for early intervention services;

(3) methods to resolve intraagency and interagency disputes;

(4) identification of current resources and recommendations about the allocation of additional state and federal early intervention funds under the auspices of United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~402-119~~ 108-446) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law 89-313);

(5) data collection; and

(6) other components of the local early intervention system consistent with Public Law 102-119.

Sec. 11. Minnesota Statutes 2006, section 125A.42, is amended to read:

125A.42 PROCEDURAL SAFEGUARDS; PARENT AND CHILD RIGHTS.

(a) This section applies to local school and county boards for children from birth through age two who are eligible for Part ~~H.C.~~, Public Law ~~402-419~~ 108-446, and their families. This section must be consistent with the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part ~~H.C.~~, Public Law ~~402-419~~ 108-446), regulations adopted under United States Code, title 20, sections 1471 to 1485, and sections 125A.259 to 125A.48.

(b) A parent has the right to:

- (1) inspect and review early intervention records;
- (2) prior written notice of a proposed action in the parents' native language unless it is clearly not feasible to do so;
- (3) give consent to any proposed action;
- (4) selectively accept or decline any early intervention service; and
- (5) resolve issues regarding the identification, evaluation, or placement of the child, or the provision of appropriate early intervention services to the child and the child's family through an impartial due process hearing pursuant to section 125A.46.

(c) The eligible child has the right to have a surrogate parent appointed by a school district as required by section 125A.07.

Sec. 12. Minnesota Statutes 2006, section 125A.44, is amended to read:

125A.44 COMPLAINT PROCEDURE.

(a) An individual or organization may file a written signed complaint with the commissioner of the state lead agency alleging that one or more requirements of the Code of Federal Regulations, title 34, part 303, is not being met. The complaint must include:

- (1) a statement that the state has violated the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~402-419~~ 108-446) or Code of Federal Regulations, title 34, section 303; and
- (2) the facts on which the complaint is based.

(b) The commissioner of the state lead agency shall receive and coordinate with other state agencies the review and resolution of a complaint within 60 calendar days according to the state interagency agreement required under section 125A.48. The development and disposition of corrective action orders for nonschool agencies shall be determined by the State Agency Committee (SAC). Failure to comply with corrective orders may result in fiscal actions or other measures.

Sec. 13. Minnesota Statutes 2006, section 125A.45, is amended to read:

125A.45 INTERAGENCY DISPUTE PROCEDURE.

(a) A dispute between a school board and a county board that is responsible for implementing the provisions of section 125A.29 regarding early identification, child and family assessment, service coordination, and IFSP development and implementation must be resolved according to this subdivision when the dispute involves services provided to children and families eligible under the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~402-419~~ 108-446).

(b) A dispute occurs when the school board and county board are unable to agree as to who is responsible to coordinate, provide, pay for, or facilitate payment for services from public and private sources.

(c) Written and signed disputes must be filed with the local primary agency.

(d) The local primary agency must attempt to resolve the matter with the involved school board and county board and may request mediation from the commissioner of the state lead agency for this purpose.

(e) When interagency disputes have not been resolved within 30 calendar days, the local primary agency must request the commissioner of the state lead agency to review the matter with the commissioners of health and human services and make a decision. The commissioner must provide a consistent process for reviewing those procedures. The commissioners' decision is binding subject to the right of an aggrieved party to appeal to the state Court of Appeals.

(f) The local primary agency must ensure that eligible children and their families receive early intervention services during resolution of a dispute. While a local dispute is pending, the local primary agency must either assign financial responsibility to an agency or pay for the service from the early intervention account under section 125A.35. If in resolving the dispute, it is determined that the assignment of financial responsibility was inappropriate, the responsibility for payment must be reassigned to the appropriate agency and the responsible agency must make arrangements for reimbursing any expenditures incurred by the agency originally assigned financial responsibility.

Sec. 14. Minnesota Statutes 2006, section 125B.15, is amended to read:

125B.15 INTERNET ACCESS FOR STUDENTS.

(a) Recognizing the difference between school libraries, school computer labs, and school media centers, which serve unique educational purposes, and public libraries, which are designed for public inquiry, all computers at a school site with access to the Internet available for student use must be equipped to restrict, including by use of available software filtering technology or other effective methods, all student access to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) A school site is not required to purchase filtering technology if the school site would incur more than incidental expense in making the purchase.

(c) A school district receiving technology revenue under section ~~125B.25~~ 125B.26 must prohibit, including through use of available software filtering technology or other effective methods, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography.

(d) A school district, its agents or employees, are immune from liability for failure to comply with this section if they have made a good faith effort to comply with the requirements of this section.

(e) "School site" means an education site as defined in section 123B.04, subdivision 1, or charter school under section 124D.10.

Sec. 15. Minnesota Statutes 2006, section 126C.01, subdivision 9, is amended to read:

Subd. 9. **Training and experience index.** "Training and experience index" means a measure of a district's teacher training and experience relative to the education and experience of teachers in the state. The measure must be determined pursuant to Minnesota Statutes 1996, section 126C.11.

Sec. 16. Minnesota Statutes 2006, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.06, ~~124D.07~~, 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 times 1.25 with a minimum average daily membership of 0.28, but not more than 1.25 pupil units.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.25.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(d) A kindergarten pupil who is not included in paragraph (c) is counted as .557 of a pupil unit for fiscal year 2000 and thereafter.

(e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal year 2000 and thereafter.

(f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(h) A pupil who is in the postsecondary enrollment options program is counted as 1.3 pupil units.

Sec. 17. Minnesota Statutes 2006, section 126C.48, subdivision 7, is amended to read:

Subd. 7. **Reporting.** For each tax settlement, the county auditor shall report to each school district by fund, the district tax settlement revenue defined in section 123B.75, subdivision 5, paragraph (a), ~~and the amount levied pursuant to section 126C.42, subdivision 1,~~ on the form specified in section 276.10. The county auditor shall send to the district a copy of the spread levy report specified in section 275.124.

Sec. 18. Minnesota Statutes 2006, section 134.355, subdivision 9, is amended to read:

Subd. 9. **Telecommunications aid.** An application for regional library telecommunications aid must, at a minimum, contain information to document the following:

(1) the connections are adequate and employ an open network architecture that will ensure interconnectivity and interoperability with school districts, postsecondary education, or other governmental agencies;

(2) that the connection is established through the most cost-effective means and that the regional library has explored and coordinated connections through school districts, postsecondary education, or other governmental agencies;

(3) that the regional library system has filed an e-rate application; and

(4) other information, as determined by the commissioner of ~~children, families, and learning education~~, to ensure that connections are coordinated, efficient, and cost-effective, take advantage of discounts, and meet applicable state standards.

The library system may include costs associated with cooperative arrangements with postsecondary institutions, school districts, and other governmental agencies.

Sec. 19. **REPEALER.**

Minnesota Statutes 2006, sections 123A.22, subdivision 11; and 123B.81, subdivision 8, are repealed.

ARTICLE 10

PUPIL TRANSPORTATION STANDARDS

Section 1. Minnesota Statutes 2006, section 123B.88, subdivision 12, is amended to read:

Subd. 12. **Early childhood family education participants.** Districts may provide bus transportation along ~~regular~~ school bus routes when space is available for participants in early childhood family education programs and school readiness programs if these services do not result in an increase in the district's expenditures for transportation. The costs allocated to these services, as determined by generally accepted accounting principles, shall be considered part of the authorized cost for ~~regular~~ transportation for the purposes of section 123B.92.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for fiscal year 2007 and later.

Sec. 2. Minnesota Statutes 2006, section 123B.90, subdivision 2, is amended to read:

Subd. 2. **Student training.** (a) Each district must provide public school pupils enrolled in kindergarten through grade 10 with age-appropriate school bus safety training, as described in this section, of the following concepts:

- (1) transportation by school bus is a privilege and not a right;
- (2) district policies for student conduct and school bus safety;
- (3) appropriate conduct while on the school bus;
- (4) the danger zones surrounding a school bus;
- (5) procedures for safely boarding and leaving a school bus;
- (6) procedures for safe street or road crossing; and
- (7) school bus evacuation.

(b) Each nonpublic school located within the district must provide all nonpublic school pupils enrolled in kindergarten through grade 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a).

(c) Students enrolled in kindergarten through grade 6 who are transported by school bus and are enrolled during the first or second week of school must receive the school bus safety training competencies by the end of the third week of school. Students enrolled in grades 7 through 10 who are transported by school bus and are enrolled during

the first or second week of school and have not previously received school bus safety training must receive the training or receive bus safety instructional materials by the end of the sixth week of school. Students taking driver's training instructional classes ~~and other students in grades 9 and 10~~ must receive training in the laws and proper procedures when operating a motor vehicle in the vicinity of a school bus as required by section 169.446, subdivisions 2 and 3. Students enrolled in kindergarten through grade 10 who enroll in a school after the second week of school and are transported by school bus and have not received training in their previous school district shall undergo school bus safety training or receive bus safety instructional materials within four weeks of the first day of attendance. Upon request of the superintendent of schools, the school transportation safety director in each district must certify to the superintendent ~~of schools annually~~ that all students transported by school bus within the district have received the school bus safety training according to this section. Upon request of the superintendent of the school district where the nonpublic school is located, the principal or other chief administrator of each nonpublic school must certify ~~annually~~ to the school transportation safety director of the district in which the school is located that the school's students transported by school bus at public expense have received training according to this section.

(d) A district and a nonpublic school with students transported by school bus at public expense may provide kindergarten pupils with bus safety training before the first day of school.

(e) A district and a nonpublic school with students transported by school bus at public expense may also provide student safety education for bicycling and pedestrian safety, for students enrolled in kindergarten through grade 5.

(f) A district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus safety training of pupils known to speak English as a second language and pupils with disabilities.

(g) The district and a nonpublic school with students transported by school bus at public expense must provide students enrolled in kindergarten through grade 3 school bus safety training twice during the school year.

(h) A district and a nonpublic school with students transported by school bus at public expense must conduct a school bus evacuation drill at least once during the school year.

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

Sec. 3. Minnesota Statutes 2006, section 123B.92, subdivision 5, is amended to read:

Subd. 5. **District reports.** (a) Each district must report data to the department as required by the department to account for transportation expenditures.

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

(c) Salaries and fringe benefits of the district employees listed in paragraph (b), clauses (1), (2), and (3), who work part time in transportation and part time in other areas must not be included in a district's transportation expenditures unless the district maintains documentation of the employee's time spent on pupil transportation matters in the form and manner prescribed by the department.

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

(e) Notwithstanding paragraph (d), districts contracting for transportation services are exempt from the standard cost allocation method for authorized and nonauthorized transportation categories if the district (1) bid its contracts separately for authorized and nonauthorized transportation categories, (2) received bids or quotes from more than one vendor for these transportation categories or can demonstrate that efforts were made to solicit bids or quotes through advertising, and (3) the district's cost-per-mile, cost-per-hour, or cost-per-route does not vary more than ten percent among authorized transportation categories, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, special equipment, and aides on buses. If the costs reported by the district for contractor-owned operations vary more than the parameters outlined above, the department shall require the district to reallocate its transportation costs, excluding salaries and fringe benefits of bus aids, among all categories.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for fiscal year 2007 and later.

Sec. 4. Minnesota Statutes 2006, section 169.01, subdivision 6, is amended to read:

Subd. 6. **School bus.** "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120A.22, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, a transit bus providing services as defined in section 174.22, subdivision 7, ~~a multifunction school activity bus as defined by federal motor vehicle safety standards~~, or a vehicle otherwise qualifying as a type III vehicle under paragraph ~~(5)~~ (6), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled or nonregular transportation. A school bus may be type A, type B, type C, ~~or~~ type D, a multifunctional school activity bus, or type III as follows:

(1) A "type A school bus" is a ~~van conversion or~~ bus constructed utilizing a cutaway front section vehicle with a left-side driver's door. ~~The entrance door is behind the front wheels.~~ This definition includes two classifications: type A-I, with a gross vehicle weight rating (GVWR) ~~less than or equal to 10,000~~ 14,500 pounds or less; and type A-II, with a GVWR greater than ~~10,000~~ 14,500 pounds and less than or equal to 21,500 pounds.

(2) A "type B school bus" is constructed utilizing a stripped chassis. The entrance door is behind the front wheels. This definition includes two classifications: type B-I, with a GVWR less than or equal to 10,000 pounds; and type B-II, with a GVWR greater than 10,000 pounds.

(3) A "type C school bus" is constructed utilizing a chassis with a hood and front fender assembly. The entrance door is behind the front wheels. A "type C school bus" also includes a cutaway truck chassis or truck chassis with cab with or without a left side door and with a GVWR greater than 21,500 pounds.

(4) A "type D school bus" is constructed utilizing a stripped chassis. The entrance door is ahead of the front wheels.

(5) A "multifunctional school activity bus" is a bus that meets the federal motor vehicle safety standards definition, except for vehicles classified as type III school buses according to paragraph (6).

(6) Type III school buses and type III Head Start buses are restricted to passenger cars, station wagons, vans, and buses having a maximum manufacturer's rated seating capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle. A "type III school bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a seating capacity of ten or fewer and placed in service on or after August 1, 1999, must have been originally manufactured to comply with the passenger safety standards.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 5. Minnesota Statutes 2006, section 169.01, is amended by adding a subdivision to read:

Subd. 92. **Cellular phone.** "Cellular phone" means a cellular, analog, wireless, or digital telephone capable of sending or receiving telephone or text messages without an access line for service.

Sec. 6. Minnesota Statutes 2006, section 169.443, is amended by adding a subdivision to read:

Subd. 9. **Personal cellular phone call prohibition.** A school bus driver may not operate a school bus while communicating over, or otherwise operating, a cellular phone for personal reasons, whether hand-held or hands free, when the vehicle is in motion.

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

Sec. 7. Minnesota Statutes 2006, section 169.447, subdivision 2, is amended to read:

Subd. 2. **Driver seat belt.** ~~New School buses and Head Start buses manufactured after December 31, 1994,~~ must be equipped with driver seat belts and seat belt assemblies of the type described in section 169.685, subdivision 3. School bus drivers and Head Start bus drivers must use these seat belts.

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

Sec. 8. Minnesota Statutes 2006, section 169.4501, subdivision 1, is amended to read:

Subdivision 1. **National standards adopted.** Except as provided in sections 169.4502 and 169.4503, the construction, design, equipment, and color of types A, B, C, ~~and D~~ and multifunctional school activity bus school buses used for the transportation of school children shall meet the requirements of the "bus chassis standards" and "bus body standards" in the ~~2000~~ 2005 edition of the "National School Transportation Specifications and Procedures" adopted by the National ~~Conference~~ Congress on School Transportation. Except as provided in section 169.4504, the construction, design, and equipment of types A, B, C, ~~and D~~ and multifunctional school activity bus school buses used for the transportation of students with disabilities also shall meet the requirements of the "specially equipped school bus standards" in the ~~2000~~ 2005 National School Transportation Specifications and Procedures. The "bus chassis standards," "bus body standards," and "specially equipped school bus standards" sections of the ~~2000~~ 2005 edition of the "National School Transportation Specifications and Procedures" are incorporated by reference in this chapter.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 9. Minnesota Statutes 2006, section 169.4501, subdivision 2, is amended to read:

Subd. 2. **Applicability.** (a) The standards adopted in this section and sections 169.4502 and 169.4503, govern the construction, design, equipment, and color of school buses used for the transportation of school children, when owned or leased and operated by a school or privately owned or leased and operated under a contract with a school. Each school, its officers and employees, and each person employed under the contract is subject to these standards.

(b) The standards apply to school buses manufactured after ~~October 31, 2004~~ December 31, 2007. Buses complying with the standards when manufactured need not comply with standards established later except as specifically provided for by law.

(c) A school bus manufactured on or before ~~October 31, 2004~~ December 31, 2007, must conform to the Minnesota standards in effect on the date the vehicle was manufactured except as specifically provided for in law.

(d) A new bus body may be remounted on a used chassis provided that the remounted vehicle meets state and federal standards for new buses which are current at the time of the remounting. Permission must be obtained from the commissioner of public safety before the remounting is done. A used bus body may not be remounted on a new or used chassis.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 10. Minnesota Statutes 2006, section 169.4502, subdivision 5, is amended to read:

Subd. 5. **Electrical system; battery.** (a) The storage battery, as established by the manufacturer's rating, must be of sufficient capacity to care for starting, lighting, signal devices, heating, and other electrical equipment. In a bus with a gas-powered chassis, the battery or batteries must provide a minimum of 800 cold cranking amperes. In a bus with a diesel-powered chassis, the battery or batteries must provide a minimum of 1050 cold cranking amperes.

(b) In a type B bus with a gross vehicle weight rating of 15,000 pounds or more, and type C and D buses, the battery shall be temporarily mounted on the chassis frame. The final location of the battery and the appropriate cable lengths in these buses must comply with the SBMI design objectives booklet.

(c) All batteries shall be mounted according to chassis manufacturers' recommendations.

(d) In a type C bus, other than are powered by diesel fuel, a battery providing at least 550 cold cranking amperes may be installed in the engine compartment only if used in combination with a generator or alternator of at least ~~420~~ 130 amperes.

(e) A bus with a gross vehicle weight rating of 15,000 pounds or less may be equipped with a battery to provide a minimum of 550 cold cranking amperes only if used in combination with an alternator of at least ~~80~~ 130 amperes. This paragraph does not apply to those buses with wheelchair lifts or diesel engines.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 11. Minnesota Statutes 2006, section 169.4503, subdivision 13, is amended to read:

Subd. 13. **Identification.** (a) Each bus shall, in the beltline, identify the school district serviced, or company name, or owner of the bus. Numbers necessary for identification must appear on the sides and rear of the bus. Symbols or letters may be used on the outside of the bus near the entrance door for student identification. A manufacturer's nameplate or logo may be placed on the bus.

(b) Effective December 31, 1994, all type A, B, C, and D buses sold must display lettering "Unlawful to pass when red lights are flashing" on the rear of the bus. The lettering shall be in two-inch black letters on school bus yellow background. This message shall be displayed directly below the upper window of the rear door. On rear engine buses, it shall be centered at approximately the same location. Only signs and lettering approved or required by state law may be displayed.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 12. Minnesota Statutes 2006, section 169.4503, subdivision 20, is amended to read:

Subd. 20. **Seat and crash barriers.** (a) All restraining barriers and passenger seats shall be covered with a material that has fire retardant or fire block characteristics.

(b) All seats must have a minimum cushion depth of 15 inches and a seat back height of at least 20 inches above the seating reference point.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 13. Minnesota Statutes 2006, section 171.02, subdivision 2, is amended to read:

Subd. 2. **Driver's license classifications, endorsements, exemptions.** (a) Drivers' licenses are classified according to the types of vehicles that may be driven by the holder of each type or class of license. The commissioner may, as appropriate, subdivide the classes listed in this subdivision and issue licenses classified accordingly.

(b) Except as provided in paragraph (c), clauses (1) and (2), and subdivision 2a, no class of license is valid to operate a motorcycle, school bus, tank vehicle, double-trailer or triple-trailer combination, vehicle transporting hazardous materials, or bus, unless so endorsed. There are four general classes of licenses as described in paragraphs (c) through (f).

(c) Class D drivers' licenses are valid for:

(1) operating all farm trucks if the farm truck is:

(i) controlled and operated by a farmer, including operation by an immediate family member or an employee of the farmer;

(ii) used to transport agricultural products, farm machinery, or farm supplies, including hazardous materials, to or from a farm;

(iii) not used in the operations of a common or contract motor carrier as governed by Code of Federal Regulations, title 49, part 365; and

(iv) used within 150 miles of the farm;

(2) notwithstanding paragraph (b), operating an authorized emergency vehicle, as defined in section 169.01, subdivision 5, whether or not in excess of 26,000 pounds gross vehicle weight;

(3) operating a recreational vehicle as defined in section 168.011, subdivision 25, that is operated for personal use;

(4) operating all single-unit vehicles except vehicles with a gross vehicle weight of more than 26,000 pounds, vehicles designed to carry more than 15 passengers including the driver, and vehicles that carry hazardous materials;

(5) notwithstanding paragraph (d), operating a type A school bus or a multifunctional school activity bus without a school bus endorsement if:

(i) ~~the bus has a gross vehicle weight of 10,000 pounds or less;~~

~~(ii) the bus is designed to transport 15 or fewer passengers, including the driver; and~~

~~(iii) (ii) the requirements of subdivision 2a are satisfied, as determined by the commissioner; and~~

(iii) the type A school bus or a multifunctional school activity bus has a gross vehicle weight of 14,500 pounds or less;

(6) operating any vehicle or combination of vehicles when operated by a licensed peace officer while on duty; and

(7) towing vehicles if:

(i) the towed vehicles have a gross vehicle weight of 10,000 pounds or less; or

(ii) the towed vehicles have a gross vehicle weight of more than 10,000 pounds and the combination of vehicles has a gross vehicle weight of 26,000 pounds or less.

(d) Class C drivers' licenses are valid for:

(1) operating class D motor vehicles;

(2) with a hazardous materials endorsement, transporting hazardous materials in class D vehicles; and

(3) with a school bus endorsement, operating school buses designed to transport 15 or fewer passengers, including the driver.

(e) Class B drivers' licenses are valid for:

(1) operating all class C motor vehicles, class D motor vehicles, and all other single-unit motor vehicles including, with a passenger endorsement, buses; and

(2) towing only vehicles with a gross vehicle weight of 10,000 pounds or less.

(f) Class A drivers' licenses are valid for operating any vehicle or combination of vehicles.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 14. Minnesota Statutes 2006, section 171.02, subdivision 2a, is amended to read:

Subd. 2a. **Exception for certain school bus drivers.** Notwithstanding subdivision 2, paragraph (c), the holder of a class D driver's license, without a school bus endorsement, may operate a type A school bus or a multifunctional school activity bus described in subdivision 2, paragraph (b), under the following conditions:

(a) The operator is an employee of the entity that owns, leases, or contracts for the school bus and is not solely hired to provide transportation services under this subdivision.

(b) The operator drives the school bus only from points of origin to points of destination, not including home-to-school trips to pick up or drop off students.

(c) The operator is prohibited from using the type A school bus eight-light system. Violation of this paragraph is a misdemeanor.

(d) The operator's employer has adopted and implemented a policy that provides for annual training and certification of the operator in:

- (1) safe operation of the type of school bus the operator will be driving;
- (2) understanding student behavior, including issues relating to students with disabilities;
- (3) encouraging orderly conduct of students on the bus and handling incidents of misconduct appropriately;
- (4) knowing and understanding relevant laws, rules of the road, and local school bus safety policies;
- (5) handling emergency situations; and
- (6) safe loading and unloading of students.

(e) A background check or background investigation of the operator has been conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03 for teachers; section 144.057 or chapter 245C for day care employees; or section 171.321, subdivision 3, for all other persons operating a ~~type A school bus~~ vehicle under this subdivision.

(f) Operators shall submit to a physical examination as required by section 171.321, subdivision 2.

(g) The operator's driver's license is verified annually by the entity that owns, leases, or contracts for the ~~school bus~~ vehicle.

(h) A person who sustains a conviction, as defined under section 609.02, of violating section 169A.25, 169A.26, 169A.27, 169A.31, 169A.51, or 169A.52, or a similar statute or ordinance of another state is precluded from operating a school bus for five years from the date of conviction.

(i) A person who has ever been convicted of a disqualifying offense as defined in section 171.3215, subdivision 1, paragraph (c), may not operate a school bus under this subdivision.

(j) A person who sustains a conviction, as defined under section 609.02, of a fourth moving offense in violation of chapter 169 is precluded from operating a school bus for one year from the date of the last conviction.

(k) Students riding the ~~school bus~~ vehicle must have training required under section 123B.90, subdivision 2.

(l) An operator must be trained in the proper use of child safety restraints as set forth in the National Highway Traffic Safety Administration's "Guideline for the Safe Transportation of Pre-school Age Children in School Buses," if child safety restraints are used by the passengers.

(m) Annual certification of the requirements listed in this subdivision must be maintained under separate file at the business location for each operator licensed under this subdivision and subdivision 2, paragraph (b), clause (5). The business manager, school board, governing body of a nonpublic school, or any other entity that owns, leases, or contracts for the school bus operating under this subdivision is responsible for maintaining these files for inspection.

(n) The ~~school bus~~ vehicle must bear a current certificate of inspection issued under section 169.451.

(o) On a type A school bus, the word "School" on the front and rear of the bus must be covered by a sign that reads "Activities" when the bus is being operated under authority of this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 15. Minnesota Statutes 2006, section 171.321, subdivision 4, is amended to read:

Subd. 4. **Training.** (a) No person shall drive a class A, B, C, or D school bus when transporting school children to or from school or upon a school-related trip or activity without having demonstrated sufficient skills and knowledge to transport students in a safe and legal manner.

(b) A bus driver must have training or experience that allows the driver to meet at least the following competencies:

- (1) safely operate the type of school bus the driver will be driving;
- (2) understand student behavior, including issues relating to students with disabilities;
- (3) encourage orderly conduct of students on the bus and handle incidents of misconduct appropriately;
- (4) know and understand relevant laws, rules of the road, and local school bus safety policies;
- (5) handle emergency situations; and
- (6) safely load and unload students.

(c) The commissioner of public safety shall develop a comprehensive model school bus driver training program and model assessments for school bus driver training competencies, which are not subject to chapter 14. A school district, nonpublic school, or private contractor may use alternative assessments for bus driver training competencies with the approval of the commissioner of public safety. A driver may receive at least eight hours of school bus in-service training any year, as an alternative to being assessed for bus driver competencies after the initial year of being assessed for bus driver competencies. The employer shall keep the assessment or a record of the in-service training for the current period available for inspection by representatives of the commissioner.

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

Sec. 16. **RULES REVISED: COMMISSIONER OF PUBLIC SAFETY.**

Subdivision 1. Rules revised under the good cause exemption. The commissioner of public safety must amend and adopt the revisions to the rules listed in subdivisions 2 to 8 under the good cause exemption to the rulemaking process under Minnesota Statutes, section 14.388, subdivision 1, clause (3).

Subd. 2. **Minnesota Rules, part 7470.0500.** The commissioner of public safety must amend Minnesota Rules, part 7470.0500, by replacing two obsolete references to the Department of Children, Families, and Learning, with a reference to the Department of Public Safety and removing references to specifically repealed rules.

Subd. 3. **Minnesota Rules, part 7470.0700.** The commissioner of public safety must amend Minnesota Rules, part 7470.0700, as follows:

(1) for the points assigned to school bus equipment defects, strike the reference to "orange" school buses and include a new school bus color exemption for multifunctional school activity buses;

(2) replace the references to type I and type II school buses with type A, B, C, or D school buses;

(3) exempt multifunctional school activity buses from the point reduction for not having a stop arm; and

(4) exempt multifunctional school activity buses from the point reduction for not having an eight-lamp warning lamp system.

Subd. 4. **Minnesota Rules, part 7470.1000.** The commissioner of public safety must amend Minnesota Rules, part 7470.1000, to:

(1) include multifunctional school activity buses in the headnote;

(2) update subpart 1 to include multifunctional school activity buses as a type of school bus listed after bus types A, B, C, and D;

(3) modify subpart 2 to clarify that the prohibition against loading or unloading while adjacent to a turn lane applies only when it is a right-hand turn lane and does not prohibit a bus from loading or unloading at the side of the road when there is a center turn lane; and

(3) expand the exception that allows service dogs on school buses to include all companion animals.

Subd. 5. **Minnesota Rules, part 7470.1100.** The commissioner of public safety must amend Minnesota Rules, part 7470.1100, to include multifunctional school activity buses in the headnote and amend subpart 1 to include multifunctional school activity buses as a type of school bus listed after bus types A, B, C, and D. The commissioner must also amend item B of this part to require drivers to use prewarning flashing signals, flashing red signals, and stop signals arms on buses that are equipped with those signals.

Subd. 6. **Minnesota Rules, part 7470.1400.** The commissioner of public safety must amend Minnesota Rules, part 7470.1400, to clarify that the operating rules in parts 7470.1000 to 7470.1500 apply to buses that are leased and rented as well as to school buses that are owned by a school district, a nonpublic school, or a private operator under contract to a school district or nonpublic school.

Subd. 7. **Minnesota Rules, part 7470.1500.** The commissioner of public safety must amend Minnesota Rules, part 7470.1500, to:

(1) clarify that the prohibition against loading or unloading while adjacent to a turn lane applies only when it is a right-hand turn lane and does not prohibit a bus from loading or unloading at the side of the road when there is a center turn lane; and

(2) delete item H because it is obsolete.

Subd. 8. **Minnesota Rules, part 7470.1700.** The commissioner of public safety must amend Minnesota Rules, part 7470.1700, subpart 2, to:

(1) clarify that the bus driver and the bus aide must have access to emergency health care information for the students with disabilities transported on the bus; and

(2) add an item E that allows the health information to be maintained either in a hard copy on the vehicle or immediately accessible through a two-way communications system.

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

Sec. 17. **REPEALER.**

Minnesota Statutes 2006, sections 169.4502, subdivision 15; and 169.4503, subdivisions 17, 18, and 26, are repealed.

EFFECTIVE DATE. This section is effective January 1, 2008.

ARTICLE 11

EARLY CHILDHOOD AND ADULT PROGRAMS

Section 1. Minnesota Statutes 2006, section 119A.52, is amended to read:

119A.52 DISTRIBUTION OF APPROPRIATION.

(a) The commissioner of education must distribute money appropriated for that purpose to federally designated Head Start programs to expand services and to serve additional low-income children. Migrant and Indian reservation programs must be initially allocated money based on the programs' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A Head Start ~~grantee program~~ must be funded at a per child rate equal to its contracted, federally funded base level at the start of the fiscal year. In allocating funds under this paragraph, the commissioner of education must assure that each Head Start program in existence in 1993 is allocated no less funding in any fiscal year than was allocated to that program in fiscal year 1993. Before paying money to the programs, the commissioner must notify each program of its initial allocation, how the money must be used, and the number of low-income children to be served with the allocation based upon the federally funded per child rate. Each program must present a plan under section 119A.535. For any ~~grantee program~~ that cannot utilize its full allocation at the beginning of the fiscal year, the commissioner must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible ~~grantees~~ programs.

(b) The commissioner must develop procedures to make payments to programs based upon the number of children reported to be enrolled during the required time period of program operations. Enrollment is defined by federal Head Start regulations. The procedures must include a reporting schedule, corrective action plan requirements, and financial consequences to be imposed on programs that do not meet full enrollment after the period of corrective action. Programs reporting chronic underenrollment, as defined by the commissioner, will have their subsequent program year allocation reduced proportionately. Funds made available by prorating payments and allocations to programs with reported underenrollment will be made available to the extent funds exist to fully enrolled Head Start programs through a form and manner prescribed by the department.

Sec. 2. Minnesota Statutes 2006, section 119A.535, is amended to read:

119A.535 APPLICATION REQUIREMENTS.

Eligible Head Start organizations must submit a plan to the department for approval on a form and in the manner prescribed by the commissioner. The plan must include:

- (1) the ~~estimated~~ number of low-income children and families the program will be able to serve;
- (2) a description of the program design and service delivery area which meets the needs of and encourages access by low-income working families;
- (3) a program design that ensures fair and equitable access to Head Start services for all populations and parts of the service area;
- (4) a plan for ~~coordinating services to maximize assistance for child care costs available to families under chapter 119B~~ providing Head Start services in conjunction with full-day child care programs to minimize child transitions, increase program intensity and duration, and improve child and family outcomes as required in section 119A.5411; and
- (5) identification of regular Head Start, early Head Start, full-day services identified in section 119A.5411, and innovative services based upon demonstrated needs to be provided.

Sec. 3. **[119A.5411] FULL-DAY REQUIREMENTS.**

The following phase-in of full-day services in Head Start programs or licensed child care as defined in chapter 245A is required:

- (1) by fiscal year 2009, a minimum of 25 percent of the total state-funded enrollment throughout the state must be provided in full-day services;
- (2) by fiscal year 2011, a minimum of 40 percent of the total state-funded enrollment throughout the state must be provided in full-day services; and
- (3) by fiscal year 2013, a minimum of 50 percent of the total state-funded enrollment throughout the state must be provided in full-day services.

Head Start programs may provide full-day services as part of their own program model or through agreements with licensed full-day child care programs. If licensed child care providers do not exist in a geographic area, choose not to participate, cannot meet the federal Head Start performance standards after sufficient opportunity, or a Head Start program is unable to establish the full-day services as a part of their own program model, the Head Start program may request exemption from the commissioner.

Sec. 4. Minnesota Statutes 2006, section 124D.13, subdivision 1, is amended to read:

Subdivision 1. **Establishment; purpose.** A district that provides a community education program under sections 124D.18 and 124D.19 may establish an early childhood family education program. Two or more districts, each of which provides a community education program, may cooperate to jointly provide an early childhood family education program. The purpose of the early childhood family education program is to provide parenting education to support children's learning and development.

Sec. 5. Minnesota Statutes 2006, section 124D.13, subdivision 2, is amended to read:

Subd. 2. **Program characteristics requirements.** (a) Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents and other relatives of these children, and for expectant parents. To the extent that funds are insufficient to provide programs for all children, early childhood family education programs should emphasize programming for ~~a child~~ children from birth to age three, and ~~encourage parents and other relatives to~~ for children at risk of not being ready for kindergarten and the children's parents. Program providers also are encouraged to involve four- and five-year-old children and their families in school readiness programs, and other public and nonpublic early learning programs. A district may not limit participation to school district residents. Early childhood family education programs ~~may include the following must provide:~~

(1) programs to educate parents and other relatives about the physical, mental, and emotional development of children;

~~(2) programs to enhance the skills of parents and other relatives in providing for their children's learning and development~~ structured learning activities requiring interaction between children and their parents or relatives;

(3) structured learning experiences activities for children and parents and other relatives that promote children's development and positive interaction with peers, which are held while parents or relatives attend parent education classes;

~~(4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;~~

~~(5) activities and materials designed to encourage self-esteem, skills, and behavior that prevent sexual and other interpersonal violence;~~

~~(6) educational materials which may be borrowed for home use;~~

~~(7)~~ (4) information on related community resources;

~~(8) programs to prevent~~ (5) information, materials, and activities that support the safety of children, including prevention of child abuse and neglect; and

~~(9) other programs or activities to improve the health, development, and school readiness of children; or~~

~~(10) activities designed to maximize development during infancy.~~

(6) a community outreach plan to ensure participation by families who reflect the racial, cultural, and economic diversity of the school district.

The programs must not include activities for children that do not require substantial involvement of the children's parents or other relatives. The ~~programs~~ program must be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs must encourage parents to be aware of practices that may affect equitable development of children.

(b) For the purposes of this section, "relative" or "relatives" means noncustodial grandparents or other persons related to a child by blood, marriage, adoption, or foster placement, excluding parents.

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

Sec. 6. Minnesota Statutes 2006, section 124D.13, subdivision 11, is amended to read:

Subd. 11. **Teachers and coordinators.** A school board must employ necessary qualified teachers licensed in early childhood or parent education for its early childhood family education programs. Coordinators of early childhood family education programs shall meet, as a minimum, the licensure requirements for a teacher within the ECFE program.

Sec. 7. Minnesota Statutes 2006, section 124D.13, is amended by adding a subdivision to read:

Subd. 13. **Plan and program data submission requirements.** (a) An early childhood family education program must submit a biennial plan addressing the requirements of subdivision 2 for approval by the commissioner. The plan must also describe how the program provides parenting education and ensures participation of families representative of the school district. A school district must submit the plan for approval by the commissioner in the form and manner prescribed by the commissioner. One-half of districts, as determined by the commissioner, must first submit a biennial plan by April 1, 2009, and the remaining districts must first submit a plan by April 1, 2010.

(b) Districts receiving early childhood family education revenue under section 124D.135 must submit annual program data to the department by July 15 in the form and manner prescribed by the commissioner.

(c) Beginning with levies for fiscal year 2011, a school district must submit its annual program data to the department before it may certify a levy under section 124D.135. Districts selected by the commissioner to submit a biennial plan by April 1, 2010, must also have an approved plan on file with the commissioner before certifying a levy under section 124D.135 for fiscal year 2011. Beginning with levies for fiscal year 2012, all districts must submit annual program data and have an approved biennial plan on file with the commissioner before certifying a levy under section 124D.135.

Sec. 8. Minnesota Statutes 2006, section 124D.135, subdivision 1, is amended to read:

Subdivision 1. **Revenue.** The revenue for early childhood family education programs for a school district equals \$112 for fiscal year 2007 and \$120 for fiscal year 2008 and later, times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the district on October 1 of the previous school year.

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

Sec. 9. Minnesota Statutes 2006, section 124D.135, subdivision 3, is amended to read:

Subd. 3. **Early childhood family education levy.** ~~For fiscal year 2001 to obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of .5282 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. Beginning with levies for fiscal year 2002, By September 30 of each year, the commissioner shall establish a tax rate for early childhood family education revenue that raises \$21,027,000 for fiscal year 2002 and \$22,135,000 in each fiscal year 2003 and each subsequent year. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy must equal the early childhood family education revenue. Beginning with levies for fiscal year 2011, a district may not certify an early childhood family education levy unless it has met the annual program data reporting and biennial plan requirements under section 124D.13, subdivision 13.~~

Sec. 10. Minnesota Statutes 2006, section 124D.135, subdivision 5, is amended to read:

Subd. 5. **Use of revenue restricted.** (a) Early childhood family education revenue may be used only for early childhood family education programs.

(b) Not more than five percent of early childhood family education revenue, as defined in subdivision 7, may be used to administer early childhood family education programs.

(c) An early childhood family education program may use up to ten percent of its early childhood family education revenue as defined in subdivision 1, including revenue from participant fees, for equipment that is used in the early childhood family education program. This revenue may only be used for the following purposes:

(1) to purchase or lease computers and related materials; and

(2) to purchase or lease equipment for instruction for participating children and their families.

If a district anticipates an unusual circumstance requiring its early childhood family education program capital expenditures to exceed the ten percent limitation, prior approval to exceed the limit must be obtained in writing from the commissioner.

Sec. 11. **[124D.141] STATE ADVISORY BOARD ON SCHOOL READINESS.**

Subdivision 1. **Establishment.** A 13-member State Advisory Board on School Readiness is established in the Office of the Governor to advise the governor and the legislature on developing a coordinated, efficient, and cost-effective system for delivering throughout Minnesota early childhood programs that focus on early care and education, health care, and family support.

Subd. 2. **Board members; terms.** (a) The advisory board includes the following 13 members:

(1) the commissioner of employment and economic development or the commissioner's designee;

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

(3) the commissioner of education or the commissioner's designee;

(4) the commissioner of human services or the commissioner's designee;

(5) six public members, one of whom is the parent of a child currently enrolled in an early care and education program, five of whom are recognized experts in early care and education, one of whom is a higher education representative, one of whom is a licensed professional who currently provides student support services, and one of whom is a currently practicing early childhood educator, appointed jointly by the majority and minority leaders in the house of representatives and senate; and

(6) three public members who are community or business leaders, one of whom is a member of the Minnesota Early Learning Foundation board of directors under section 124D.175, appointed jointly by the speaker and minority leader in the house of representatives and the majority and minority leaders in the senate.

(b) Members appointed by the speaker and minority leader in the house of representatives and the majority and minority leaders in the senate serve staggered three-year terms. Board members must nominate and elect a chair and other officers from among the public members. Members initially appointed to the board shall assign themselves by lot to terms of one, two, or three years. The chair must notify the governor on the assignment of these terms. The

board shall meet regularly at the times and places the board determines. Meetings shall be called by the chair or at the written request of any three members. Members' terms, compensation, removal, and vacancies are governed by section 15.0575.

Subd. 3. **Duties.** (a) The board shall recommend to the governor and the legislature:

(1) the most effective method to improve the coordination and delivery of early care and education services that integrates child care, early care and education programs, and family support services and programs;

(2) a multiyear plan for effectively and efficiently coordinating and integrating state services for early care and education, improving service delivery and standards of care, avoiding duplication and fragmentation of service, and enhancing public and private investment;

(3) methods for measuring the quality, quantity, and effectiveness of early care and education programs throughout the state;

(4) how to identify and measure school readiness indicators on a regular basis;

(5) how to track, enhance, integrate, and coordinate federal, state, and local funds allocated for early care and education and related family support services;

(6) policy changes to improve children's ability to start school ready to learn; and

(7) how to provide technical assistance to community efforts that promote school readiness and encourage community organizations to collaborate in promoting school readiness.

(b) In developing recommendations for the governor and the legislature under this section, the board must evaluate on an ongoing basis:

(1) what government can do to enhance families' capacity to help themselves and others; and

(2) the positive or negative effects of policies and programs recommended under this section on families affected by these programs.

(c) The board shall convene policy work groups as necessary to make recommendations to the governor and the legislature on:

(1) financing early childhood programs;

(2) building a coordinated service delivery system based on an assessment of early childhood systems and available state and federal funding;

(3) integrating a coordinated, collaborative health care component, including medical homes, parent education, family support, developmental health and early education, into early childhood programs and avoiding duplication of services;

(4) enhancing the quality and measuring the cost of child care and preschool programs; and

(5) improving the wages, benefits, and supply of early childhood professionals.

Subd. 4. **Report.** The task force annually by February 15 must report to the education policy and finance committees of the legislature on the recommendations the task force made during the preceding calendar year.

Subd. 5. **Board expiration.** The State Advisory Board on School Readiness expires January 1, 2013.

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

Sec. 12. Minnesota Statutes 2006, section 124D.16, subdivision 2, is amended to read:

Subd. 2. **Amount of aid.** (a) A district is eligible to receive school readiness aid for eligible prekindergarten pupils enrolled in a school readiness program under section 124D.15 if the biennial plan required by section 124D.15, subdivision 3a, has been approved by the commissioner.

(b) ~~For fiscal year 2002 and thereafter,~~ A district must receive school readiness aid equal to:

(1) the number of four-year-old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid entitlement for that year to the total number of four-year-old children reported to the commissioner for the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the previous school year times the ratio of 50 percent of the total school readiness aid entitlement for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the previous school year.

(c) For fiscal year 2008 and later, the total statewide school readiness aid entitlement equals \$10,095,000.

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

Sec. 13. **[124D.1625] EXPANDING DEPARTMENT DEVELOPMENTAL ASSESSMENT ADMINISTERED TO ENTERING KINDERGARTNERS.**

(a) The commissioner of education shall encourage school districts to implement the voluntary school readiness kindergarten assessment initiative in the 2008-2009 school year, to assess up to 30 percent of children.

(b) The commissioner must report the assessment results for the current school year to the legislature by January 1 of the next year.

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

Sec. 14. **[124D.163] TARGETED TRAINING OF EARLY CHILDHOOD PROFESSIONALS TO IMPROVE SCHOOL READINESS.**

Subdivision 1. **Establishment; purpose.** The commissioner of education shall provide a training program for the purpose of improving the school readiness of prekindergarten children.

Subd. 2. **Eligible participants.** The training program is available to all staff in school readiness programs as defined in section 124D.15, Head Start programs as defined in section 119A.50, and child care centers as defined in chapter 245A. The commissioner of education shall cooperate with the commissioner of human services to identify child care center program and licensed family child care provider participants and implement the training program for them.

Subd. 3. **Training content.** The commissioner shall develop three foundational and sequential training modules on child observation, child and program assessment, and curriculum planning.

Subd. 4. **Availability.** To the extent practical, the training must be made available throughout the state on an ongoing basis. In addition to the geographic availability, the commissioner shall consider the availability of training to meet the needs of diverse cultural groups. Training materials may be translated and training may be delivered in other languages as determined by the commissioner. The training may be provided through a variety of methods that may include on-site and Web-based delivery.

Sec. 15. **[124D.165] EARLY CHILDHOOD SCHOLARSHIPS.**

Subdivision 1. **Purpose.** The commissioner must establish an early childhood scholarship fund to improve the school readiness of prekindergarten children at risk of being unprepared for kindergarten. Scholarships are available for the purpose of participating in an approved program as specified in subdivision 4 the year prior to kindergarten entrance.

Subd. 2. **Eligibility.** A parent or legal guardian of a four-year-old child with a household income that does not exceed 185 percent of the federal poverty guidelines, adjusted for family size, is eligible to apply for an annual scholarship of up to \$4,000 for each eligible child.

Subd. 3. **Scholarship application, award, and process.** Parents or guardians meeting the eligibility requirements defined in subdivision 2 may apply for a scholarship certificate. Application must be made according to the form and manner prescribed by the commissioner. The certificates must be redeemable for instruction at an approved early childhood program, as specified in subdivision 4, for up to one year from the date of issue or until the child for whom the scholarship is designated enrolls in kindergarten, whichever occurs first. The commissioner shall annually award scholarship certificates to eligible applicants in the order applications are received until all funds available for the year have been obligated. Recipients may not transfer a scholarship certificate to another person. The parent or guardian may transfer the scholarship certificate to another approved early childhood program according to requirements established by the commissioner.

Subd. 4. **Program approval.** A program must be approved by the commissioner to be eligible to receive state early childhood scholarship program funds on behalf of an enrolled scholarship certificate recipient. Early childhood programs must apply for approval in the form and manner prescribed by the commissioner and must be:

(1) a federally designated Head Start program as defined in section 119A.50;

(2) a school readiness program as defined in section 124D.15; or

(3) a licensed child care program as defined in chapter 245A.

The application must include evidence that the program provides research-based instruction to support school readiness. Programs must submit any program changes related to approval as they occur and must reapply for approval every three years.

Subd. 5. **Payments to approved programs.** The commissioner shall issue payments of scholarship funds on a reimbursement basis to approved programs as defined in subdivision 4 for services provided that are comparable to service costs for program participants who do not receive a scholarship. Scholarship funds may not be used for services that are available at no cost to nonscholarship recipient families. Approved programs must maintain documentation of services provided and the commissioner shall verify information submitted by approved programs

to ensure appropriate services were provided to eligible recipients for whom state early childhood scholarship funds are paid. Scholarship funds awarded to families receiving other forms of assistance, such as child care assistance, must be used to supplement and may not be used to supplant services provided through that assistance.

Subd. 6. **Scholarship not income for purposes of other publicly funded programs.** Notwithstanding any law to the contrary, the receipt of a scholarship does not count as earned income for the purposes of medical assistance, MinnesotaCare, MFIP, child care assistance, or Head Start programs.

Sec. 16. Minnesota Statutes 2006, section 124D.175, is amended to read:

124D.175 MINNESOTA EARLY LEARNING FOUNDATION.

(a) ~~The commissioner must make a grant to the~~ Minnesota Early Learning Foundation ~~to~~ may implement an early childhood development grant program for low-income and other challenged families that increases the effectiveness and expands the capacity of public and nonpublic early childhood development programs, which may include child care programs, and leads to improved early childhood parent education and children's kindergarten readiness. The program ~~must~~ may include:

(1) grant awards to existing early childhood development program providers that also provide parent education programs and to qualified providers proposing to implement pilot programs for this same purpose;

(2) grant awards to enable low-income families to participate in these programs;

(3) grant awards to improve overall programmatic quality; and

(4) an evaluation of the programmatic and financial efficacy of all these programs, which may be performed using measures of services, staffing, and management systems that provide consistent information about system performance, show trends, confirm successes, and identify potential problems in early childhood development programs.

This grant program must not supplant existing early childhood development programs or child care funds.

~~(b) The commissioner must make a grant to a private nonprofit, section 501(c)(3) organization to implement the requirements of paragraph (a). The private nonprofit organization must be governed by a board of directors composed of members from the public and nonpublic sectors, where the nonpublic sector members compose a simple majority of board members and where the public sector members are state and local government officials, kindergarten through grade 12 or postsecondary educators, and early childhood providers appointed by the governor. Membership on the board of directors by a state agency official are work duties for the official and are not a conflict of interest under section 43A.38. The board of directors must appoint an executive director and must seek advice from geographically and ethnically diverse parents of young children and representatives of early childhood development providers, kindergarten through grade 12 and postsecondary educators, public libraries, and the business sector.~~

~~The board of directors is subject to the open meeting law under chapter 13D. All other terms and conditions under which board members serve and operate must be described in the articles and bylaws of the organization. The private nonprofit organization is not a state agency and is not subject to laws governing public agencies except the provisions of chapter 13, salary limits under section 15A.0815, subdivision 2, and audits by the legislative auditor under chapter 3 apply.~~

~~(e)~~ (b) In addition to the duties under paragraph (a), the Minnesota Early Learning Foundation (MELF) shall evaluate the effectiveness of ~~the a voluntary NorthStar quality Improvement and rating system. The NorthStar Quality Improvement and Rating System~~ quality rating system must:

- (1) provide consumer information for parents on child care and early education program quality and ratings;
 - (2) set indicators to identify quality in care and early education settings, including licensed family child care and centers, tribal providers and programs, and Head Start ~~and school-age~~ programs, and identify quality programs through ratings and ongoing monitoring of programs;
 - (3) provide ~~funds~~ resources and incentives for provider improvement ~~grants~~ and quality achievement ~~grants~~;
 - (4) require participating providers to ~~incorporate the state's early learning standards in their curriculum activities and develop appropriate child assessments aligned with the kindergarten readiness assessment~~ implement a curriculum and child assessments that align with the kindergarten through grade 2 standards;
 - (5) provide ~~accountability for the NorthStar Quality Improvement and Rating System's effectiveness in improving child outcomes and kindergarten readiness~~ an evaluation of the quality rating system; and
 - (6) align current and new state investments to improve the quality of child care with the ~~NorthStar quality Improvement and rating system~~ framework, by providing accountability and informed parent choice.
- ~~(c)~~ The Minnesota Early Learning Foundation shall report back to the legislature ~~by January 15, 2008, annually~~ on the progress being made under ~~this paragraph~~ paragraphs (a) and (b).
- ~~(d)~~ This section expires June 30, ~~2011~~ 2012. ~~If no state appropriation is made for purposes of this section, the commissioner must not implement paragraphs (a) and (b).~~

(e) A legislative advisory task force shall be established to meet with MELF regarding pilot projects for scholarship programs, and regarding other programs and pilot projects of a similar nature conducted in Minnesota or elsewhere. The task force shall have eight members, appointed as follows: two members from the majority party of the house of representatives, appointed by the speaker, one of whom shall be designated the house of representatives cochair, and two from nonmajority members of the house of representatives, appointed by the speaker with advice from the minority leader; two members from the majority party in the senate, one of whom shall be designated the senate cochair, and two from nonmajority members of the senate, appointed by the senate subcommittee on committees. Appointments shall be balanced geographically, with at least two members from substantially suburban districts and four members from nonmetropolitan districts. The task force shall meet at least twice per year.

Sec. 17. [124D.2211] AFTER-SCHOOL COMMUNITY LEARNING PROGRAMS.

Subdivision 1. **Establishment.** A competitive statewide after-school community learning grant program is established to provide grants to community or nonprofit organizations, political subdivisions, for-profit or nonprofit child care centers, or school-based programs that serve youth after school or during nonschool hours. The commissioner shall develop criteria for after-school community learning programs.

Subd. 2. **Program outcomes.** The expected outcomes of the after-school community learning programs are to increase:

- (1) school connectedness of participants;
- (2) academic achievement of participating students in one or more core academic areas;

(3) the capacity of participants to become productive adults; and

(4) prevent truancy from school and prevent juvenile crime.

Subd. 3. **Grants.** An applicant shall submit an after-school community learning program proposal to the commissioner. The submitted plan must include:

(1) collaboration with and leverage of existing community resources that have demonstrated effectiveness;

(2) outreach to children and youth; and

(3) involvement of local governments, including park and recreation boards or schools, unless no government agency is appropriate.

Proposals will be reviewed and approved by the commissioner.

Sec. 18. Minnesota Statutes 2006, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic education aid for fiscal year 2005 is \$36,509,000. The state total adult basic education aid for fiscal year 2006 equals \$36,587,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2007 equals \$37,673,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2008 equals \$40,650,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of:

(i) 1.03; or

(ii) the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year.

Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

Sec. 19. Minnesota Statutes 2006, section 124D.531, subdivision 4, is amended to read:

Subd. 4. **Adult basic education program aid limit.** (a) Notwithstanding subdivisions 2 and 3, the total adult basic education aid for a program per prior year contact hour must not exceed ~~\$21~~ \$22 per prior year contact hour computed under subdivision 3, clause (2).

(b) For fiscal year 2004, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for fiscal year 2003 by more than the greater of eight percent or \$10,000.

(c) For fiscal year 2005, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the sum of the aid for that program under subdivision 3, clause (2), and Laws 2003, First Special Session chapter 9, article 9, section 8, paragraph (a), for the preceding fiscal year by more than the greater of eight percent or \$10,000.

(d) For fiscal ~~year~~ years 2006 and ~~later~~ 2007, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of eight percent or \$10,000.

(e) For fiscal year 2008, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, shall not be limited.

(f) For fiscal year 2009 and later, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of 11 percent or \$10,000.

~~(e)~~ (g) Adult basic education aid is payable to a program for unreimbursed costs occurring in the program year as defined in section 124D.52, subdivision 3.

~~(f)~~ (h) Any adult basic education aid that is not paid to a program because of the program aid limitation under paragraph (a) must be added to the state total adult basic education aid for the next fiscal year under subdivision 1. Any adult basic education aid that is not paid to a program because of the program aid limitations under paragraph (b), (c), or (d), must be reallocated among programs by adjusting the rate per contact hour under subdivision 3, clause (2).

Sec. 20. Minnesota Statutes 2006, section 124D.55, is amended to read:

124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.

(a) The commissioner shall pay ~~60~~ 75 percent of the fee that is charged to an eligible individual for the full battery of a general education development (GED) test, but not more than ~~\$20~~ \$75 for an eligible individual.

(b) Notwithstanding paragraph (a), the commissioner shall pay 100 percent of the initial fee for an eligible individual who is homeless or precariously housed, as determined by the commissioner.

Sec. 21. Minnesota Statutes 2006, section 124D.56, subdivision 1, is amended to read:

Subdivision 1. **Revenue amount.** A district that is eligible according to section 124D.20, subdivision 2, may receive revenue for a program for adults with disabilities. Revenue for the program for adults with disabilities for a district or a group of districts equals the lesser of:

(1) the actual expenditures for approved programs and budgets; or

(2) ~~\$60,000~~ \$75,000.

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

Sec. 22. Minnesota Statutes 2006, section 124D.56, subdivision 2, is amended to read:

Subd. 2. **Aid.** Program aid for adults with disabilities equals the lesser of:

(1) one-half of the actual expenditures for approved programs and budgets; or

(2) ~~\$30,000~~ \$37,500.

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

Sec. 23. Minnesota Statutes 2006, section 124D.56, subdivision 3, is amended to read:

Subd. 3. **Levy.** A district may levy for a program for adults with disabilities an amount ~~up to the amount designated~~ not to exceed the difference between the revenue amount calculated in subdivision 1 and the aid amount calculated in subdivision 2. In the case of a program offered by a group of districts, the levy amount must be apportioned among the districts according to the agreement submitted to the department.

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

Sec. 24. **EARLY CHILDHOOD COMMUNITY HUB PLANNING AND IMPLEMENTATION GRANTS.**

Subdivision 1. **Establishment.** (a) A two-year grant program is established to increase children's school readiness and success using early childhood community hubs. An early childhood community hub must promote children's school readiness from before birth to kindergarten by coordinating and improving families' access to:

(1) community early care and education services;

(2) school;

(3) health services; and

(4) other family support services that stabilize, support, and assist families in meeting their children's health and developmental needs.

(b) The commissioner of education shall designate at least four hubs to be established under this section. One hub must be located in a rural area of the state, one must be in a suburban area, and one must be in an urban area. The commissioner shall consider other demographic and cultural factors to ensure that hubs are selected in diverse areas of the state, and shall ensure that a significant number of participants in each area are eligible for free or reduced-price lunch.

Subd. 2. **Eligibility; application.** (a) An applicant for a grant must be a school district, a consortium of school districts, or a tribal school interested in collaborating with community-based early childhood care and education providers to maximize the services available to eligible families.

(b) An interested applicant must submit a plan to the commissioner of education, in the form and manner the commissioner determines, to implement an early childhood community hub that is located in a public school, a tribal school, or other appropriate community location. An applicant must include in the plan a community-based assessment of the existing resources and needs for providing high quality early care and education services, health

and mental health services, and other social services that support healthy families and safe neighborhoods. A district superintendent or a designated representative, or a tribal school principal or a designated representative, must oversee the community collaboration.

Subd. 3. Program components. (a) Grant recipients must:

(1) provide for an ongoing assessment of local resources and needs for high quality early care and education services, health and mental health services, and other social services that support safe neighborhoods and healthy families;

(2) develop and implement, in consultation with an advisory committee under subdivision 4, a plan to improve the healthy development and school readiness of children from before birth to kindergarten;

(3) develop collaborative partnerships among school-based early childhood programs, kindergarten teachers and other school officials, community-based Head Start and child care programs including licensed centers, family child care homes, and unlicensed family friend and neighbor caregivers, early intervention interagency committees, and other appropriate partners that:

(i) use the Minnesota child care resource and referral network to provide parents with information on quality early care and education services and financial aid options for their children from birth to kindergarten;

(ii) provide high quality early care and education settings for children from birth to kindergarten;

(iii) connect families to health, mental health, adult basic education, English language learning, family literacy programs, and other relevant social services; and

(iv) promote shared professional development activities in early care and education settings that integrate curriculum, assessment, and instruction and are aligned with kindergarten through grade 12 standards;

(4) provide meaningful kindergarten transition services for families that begin one school year before a child enters kindergarten;

(5) develop and implement an evaluation plan to determine the effectiveness of the collaboration, the level of parent satisfaction, and children's kindergarten readiness before and after participating in the program; and

(6) assign an unduplicated MARSS number to each child participating in the program.

(b) An applicant must agree to contract with a qualified person to coordinate the hub who, at a minimum, must have:

(1) a bachelor's degree in early childhood development or a related field;

(2) experience working with low-income families from diverse cultural communities; and

(3) experience working with state and community school readiness providers.

(c) An applicant must agree to provide a 15 percent local match for any grant money it receives, of which five percent may be in-kind contributions. A grant recipient must use the grant, including the local match, to supplement but not supplant existing state-funded early childhood initiatives in the community.

Subd. 4. **Advisory committees.** Each early childhood community hub grantee must have an advisory committee, which may be a preexisting early childhood committee or a newly formed early childhood advisory committee. A newly formed early childhood advisory committee must include at least the following members selected by the school administrator who oversees the community collaboration:

- (1) 30 percent parents;
- (2) the school administrator who oversees the community collaboration;
- (3) licensed teachers for kindergarten through grade 3;
- (4) licensed child care providers that include family child care and center-based providers;
- (5) Head Start providers;
- (6) early childhood family education and school readiness providers;
- (7) early childhood special education providers;
- (8) a child care resource and referral agency;
- (9) community business leaders;
- (10) an early intervention interagency committee liaison;
- (11) other appropriate community members serving young children and their families; and
- (12) an official from a county-recognized labor organization that serves as a partner with licensed family day care providers.

Subd. 5. **Evaluation.** The commissioner must provide for an evaluation of this grant program and must recommend to the education policy and finance committees of the legislature by February 15, 2010, whether or not to expand the program throughout the state.

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

Sec. 25. PROVISIONAL QUALITY RATING SYSTEM, LICENSED CHILD CARE.

For fiscal year 2009 only, a licensed child care program shall receive a provisional quality rating system approval if the provider certifies to the Department of Human Services that it uses curricula and child assessment instruments approved by the Department of Human Services, provides opportunities for parent involvement and parent education, proves a program with sufficient intensity and duration to improve school readiness of participating children, and meets other criteria determined necessary by the commissioner of human services.

Sec. 26. PROVISIONAL QUALITY RATING SYSTEM, SCHOOL READINESS.

For fiscal year 2009 only, a school readiness program shall receive a provisional quality rating system approval if the provider certifies to the Department of Education that it uses curricula and child assessment instruments approved by the Department of Education, provides opportunities for parent involvement and parent education, proves a program with sufficient intensity and duration to improve school readiness of participating children, and meets other criteria determined necessary by the commissioner of education.

Sec. 27. **SCHOLARSHIP DEMONSTRATION PROJECTS.**

Subdivision 1. **Early childhood allowance.** The commissioners of human services and education shall establish two scholarship demonstration projects to be conducted in partnership with the Minnesota Early Learning Foundation to promote children's school readiness. The demonstration projects shall be designed and evaluated by the Minnesota Early Learning Foundation in consultation with the legislative advisory group. The programs shall be conducted in nonurban areas outside the seven-county metropolitan area.

Subd. 2. **Family eligibility.** Parents or legal guardians with incomes less than or equal to 185 percent of the federal poverty guidelines are eligible to receive allowances to pay for their children's education in a quality early education program, in an amount not to exceed \$4,000 per child per year. The allowance must be used during the 12 months following receipt of the allowance by the claimant for a child who is age 3 or 4 on August 31, to pay for services designed to promote school readiness in a quality early education setting. A quality program is one that meets the standards in subdivision 3.

Subd. 3. **Quality standards.** (a) A quality early care and education setting is any service or program that receives a quality rating from the Department of Human Services under the Minnesota Early Learning Foundation quality rating system administered by the Department of Human Services and agrees to accept a prekindergarten education allowance to pay for services. For fiscal year 2008 and 2009 only, a provider may satisfy the quality rating system requirements and be deemed eligible to participate in this program if the provider has received a provisional quality rating system approval from either the Department of Human Services or the Department of Education.

(b) For the purposes of receiving a provisional quality rating, a child care program or provider must be approved by the commissioner of human services and a school readiness program or a Head Start program must be approved by the commissioner of education. Programs and providers must apply for approval in the form and manner prescribed by the commissioners. To receive approval, the commissioners must determine that applicants:

(1) use research-based curricula that are aligned with the education standards under Minnesota Statutes, section 120B.021, instruction, and child assessment instruments approved by the Department of Education and the Department of Human Services, in consultation with the Minnesota Early Learning Foundation;

(2) provide a program of sufficient intensity and duration to improve the school readiness of participating children;

(3) provide opportunities for parent involvement; and

(4) meet other research-based criteria determined necessary by the commissioners.

(c) For 2008 and 2009, notwithstanding paragraph (b), Head Start programs meeting Head Start performance standards and accredited child care centers are granted a provisional quality rating for the purposes of receiving a prekindergarten education allowance under this statute.

(d) A provider deemed eligible to receive a prekindergarten education allowance under paragraphs (a) to (c) may use the allowance to enhance services above the current quality levels, increase the duration of services provided, or expand the number of children to whom services are provided.

(e) For fiscal years 2008 and 2009 only, when no quality program is available, a recipient may direct the prekindergarten education allowance to a provider or program for school readiness quality improvements that will make the provider or program eligible for a quality rating according to the quality rating system. Allowable expenditures that will increase the capacity of the provider or program to help children be ready for school include

purchase of curricula and assessment tools, training on the use of curriculum and assessment tools, purchase of materials to improve the learning environment, or other expenditures approved by the commissioner of human services for child care providers and the commissioner of education for school readiness programs.

Subd. 4. **Eligibility; applications.** The Department of Human Services and Department of Education shall, in cooperation with the Minnesota Early Learning Foundation, develop an application process for eligible families. Eligible families must have incomes less than or equal to 185 percent of the federal poverty guidelines. Allowances paid to families under this program may not be counted as earned income for the purposes of medical assistance, MinnesotaCare, MFIP, child care assistance, or Head Start programs.

Subd. 5. **Expenditures.** This program shall operate during fiscal years 2008 and 2009.

EFFECTIVE DATE. This section is effective the day following final enactment and its provisions sunset on January 1, 2012.

Sec. 28. GRANT PROGRAM TO PROMOTE THE HEALTHY DEVELOPMENT OF CHILDREN AND YOUTH WITHIN THEIR COMMUNITIES.

(a) The commissioner of education must contract with the Search Institute to help local communities develop, expand, and maintain the tools, training, and resources needed to foster positive child and youth development and effectively engage young people in their communities. The Search Institute must educate individuals and community-based organizations to adequately understand and meet the development needs of their children and youth, use best practices to promote the healthy development of children and youth, share best program practices with other interested communities, and create electronic and other opportunities for communities to share experiences in and resources for promoting the healthy development of children and youth.

(b) The commissioner of education must provide for an evaluation of the effectiveness of this program and must recommend to the education policy and finance committees of the legislature by February 15, 2010, whether or not to make the program available statewide. The Search Institute annually must report to the commissioner of education on the services it provided and the grant money it expended under this section.

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

Sec. 29. APPROPRIATION.

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

Subd. 2. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

<u>\$21,106,000</u>	<u>.....</u>	<u>2008</u>
<u>\$21,888,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$1,796,000 for 2007 and \$19,310,000 for 2008.

The 2009 appropriation includes \$2,145,000 for 2008 and \$19,743,000 for 2009.

Subd. 3. **Targeted training of early childhood professionals.** For the targeted training of early childhood professionals under Minnesota Statutes, section 124D.163:

\$155,000	2008
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\$70,000	2009
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Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2010 and later is \$70,000.

Subd. 4. **Early childhood community hub planning and implementation grants.** For planning and implementation grants under section 24:

\$1,000,000	2008
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\$1,000,000	2009
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This is a onetime appropriation.

Subd. 5. **Early childhood scholarships.** For early childhood scholarships under section 15:

\$392,000	2008
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\$2,108,000	2009
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This is a onetime appropriation.

Subd. 6. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$9,995,000	2008
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\$10,095,000	2009
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The 2008 appropriation includes \$909,000 for 2007 and \$9,086,000 for 2008.

The 2009 appropriation includes \$1,009,000 for 2008 and \$9,086,000 for 2009.

Subd. 7. **State Advisory Board on School Readiness.** For the State Advisory Board on School Readiness under section 11:

\$46,000	2008
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\$40,000	2009
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The base for this program is \$40,000 per year for fiscal year 2010 and later.

Subd. 8. **Lifetrack Resources.** For a contract with Lifetrack Resources to provide a program in Ramsey County to expand school readiness and home visiting services for children from birth to kindergarten who are at risk of or have been diagnosed with mental illness or developmental delays due to fetal alcohol or drug exposure, child neglect, or abuse, and their families in order to ensure the children's school readiness:

\$500,000	2008
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<u>\$500,000</u>	<u>.....</u>	<u>2009</u>
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This is a onetime appropriation.

Subd. 9. **Minnesota Learning Resource Center.** For a grant to A Chance to Grow/New Visions for the Minnesota Learning Resource Center's comprehensive training program for education professionals charged with helping children acquire learning readiness skills:

<u>\$75,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$75,000</u>	<u>.....</u>	<u>2009</u>
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Any balance in the first year does not cancel but is available in the second year.

The Minnesota Learning Resource Center shall issue a report by January 15, 2009, to the committees of the house of representatives and senate responsible for early childhood programs. The report shall describe the conduct of the training provided to the A Chance to Grow/New Visions program, and any findings or lessons learned that might prove useful to the training of education professionals or the improvement of learning readiness services for children from such training.

This is a onetime appropriation.

Subd. 10. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

<u>\$3,159,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$3,330,000</u>	<u>.....</u>	<u>2009</u>
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The 2008 appropriation includes \$288,000 for 2007 and \$2,871,000 for 2008.

The 2009 appropriation includes \$319,000 for 2008 and \$3,011,000 for 2009.

Subd. 11. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

<u>\$50,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$50,000</u>	<u>.....</u>	<u>2009</u>
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Subd. 12. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

<u>\$584,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$776,000</u>	<u>.....</u>	<u>2009</u>
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Subd. 13. **Head Start programs.** For Head Start programs under Minnesota Statutes, section 119A.52:

<u>\$20,100,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$20,100,000</u>	<u>2009</u>
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Of these amounts, up to 10 percent of the funds allocated to local Head Start programs annually may be used for innovative services designed either to target Head Start resources to particular at-risk groups of children or to provide services in addition to those currently allowable under federal Head Start regulations. Head Start programs must submit a plan for innovative services as part of the application process described under Minnesota Statutes, section 119A.535.

Subd. 14. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

<u>\$1,307,000</u>	<u>2008</u>
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<u>\$816,000</u>	<u>2009</u>
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The 2008 appropriation includes \$195,000 for 2007 and \$1,112,000 for 2008.

The 2009 appropriation includes \$123,000 for 2008 and \$693,000 for 2009.

Subd. 15. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

<u>\$881,000</u>	<u>2008</u>
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<u>\$900,000</u>	<u>2009</u>
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The 2008 appropriation includes \$71,000 for 2007 and \$810,000 for 2008.

The 2009 appropriation includes \$90,000 for 2008 and \$810,000 for 2009.

School districts operating existing adults with disabilities programs that are not fully funded shall receive full funding for the program beginning in fiscal year 2008 before the commissioner awards grants to other districts.

Subd. 16. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

<u>\$70,000</u>	<u>2008</u>
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<u>\$70,000</u>	<u>2009</u>
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Subd. 17. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

<u>\$1,000</u>	<u>2008</u>
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<u>\$1,000</u>	<u>2009</u>
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The 2008 appropriation includes \$0 for 2007 and \$1,000 for 2008.

The 2009 appropriation includes \$0 for 2008 and \$1,000 for 2009.

Subd. 18. After-school community learning grants. For after-school community learning grants:

<u>\$2,775,000</u>	<u>.....</u>	<u>2008</u>
<u>\$2,600,000</u>	<u>.....</u>	<u>2009</u>

The commissioner may hire one full-time equivalent staff person to administer the statewide after-school community learning grant program.

The Department of Education shall give strong consideration to an application for a grant under this subdivision by Independent School District No. 625, St. Paul, on behalf of the city of St. Paul to increase the number and quality of after school and school release time activities for children within the school district. A grant provided under this subdivision to Independent School District No. 625, St. Paul, in partnership with the city of St. Paul must improve opportunities for learning provided by the district and by nonprofit programs serving youth, and for staff development for library and park and recreation workers who have frequent contact with children.

This is a onetime appropriation.

Subd. 19. Children and youth healthy development grant. For children and youth healthy development grant under section 28:

<u>\$250,000</u>	<u>.....</u>	<u>2008</u>
<u>\$250,000</u>	<u>.....</u>	<u>2009</u>

This is a onetime appropriation.

Subd. 20. Adult basic education aid. For adult basic education aid under Minnesota Statutes, section 124D.531:

<u>\$40,347,000</u>	<u>.....</u>	<u>2008</u>
<u>\$41,745,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$3,759,000 for 2007 and \$36,588,000 for 2008.

The 2009 appropriation includes \$4,065,000 for 2008 and \$37,680,000 for 2009.

Subd. 21. GED test fees. For GED test fees under Minnesota Statutes, section 124D.55:

<u>\$300,000</u>	<u>.....</u>	<u>2008</u>
<u>\$200,000</u>	<u>.....</u>	<u>2009</u>

\$100,000 in fiscal year 2008 is for GED test fees for homeless persons.

Any balance in the first year does not cancel but is available in the second year.

Subd. 22. Adult literacy grants for recent immigrants. For adult literacy grants for recent immigrants to Minnesota under Laws 2006, chapter 282, article 2, section 26:

<u>\$1,250,000</u>	<u>2008</u>
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Subd. 23. **Minnesota Early Learning Foundation.** For a grant to the Minnesota Early Learning Foundation for the scholarship demonstration projects in section 27:

<u>\$1,250,000</u>	<u>2008</u>
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<u>\$1,250,000</u>	<u>2009</u>
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Any balance in the first year does not cancel but is available in the second year.

This is a onetime appropriation.

Sec. 30. **DEPARTMENT OF HEALTH.**

\$100,000 in fiscal year 2008 and \$100,000 in fiscal year 2009 are appropriated from the general fund to the commissioner of health for lead hazard reduction.

Sec. 31. **REPEALER.**

Minnesota Statutes 2006, section 124D.531, subdivision 5, is repealed."

Delete the title and insert:

"A bill for an act relating to education; providing for early childhood, family, adult, and prekindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, nutrition and accounting, libraries, state agencies, forecast adjustments, technical and conforming amendments, pupil transportation standards, and early childhood and adult programs; providing for task force and advisory groups; requiring school districts to give employees who are veterans the option to take personal leave on Veteran's Day and encouraging private employers to give employees who are veterans a day off with pay on Veteran's Day; requiring reports; authorizing rulemaking; funding parenting time centers; funding lead hazard reduction; appropriating money; amending Minnesota Statutes 2006, sections 13.32, by adding a subdivision; 16A.152, subdivision 2; 119A.50, by adding a subdivision; 119A.52; 119A.535; 120A.22, subdivision 7; 120B.021, subdivision 1; 120B.023, subdivision 2; 120B.024; 120B.11, subdivision 5; 120B.132; 120B.15; 120B.30; 120B.31, subdivision 3; 120B.36, subdivision 1; 121A.22, subdivisions 1, 3, 4; 122A.16; 122A.18, by adding a subdivision; 122A.414, subdivisions 1, 2; 122A.415, subdivision 1; 122A.60, subdivision 3; 122A.61, subdivision 1; 122A.628, subdivision 2; 122A.72, subdivision 5; 123A.73, subdivision 8; 123B.03, subdivision 3, by adding a subdivision; 123B.10, subdivision 1, by adding a subdivision; 123B.143, subdivision 1; 123B.37, subdivision 1; 123B.53, subdivisions 1, 4, 5; 123B.54; 123B.57, subdivision 3; 123B.63, subdivision 3; 123B.77, subdivision 4; 123B.79, subdivisions 6, 8, by adding a subdivision; 123B.81, subdivisions 2, 4, 7; 123B.83, subdivision 2; 123B.88, subdivision 12; 123B.90, subdivision 2; 123B.92, subdivisions 1, 3, 5; 124D.095, subdivisions 2, 3, 4, 7; 124D.10, subdivisions 4, 23a, 24; 124D.11, subdivision 1; 124D.111, subdivision 1; 124D.128, subdivisions 1, 2, 3; 124D.13, subdivisions 1, 2, 11, by adding a subdivision; 124D.135, subdivisions 1, 3, 5; 124D.16, subdivision 2; 124D.175; 124D.34, subdivision 7; 124D.4531; 124D.454, subdivisions 2, 3; 124D.531, subdivisions 1, 4; 124D.55; 124D.56, subdivisions 1, 2, 3; 124D.59, subdivision 2; 124D.65, subdivisions 5, 11; 124D.84, subdivision 1; 125A.11, subdivision 1; 125A.13; 125A.14; 125A.39; 125A.42; 125A.44; 125A.45; 125A.63, by adding a subdivision; 125A.75, subdivisions 1, 4; 125A.76, subdivisions 1, 2, 4, 5, by adding a subdivision; 125A.79, subdivisions 5, 6, 8; 125B.15; 126C.01, subdivision 9, by adding subdivisions; 126C.05, subdivisions 1, 8, 15; 126C.10, subdivisions 1, 2, 2a, 2b, 4, 13a, 18, 24, 34, by adding a subdivision; 126C.126; 126C.13, subdivision 4; 126C.15, subdivision 2; 126C.17, subdivisions 6, 9; 126C.21, subdivisions 3, 5; 126C.41, by adding a subdivision; 126C.44; 126C.48, subdivisions 2, 7; 127A.441; 127A.47, subdivisions 7, 8; 127A.48, by adding a subdivision; 127A.49, subdivisions 2, 3; 128D.11, subdivision 3; 134.31, by adding a subdivision; 134.34, subdivision 4; 134.355, subdivision 9;

169.01, subdivision 6, by adding a subdivision; 169.443, by adding a subdivision; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502, subdivision 5; 169.4503, subdivisions 13, 20; 171.02, subdivisions 2, 2a; 171.321, subdivision 4; 205A.03, subdivision 1; 205A.06, subdivision 1a; 272.029, by adding a subdivision; 273.11, subdivision 1a; 273.1393; 275.065, subdivisions 1, 1a, 3; 275.07, subdivision 2; 275.08, subdivision 1b; 276.04, subdivision 2; 517.08, subdivision 1c; Laws 2005, First Special Session chapter 5, article 1, sections 50, subdivision 2; 54, subdivisions 2, as amended, 4, 5, as amended, 6, as amended, 7, as amended, 8, as amended; article 2, sections 81, as amended; 84, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended, 10, as amended; article 3, section 18, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended; article 4, section 25, subdivisions 2, as amended, 3, as amended; article 5, section 17, subdivision 3, as amended; article 7, section 20, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 8, subdivisions 2, as amended, 5, as amended; article 9, section 4, subdivision 2; Laws 2006, chapter 263, article 3, section 15; Laws 2006, chapter 282, article 2, section 28, subdivision 4; article 3, section 4, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 119A; 121A; 122A; 123B; 124D; 135A; repealing Minnesota Statutes 2006, sections 121A.23; 123A.22, subdivision 11; 123B.81, subdivision 8; 124D.06; 124D.081, subdivisions 1, 2, 3, 4, 5, 6, 9; 124D.454, subdivisions 4, 5, 6, 7; 124D.531, subdivision 5; 124D.62; 125A.10; 125A.75, subdivision 6; 125A.76, subdivision 3; 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26."

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

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 829, A bill for an act relating to relating to state government; appropriating money for public safety and corrections initiatives, courts, public defenders, tax court, Uniform Laws Commission and Board on Judicial Standards; providing certain general criminal and sentencing provisions; regulating DWI and driving provisions; modifying or establishing various provisions relating to public safety; regulating corrections, the courts, and emergency communications; regulating scrap metal dealers; modifying certain law enforcement, insurance, and public defense provisions; establishing reduced ignition propensity standards for cigarettes; providing conditional repeals of certain laws; providing penalties; amending Minnesota Statutes 2006, sections 2.722, subdivision 1; 3.732, subdivision 1; 3.736, subdivision 1; 13.87, subdivision 1; 15A.083, subdivision 4; 16A.72; 16B.181, subdivision 2; 16C.23, subdivision 2; 169A.275, by adding a subdivision; 169A.51, subdivision 7; 171.12, by adding a subdivision; 171.55; 241.016, subdivision 1; 241.018; 241.27, subdivisions 1, 2, 3, 4; 241.278; 241.69, subdivisions 3, 4; 243.167, subdivision 1; 244.05, by adding a subdivision; 260C.193, subdivision 6; 270A.03, subdivision 5; 299A.641, subdivision 2; 299C.65, subdivisions 2, 5; 302A.781, by adding a subdivision; 325E.21; 352D.02, subdivision 1; 363A.06, subdivision 1; 383A.08, subdivisions 6, 7; 401.15, subdivision 1; 403.07, subdivision 4; 403.11, subdivision 1, by adding subdivisions; 403.31, subdivision 1; 484.54, subdivision 2; 484.83; 504B.361, subdivision 1; 518.165, subdivisions 1, 2; 518A.35, subdivision 3; 518B.01, subdivisions 6a, 22; 549.09, subdivision 1; 563.01, by adding a subdivision; 590.05; 595.02, subdivision 1; 609.02, subdivision 16; 609.135, subdivision 8, by adding a subdivision; 609.21, subdivisions 1, 4a, 5, by adding subdivisions; 609.341, subdivision 11; 609.344, subdivision 1; 609.345, subdivision 1; 609.3451, subdivision 3; 609.3455, subdivision 4, by adding a subdivision; 609.352; 609.505, subdivision 2; 609.535, subdivision 2a; 609.581, by adding subdivisions; 609.582, subdivision 2; 609.595, subdivisions 1, 2; 609.748, subdivisions 1, 5; 611.14; 611.20, subdivision 6; 611.215, subdivisions 1, 1a; 611.23; 611.24; 611.25, subdivision 1; 611.26, subdivisions 2, 7; 611.27, subdivisions 3, 13, 15; 611.35; 611A.036, subdivisions 2, 7; 611A.675, subdivisions 1, 2, 3, 4, by adding a subdivision; 634.15, subdivisions 1, 2; 641.05; 641.15, by adding a subdivision; 641.265, subdivision 2; Laws 2001, First Special Session chapter 8, article 4, section 4; Laws 2003, First Special Session chapter 2, article 1, section 2; proposing coding for new law in Minnesota Statutes, chapters 72A; 171; 241; 299A; 299F; 357; 484; 504B; 540; 604; 609; 611A; repealing Minnesota Statutes 2006, sections 169.796, subdivision 3; 241.021, subdivision 5; 241.85, subdivision 2; 260B.173; 403.31, subdivision 6; 480.175, subdivision 3; 609.21, subdivisions 2, 2a, 2b, 3, 4; 609.805; 611.20, subdivision 5; Laws 2005, First Special Session chapter 6, article 3, section 91.

Reported the same back with the following amendments:

Page 118, delete subdivision 6 and insert:

"Subd. 6. **Criminal penalty.** A scrap metal dealer, or the agent, employee, or representative of the dealer, who intentionally violates a provision of this section is guilty of a misdemeanor."

Renumber the subdivisions in sequence and correct the internal references

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

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 2227, A bill for an act relating to appropriations; appropriating money for agriculture and veterans affairs; modifying disposition of certain revenue and funds; modifying certain grant and loan requirements; modifying use of Minnesota grown label; modifying and creating certain funds and accounts; eliminating the aquatic pest control license; modifying permit and safeguard requirements; modifying and establishing certain fees and surcharges; creating a food safety and defense task force; requiring certain studies and reports; providing for NextGen energy; changing certain provisions related to veterans; amending Minnesota Statutes 2006, sections 3.737, subdivision 1; 3.7371, subdivision 3; 17.03, subdivision 3; 17.101, subdivision 2; 17.102, subdivisions 1, 3, 4, by adding subdivisions; 17.117, subdivisions 1, 4, 5a, 5b, 11; 17.983, subdivision 1; 17B.03, by adding a subdivision; 18B.065, subdivisions 1, 2a; 18B.26, subdivision 3; 18B.33, subdivision 1; 18B.34, subdivision 1; 18B.345; 18C.305, by adding a subdivision; 18E.02, subdivision 5, by adding a subdivision; 18E.03, subdivision 4; 25.341, subdivision 1; 28A.04, subdivision 1; 28A.06; 28A.082, subdivision 1; 32.21, subdivision 4; 32.212; 32.394, subdivision 4; 32.415; 41B.03, subdivision 1; 41B.043, subdivisions 2, 3, 4; 41B.046, subdivision 4; 41B.047; 41B.055; 41B.06; 41C.05, subdivision 2; 116.0714; 156.001, by adding subdivisions; 156.12, subdivision 1; 197.75; 198.002, subdivision 2; 198.004, subdivision 1; 239.7911, subdivision 1; 343.10; 469.310, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 18C; 28A; 35; 38; 41A; 192; 197; 469; repealing Minnesota Statutes 2006, sections 17.109; 18B.315; 18C.425, subdivision 5; 32.213; 35.08; 35.09; 35.10; 35.11; 35.12; 41B.043, subdivision 1a; 156.075; Laws 2006, chapter 258, section 14, subdivision 6; Minnesota Rules, parts 1705.0840; 1705.0850; 1705.0860; 1705.0870; 1705.0880; 1705.0890; 1705.0900; 1705.0910; 1705.0920; 1705.0930; 1705.0940; 1705.0950; 1705.0960; 1705.0970; 1705.0980; 1705.0990; 1705.1000; 1705.1010; 1705.1020; 1705.1030; 1705.1040; 1705.1050; 1705.1060; 1705.1070; 1705.1080; 1705.1086; 1705.1087; 1705.1088.

Reported the same back with the following amendments:

Page 49, delete section 58

Page 50, delete section 59

Renumber the sections in sequence and correct the internal references

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.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

S. F. No. 1997, A bill for an act relating to government operations; appropriating money for the general legislative and administrative expenses of state government; raising fees; regulating state and local government operations; modifying provisions related to public employment; providing for automatic voter registration; abolishing the Department of Employee Relations; amending Minnesota Statutes 2006, sections 4.035, subdivision 3; 5.12, subdivision 1; 15.06, subdivisions 2, 8; 15B.17, subdivision 1; 16A.1286, subdivision 2; 16B.03; 16C.08, subdivision 2; 43A.02, by adding a subdivision; 43A.03, subdivision 3; 43A.08, subdivisions 1, 2a; 43A.24, subdivision 1; 43A.346, subdivision 1; 45.013; 84.01, subdivision 3; 116.03, subdivision 1; 116J.01, subdivision 5; 116J.035, subdivision 4; 174.02, subdivision 2; 201.12; 201.13, subdivision 3; 201.161; 241.01, subdivision 2; 270B.14, by adding a subdivision; 302A.821, subdivision 4; 321.0206; 336.1-110; 336.9-525; 471.61, subdivision 1a; 517.08, subdivisions 1b, 1c; Laws 2005, First Special Session chapter 1, article 4, section 121; proposing coding for new law in Minnesota Statutes, chapters 5; 13; 16B; 16C; repealing Minnesota Statutes 2006, sections 43A.03, subdivision 4; 43A.08, subdivision 1b; Laws 2006, chapter 253, section 22.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

STATE GOVERNMENT APPROPRIATIONS

Section 1. STATE GOVERNMENT APPROPRIATIONS.

The sums shown in the columns marked "appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009.

		<u>APPROPRIATIONS</u>	
		<u>Available for the Year</u>	
		<u>Ending June 30</u>	
		<u>2008</u>	<u>2009</u>
Sec. 2. <u>LEGISLATURE</u>			
Subdivision 1. <u>Total Appropriation</u>		<u>\$68,671,000</u>	<u>\$69,043,000</u>
<u>Appropriations by Fund</u>			
	<u>2008</u>	<u>2009</u>	
<u>General</u>	<u>68,493,000</u>	<u>68,865,000</u>	
<u>Health Care Access</u>	<u>178,000</u>	<u>178,000</u>	

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

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

<u>Subd. 2. Senate</u>	<u>22,158,000</u>	<u>21,677,000</u>
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<u>Subd. 3. House of Representatives</u>	<u>30,586,000</u>	<u>31,746,000</u>
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During the biennium ending June 30, 2009, any revenues received by the house of representatives from sponsorship notices in broadcast or print media are appropriated to the house of representatives.

<u>Subd. 4. Legislative Coordinating Commission</u>	<u>15,927,000</u>	<u>15,620,000</u>
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Appropriations by Fund

<u>General</u>	<u>15,749,000</u>	<u>15,442,000</u>
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<u>Health Care Access</u>	<u>178,000</u>	<u>178,000</u>
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\$600,000 the first year and \$600,000 the second year are for public information television, Internet, Intranet, and other transmission of legislative activities. At least one-half of those amounts must go for programming to be broadcast and transmitted to rural Minnesota.

\$5,624,000 the first year and \$5,469,000 the second year are for the Office of the Revisor of Statutes.

\$1,257,000 the first year and \$1,254,000 the second year are for the Legislative Reference Library.

\$5,594,000 the first year and \$5,595,000 the second year are for the Office of the Legislative Auditor.

All legislative offices should, whenever possible, implement information technology systems that are compatible and work seamlessly across the legislature. Wherever possible, single systems should be implemented to avoid unnecessary duplication and inefficiency. The directors of information technology for the senate, house of representatives, and the Legislative Coordinating Commission must submit a written report describing their efforts to collaborate on implementing shared information technology systems. The report must be submitted to the chairs of the house of representatives and senate committees with jurisdiction over rules and to the Legislative Coordinating Commission on January 15, 2008, and January 15, 2009.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
<u>\$3,647,000</u>	<u>\$3,712,000</u>

Sec. 3. **GOVERNOR AND LIEUTENANT GOVERNOR**

(a) This appropriation is to fund the Office of the Governor and Lieutenant Governor.

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

(b) By September 1 of each year, the commissioner of finance shall report to the chairs of the senate Governmental Operations Budget Division and the house State Government Finance Division any personnel costs incurred by the Office of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs of the divisions before initiating any interagency agreements.

Sec. 4. **STATE AUDITOR**

\$9,234,000 **\$9,220,000**

Sec. 5. **ATTORNEY GENERAL**

\$26,628,000 **\$26,633,000**

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>24,514,00</u>	<u>24,514,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>1,719,000</u>	<u>1,724,000</u>
<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>
<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>

Sec. 6. **SECRETARY OF STATE**

\$9,677,000 **\$6,747,000**

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>6,833,000</u>	<u>6,747,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>2,844,000</u>	

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

\$310,000 of this appropriation must be transferred to the Help America Vote Act account and is designated as a portion of the match required by section 253(b)(5) of the Help America Vote Act.

\$2,844,000 the first year is appropriated from the Help America Vote Act account for the purposes and uses authorized by federal law. This appropriation is available until June 30, 2009.

Notwithstanding Laws 2005, chapter 162, section 34, subdivision 7, any balance remaining in the Help America Vote Act account after previous appropriations and the appropriations in this section is appropriated to the secretary of state for the purposes of the account. This appropriation is available until June 30, 2011.

\$250,000 the first year is for a grant to Kids Voting Minnesota, to educate children about voting and the democratic process. This appropriation is available until spent.

Sec. 7. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**

\$708,000

\$722,000

Sec. 8. **INVESTMENT BOARD**

\$151,000

\$151,000

Sec. 9. **OFFICE OF ENTERPRISE TECHNOLOGY**

\$17,969,000

\$5,287,000

(a) \$2,000,000 the first year is for the first phase of an electronic licensing system. This is a onetime appropriation. This appropriation carries forward to the second year.

(b) \$10,000,000 the first year is for information technology security.

(c) \$500,000 the first year and \$500,000 the second year are for oversight and analysis of state technology investments.

(d) \$1,456,000 the first year and \$1,000,000 the second year are for small agency technology infrastructure. During the first biennium, these amounts are intended to include hardware and software improvements for the Asian-Pacific Council, the Capitol Area Architectural and Planning Board, the Minnesota Library for the Blind, the Minnesota State Academies, and the Ombudsman for Mental Health and Developmental Disabilities. Ongoing funding for improvements made during fiscal years 2008 and 2009 may be added to the base funding for those agencies in fiscal years 2010 and 2011.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(e) \$68,000 is for an electronic documents study and report.

(f) \$200,000 is for grants to be distributed to the counties participating in the development of the integrated financial system for enhancements to the system. Enhancements include:

(1) systems to improve the tracking and reporting of state and federal grants;

(2) electronic payments to vendors;

(3) electronic posting of state payments to the financial system;

(4) automating revenue collection and posting through check conversion, automatic clearing house transactions, or credit card processing;

(5) improvements to county budgetary systems;

(6) storage or linkage of electronic documents;

(7) improved executive level reporting and extraction of data; and

(8) improved information and reporting for audits.

The grant funds shall be distributed on a pro rata basis to each of the counties participating in the development of the integrated financial system. The Minnesota Counties Computer Cooperative, acting as a fiscal agent for the participating counties, shall receive the grant money for the counties. The grants will only be distributed after \$600,000 is expended or provided from other sources. The chief information officer may require a report or such other information as the chief information officer deems appropriate to verify that the requirements of this section have been met. This appropriation is available until June 30, 2011, and cancels on that date.

Sec. 10. **ADMINISTRATIVE HEARINGS**

\$8,087,000

\$7,801,000

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>281,000</u>	<u>285,000</u>
<u>Workers' Compensation</u>	<u>7,806,000</u>	<u>7,516,000</u>

\$266,000 each year is for two workers' compensation judges, to be located in Duluth.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Sec. 11. **ADMINISTRATION**

Subdivision 1. Total Appropriation

\$27,990,000 **\$23,385,000**

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

Subd. 2. State Facilities Services

14,746,000 **11,458,000**

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

(b) \$2,500,000 the first year is to purchase and implement a Web-enabled, shared computer system to facilitate the state's real property portfolio management.

(c) \$250,000 the first year and \$250,000 the second year are for the energy conservation recommissioning activities in state buildings.

Subd. 3. State and Community Services

3,420,000 **3,583,000**

(a) \$60,000 the first year and \$240,000 the second year are to fund activities to prepare for and promote the 2010 census. Base funding for this activity is \$260,000 in fiscal year 2010 and \$180,000 in fiscal year 2011.

(b) \$1,100,000 the first year and \$1,100,000 the second year are for the Land Management Information Center.

(c) \$196,000 the first year and \$196,000 the second year are for the Office of the State Archaeologist.

Subd. 4. Administrative Management Services

6,121,000 **5,241,000**

(a) \$125,000 the first year is to create an Office of Grants Management to standardize state grants management policies and procedures. For the fiscal year beginning July 1, 2008, the commissioner must deduct from state grants subject to nongovernmental entities up to \$125,000, as necessary to fund the commissioner's duties under new Minnesota Statutes, sections 16B.97 and 16B.98. The amount deducted from appropriations for these grants is transferred to the commissioner for purposes of administering those sections.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(b) \$285,000 the first year is to fund a pilot project to reduce state expenditures on professional/technical contracts.

(c) \$250,000 the first year and \$250,000 the second year are to establish a small agency resource team to consolidate and streamline the human resources and financial management activities for small state agencies, boards, and councils.

(d) \$425,000 the first year is a onetime appropriation for a targeted group business disparity study. The commissioner must cooperate with units of local government conducting similar studies.

(e) \$74,000 the first year and \$74,000 the second year are for the Council on Developmental Disabilities.

(f) \$53,000 the first year and \$36,000 the second year are for the genetic information work group and report.

(g) \$250,000 in fiscal year 2008 and \$250,000 in fiscal year 2009 are for a grant to the Council on Developmental Disabilities for the purpose of establishing a statewide self-advocacy network for persons with intellectual and developmental disabilities (ID/DD). The self-advocacy network shall:

(1) ensure that persons with ID/DD are informed of their rights in employment, housing, transportation, voting, government policy, and other issues pertinent to the ID/DD community;

(2) provide public education and awareness of the civil and human rights issues persons with ID/DD face;

(3) provide funds, technical assistance, and other resources for self-advocacy groups across the state; and

(4) organize systems of communications to facilitate an exchange of information between self-advocacy groups.

This appropriation is in addition to any other appropriations and must be added to the base appropriation beginning in fiscal year 2010.

(h) \$75,000 is for purposes of promotion of document imaging work in government agencies to be done by persons with developmental disabilities.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
600,000	

Subd. 5. Fiscal Agent

(a) \$100,000 the first year is for the sustainable growth working group.

(b) \$500,000 is for a grant to Washington County for capital improvements detailed in the approved planned unit development for the Disabled Veteran's Rest Camp to provide increased capacity, amenities, access, and safety for Minnesota veterans.

Subd. 6. Public broadcasting

\$3,103,000

\$3,103,000

(a) \$1,613,000 the first year and \$1,613,000 the second year are for matching grants for public television. The base budget for matching grants shall be \$1,161,000 in fiscal year 2010 and \$1,161,000 in fiscal year 2011.

(b) \$398,000 the first year and \$398,000 the second year are for public television equipment grants. Equipment or matching grant allocations shall be made after considering the recommendations of the Minnesota Public Television Association. The base budget for public television equipment grants shall be \$200,000 in fiscal year 2010 and \$200,000 in fiscal year 2011.

(c) \$17,000 the first year and \$17,000 the second year are for grants to the Twin Cities regional cable channel.

(d) \$350,000 in fiscal year 2008 and \$350,000 in fiscal year 2009 are for community service grants to public educational radio stations. The base budget for the community service grants shall be \$287,000 in fiscal year 2010 and \$287,000 in fiscal year 2011.

(e) \$250,000 in fiscal year 2008 and \$250,000 in fiscal year 2009 are for equipment grants to public educational radio stations. The general fund base funding for equipment grants is increased by \$125,000 each year in the fiscal 2010-2011 biennium.

(f) The grants in paragraphs (d) and (e) must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 129D.14.

(g) \$475,000 the first year and \$475,000 the second year are for equipment grants to Minnesota Public Radio, Inc. The budget base for the Minnesota Public Radio, Inc. equipment grants shall be \$190,000 in fiscal year 2010 and \$190,000 in fiscal year 2011.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

(h) Any unencumbered balance remaining the first year for grants to public television or radio stations does not cancel and is available for the second year.

Sec. 12. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

\$428,000**\$372,000**

\$65,000 in fiscal year 2008 is for the decennial expenses related to the board's duties under Minnesota Statutes, section 473.864, subdivisions 1 and 2. Money appropriated in fiscal year 2008 is available until June 30, 2009. This is a onetime appropriation.

Sec. 13. FINANCE

Subdivision 1. Total Appropriation

\$22,382,000**\$15,331,000**

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

Subd. 2. State Financial Management

8,912,0008,752,000

(a) \$315,000 the first year is for the state's share of the cost of bankruptcy counsel representing joint interests of the state and the city of Duluth in the Northwest Airlines bankruptcy. This is a onetime appropriation.

(b) Notwithstanding the provisions of Minnesota Statutes, section 16A.1522, subdivision 4, the commissioner of finance shall designate any positive general fund budgetary balance on June 30, 2007, as an unrestricted balance. Money so designated shall remain available for general fund appropriations authorized in fiscal years 2008 and 2009.

Subd. 3. Information and Management Services

13,470,0006,579,000

\$7,000,000 the first year is for costs related to the Minnesota Accounting and Procurement System (MAPS). \$6,500,000 is to implement remediation strategies as necessary to avoid a systemic failure. \$500,000 of the first year total is for planning for the system's eventual replacement.

Sec. 14. EMPLOYEE RELATIONS

\$6,385,000**\$5,947,000**

(a) \$250,000 each year is for the Center for Health Care Purchasing Improvement.

(b) \$186,000 the first year and \$203,000 the second year are for transfer to state agencies for additional expenses incurred as a result of expanded use of sick leave authorized by this act.

APPROPRIATIONS
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(c) \$350,000 the first year is to support the use of an electronic portfolio system to provide personal health records for MnSCU employees and other participants in the state employee group insurance program. Of this amount, \$50,000 is for transfer to the University of Minnesota Health Informatics Division to evaluate the use and impact of personal health records on these employees. This appropriation is available until June 30, 2009.

Sec. 15. **REVENUE**

Subdivision 1. **Total Appropriation**

\$128,562,000

\$121,466,000

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>124,462,000</u>	<u>117,306,000</u>
<u>Health Care Access</u>	<u>1,680,000</u>	<u>1,707,000</u>
<u>Highway User Tax</u>		
<u>Distribution</u>	<u>2,125,000</u>	<u>2,154,000</u>
<u>Environmental</u>	<u>295,000</u>	<u>299,000</u>

The amounts that may be spent for each purpose are specified in subdivisions 2 and 3.

Subd. 2. **Tax System Management**

108,401,000

99,616,000

Appropriations by Fund

<u>General</u>	<u>104,301,000</u>	<u>95,456,000</u>
<u>Health Care Access</u>	<u>1,680,000</u>	<u>1,707,000</u>
<u>Highway User Tax</u>		
<u>Distribution</u>	<u>2,125,000</u>	<u>2,154,000</u>
<u>Environmental</u>	<u>295,000</u>	<u>299,000</u>

(a) \$6,910,000 the first year and \$8,704,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. This initiative is expected to result in new general fund revenues of \$42,400,000 for the biennium ending June 30, 2009.

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(b) The department must report to the chairs of the house of representatives Ways and Means and senate Finance Committees by March 1, 2008, and January 15, 2009, on the following performance indicators:

(1) the number of corporations noncompliant with the corporate tax system each year and the percentage and dollar amounts of valid tax liabilities collected;

(2) the number of businesses noncompliant with the sales and use tax system and the percentage and dollar amount of the valid tax liabilities collected; and

(3) the number of individual noncompliant cases resolved and the percentage and dollar amounts of valid tax liabilities collected.

(c) The reports must also identify base-level expenditures and staff positions related to compliance and audit activities, including baseline information as of January 1, 2006. The information must be provided at the budget activity level.

(d) \$12,000,000 the first year is for the purchase and development of an integrated tax software package.

(e) \$75,000 the first year and \$75,000 the second year are for grants to one or more nonprofit organizations, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services. For purposes of this paragraph, "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and may include providing personal representation before the Department of Revenue and Internal Revenue Service.

Subd. 3. Accounts Receivable Management

20,161,000

21,850,000

\$1,750,000 the first year and \$3,110,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. This initiative is expected to result in new general revenues of \$60,000,000 for the biennium ending June 30, 2009.

Sec. 16. GAMBLING CONTROL

\$2,846,000

\$2,893,000

These appropriations are from the lawful gambling regulation account in the special revenue fund.

<u>APPROPRIATIONS</u> <u>Available for the Year</u> <u>Ending June 30</u>		
	<u>2008</u>	<u>2009</u>
Sec. 17. <u>RACING COMMISSION</u>	<u>\$1,130,000</u>	<u>\$899,000</u>
<u>(a) These appropriations are from racing regulation accounts in the special revenue fund.</u>		
<u>(b) \$295,000 the first year and \$64,000 the second year and thereafter are for information technology improvements implemented in consultation with the Office of Enterprise Technology as part of the small agency technology initiative.</u>		
Sec. 18. <u>STATE LOTTERY</u>		
<u>Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the operating budget must not exceed \$27,378,000 in fiscal year 2008 and \$28,141,000 in fiscal year 2009.</u>		
Sec. 19. <u>TORT CLAIMS</u>	<u>\$161,000</u>	<u>\$161,000</u>
<u>To be spent by the commissioner of finance.</u>		
<u>If the appropriation for either year is insufficient, the appropriation for the other year is available for it.</u>		
Sec. 20. <u>MINNESOTA STATE RETIREMENT SYSTEM</u>	<u>\$1,608,000</u>	<u>\$1,649,000</u>
<u>(a) The amounts estimated to be needed for each program are as follows:</u>		
<u>(1) Legislators</u>	<u>1,170,000</u>	<u>1,200,000</u>
<u>Under Minnesota Statutes, sections 3A.03, subdivision 2, 3A.04, subdivisions 3 and 4; and 3A.115.</u>		
<u>(2) Constitutional Officers</u>	<u>438,000</u>	<u>449,000</u>
<u>Under Minnesota Statutes, sections 352C.031, subdivision 5; 352C.04, subdivision 3; and 352C.09, subdivision 2.</u>		
<u>(b) If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.</u>		
Sec. 21. <u>MINNEAPOLIS EMPLOYEES RETIREMENT FUND</u>	<u>\$9,000,000</u>	<u>\$9,000,000</u>
<u>The amounts estimated to be needed under Minnesota Statutes, section 422A.101, subdivision 3.</u>		

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
	<u>2008</u>	<u>2009</u>
Sec. 22. <u>TEACHERS RETIREMENT ASSOCIATION</u>	<u>\$15,800,000</u>	<u>\$15,800,000</u>
<u>The amounts estimated to be needed are as follows:</u>		
<u>(a) Special direct state aid authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.</u>	<u>13,300,000</u>	<u>13,300,000</u>
<u>(b) Special direct state matching aid authorized under Minnesota Statutes, section 354A.12, subdivision 3b.</u>	<u>2,500,000</u>	<u>2,500,000</u>
Sec. 23. <u>ST. PAUL TEACHERS RETIREMENT FUND</u>	<u>\$2,967,000</u>	<u>\$2,967,000</u>
<u>The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.</u>		
Sec. 24. <u>AMATEUR SPORTS COMMISSION</u>	<u>\$371,000</u>	<u>\$376,000</u>
<u>Of this amount, \$67,000 each year is to be used for an additional event development position. This is a onetime appropriation. The base budget for the Amateur Sports Commission shall be \$215,000 in fiscal year 2010 and \$215,000 in fiscal year 2011.</u>		
<u>The amount available for appropriation to the commission under Laws 2005, chapter 156, article 2, section 43, is reduced in the first year and the second year by the amounts appropriated in this section.</u>		
Sec. 25. <u>COUNCIL ON BLACK MINNESOTANS</u>	<u>\$322,000</u>	<u>\$328,000</u>
<u>\$25,000 the first year and \$25,000 the second year are for expenses related to the state's annual Martin Luther King, Jr. holiday celebration.</u>		
Sec. 26. <u>COUNCIL ON CHICANO/LATINO AFFAIRS</u>	<u>\$306,000</u>	<u>\$310,000</u>
Sec. 27. <u>COUNCIL ON ASIAN-PACIFIC MINNESOTANS</u>	<u>\$287,000</u>	<u>\$285,000</u>
Sec. 28. <u>INDIAN AFFAIRS COUNCIL</u>	<u>\$661,000</u>	<u>\$487,000</u>
<u>\$80,000 in the first year is for the acquisition of an Indian burial site in Becker County. The Indian Affairs Council shall solicit donations from federal, state, nonprofit, private, and tribal sources for this purpose. This is a onetime appropriation and is available for expenditure until June 30, 2009.</u>		
<u>\$100,000 in the first year is for transfer to the director of the Minnesota Office of Higher Education for a grant for the Dakota/Ojibwe Language Revitalization Project to expand an</u>		

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existing pilot project to promote activities and programs that are specific to promoting revitalization of indigenous language for American Indian children who do not live on an Indian reservation. The pilot project shall focus on developing programs that meet the language needs of children in prekindergarten through grade 12. This is a onetime appropriation.

Sec. 29. **GENERAL CONTINGENT ACCOUNTS**

\$1,000,000**\$500,000**

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>500,000</u>	<u>-0-</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
<u>Workers' Compensation</u>	<u>100,000</u>	<u>100,000</u>

(a) The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.

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

(c) If a contingent account appropriation is made in one fiscal year, it should be considered a biennial appropriation.

Sec. 30. **MANAGERIAL POSITION REDUCTIONS.**

The governor must reduce the number of deputy commissioners, assistant commissioners, and positions designated as unclassified under authority of Minnesota Statutes, section 43A.08, subdivision 1a, by an amount that will generate savings to the general fund of \$775,000 in the biennium ending June 30, 2009, and \$7,600,000 in the biennium ending June 30, 2011.

ARTICLE 2

STATE GOVERNMENT OPERATIONS

Section 1. **[3.052] SCHEDULE FOR CONSIDERATION OF LEGISLATION.**

Subdivision 1. **Agency bills.** An executive department or agency intending to urge the legislature to adopt a bill shall deliver the bill to the revisor of statutes by November 1 before the regular session at which adoption will be urged. This deadline does not apply: (1) to bills necessary to implement the governor's budget proposals; (2) to other bills that are policy initiatives of the governor, as opposed to administrative initiatives of a department or agency; or (3) as otherwise provided in section 3C.035.

Subd. 2. **State of the state.** The governor is encouraged to submit a state of the state address in January of each odd-numbered year and within the first ten days after the start of the legislative session in an even-numbered year. Before or during this address, the governor is encouraged to announce major legislative policy initiatives that the governor intends to promote that year.

Subd. 3. **Executive submission of budget bills.** The governor must submit bills necessary to implement the governor's operating budget to the legislature within two weeks after the date specified in section 16A.11 for the governor to submit the detailed operating budget to the legislature. The bills must be provided to the speaker of the house of representatives and the majority leader of the senate in a manner ready for formal introduction and final consideration.

Sec. 2. **[3.181] PRINTED MATERIALS.**

If paper copies of legislative bills and amendments are printed, they must be printed on paper that measures 8-1/2 inches by 11 inches.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 3. **[3.3051] PUBLIC INFORMATION.**

The Legislative Coordinating Commission must establish a joint legislative public information office.

The office is the legislative entity responsible for:

(1) producing legislative directories and rosters, news magazines, and general educational materials about the legislative process;

(2) in cooperation with other legislative offices, providing schedules of legislative meetings;

(3) producing television coverage of certain legislative proceedings; and

(4) performing other functions assigned by the Legislative Coordinating Commission.

Sec. 4. **[3.306] MEETING TIMES.**

The house of representatives and the senate must adopt rules that set one time as the regular hour of convening daily sessions in both houses.

Sec. 5. **[3.3061] JOINT STANDING COMMITTEES.**

The house of representatives and the senate are encouraged to adopt rules that:

(1) establish a system of joint standing committees to consider and report on legislation and conduct other legislative business, except that each house may separately establish a committee on rules and administration and a committee on ethics; or

(2) provide that house and senate committees with similar jurisdiction will meet at the same time to facilitate joint meetings.

Sec. 6. Minnesota Statutes 2006, section 3.85, subdivision 3, is amended to read:

Subd. 3. **Membership.** The commission consists of ~~five~~ seven members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration and ~~five~~ seven members of the house of representatives appointed by the speaker. Members shall be appointed at the commencement of each regular session of the legislature for a two-year term beginning January 16 of the first year of the regular session. Members continue to serve until their successors are appointed. Vacancies that occur while the legislature is in session shall be filled like regular appointments. If the legislature is not in session, senate vacancies shall be filled by the last Subcommittee on Committees of the senate Committee on Rules and Administration or other appointing authority designated by the senate rules, and house vacancies shall be filled by the last speaker of the house, or if the speaker is not available, by the last chair of the house Rules Committee.

Sec. 7. **[3.9228] MINNESOTA OFFICE ON ETHNIC HERITAGE AND NEW AMERICANS.**

Subdivision 1. **Office established.** The Minnesota Office of Ethnic Heritage and New Americans is established to: (1) recognize the state's rich ethnic diversity and the contributions that immigrants have made to the state's social, economic, and cultural history; and (2) capitalize on and develop the strengths of the immigrant community in Minnesota. The commission shall assist state government to foster an understanding and appreciation of ethnic and cultural diversity in Minnesota, to more effectively identify the underutilized resources within the immigrant community and to facilitate the full participation of immigrants in social, cultural, and political life in this state.

Subd. 2. **Membership.** The Minnesota Office of Ethnic Heritage and New Americans consists of 14 members: the Subcommittee on Committees of the Committee on Rules and Administration of the senate shall appoint two public members and two senators; and the speaker of the house of representatives shall appoint two public members and two members of the house of representatives. The governor shall appoint six public members.

Appointees must have proven experience and dedication to working with the wide range of ethnic communities within Minnesota, the immigrant community, and possess training and experience in business, management, economics, public policy, legal affairs, and social work. The appointing authorities shall seek to collaborate with each other and with the councils established in sections 3.9223, 3.9225, and 3.9226 to ensure that the public membership of the commission is ethnically and geographically diverse and is reasonably balanced by gender.

Compensation and the filling of vacancies or appointed members are as provided in section 15.0575. The appointments required under this subdivision must be completed no later than September 1, 2007.

Subd. 3. **Organization.** As soon as possible after the appointments under subdivision 2 have been completed, the executive director of the Legislative Coordinating Commission shall convene the first meeting of the commission. The members of the commission shall select their chairperson at the first meeting.

Subd. 4. **Assistance.** The Legislative Coordinating Commission shall provide the administrative and clerical support services necessary for the operation of the Minnesota Office on Ethnic Heritage and New Americans.

Subd. 5. **Duties.** The Minnesota Office of Ethnic Heritage and New Americans shall:

(1) work with community leaders, the legislature, and the executive branch to develop programs and proposals that will encourage ethnic identity, preserve ethnic heritage, and promote education of the public about the state's heritage and cultural history;

(2) make recommendations to the legislature and the governor intended to foster the understanding and appreciation of cultural diversity in the state;

- (3) maintain association with ethnic, cultural, and minority groups to determine community needs;
- (4) study and consider opportunities and issues for the immigrant community in this state, including:
 - (i) steps to eliminate underutilization of immigrants in the state's work force;
 - (ii) improving the efficient use of existing state programs and services; and
 - (iii) other appropriate steps to improve the economic and social condition of immigrants in this state.

By December 1, 2008, the commission shall report to the chairs of the legislative committees and divisions with jurisdiction over issues affecting ethnic heritage and immigrants. The report must include a discussion of the items listed in this subdivision together with recommendations for state agencies and the legislature, including any proposed legislation necessary to accomplish the recommendations. The executive director of the Legislative Coordinating Commission shall ensure that copies of the report are available on the Legislative Coordinating Commission's Web site.

Subd. 6. **Expiration.** This section expires on June 30, 2009.

Sec. 8. Minnesota Statutes 2006, section 3.9741, subdivision 1, is amended to read:

Subdivision 1. **Metropolitan Commission.** Upon the audit of the financial accounts and affairs of a commission under section 473.595, 473.604, or 473.703, the affected Metropolitan Commission is liable to the state for the total cost and expenses of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The legislative auditor may bill the Metropolitan Commission either monthly or at the completion of the audit. All collections received for the audits must be ~~deposited in the general fund~~ added to the appropriation for the legislative auditor.

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

Sec. 9. **[4.60] POET LAUREATE.**

(a) The position of poet laureate of the state of Minnesota is established. The Minnesota Humanities Commission must solicit nominations for the poet laureate appointment and must make recommendations to the governor. After receiving recommendations from the Minnesota Humanities Commission, the governor shall appoint a state poet laureate and conduct appropriate ceremonies to honor the person appointed. The person appointed as poet laureate continues to serve in this position until the governor appoints another person.

(b) State agencies and officers are encouraged to use the services of the poet laureate for appropriate ceremonies and celebrations.

Sec. 10. Minnesota Statutes 2006, section 5.12, subdivision 1, is amended to read:

Subdivision 1. **Fees.** The secretary of state shall charge a fee of \$5 for each certificate or certification of a copy of any document filed in the Office of the Secretary of State. The secretary of state shall charge a fee of \$3 for a copy of an original filing of a corporation, limited partnership, assumed name, or trade or service mark, ~~or for the complete record of a certificate of assumed name.~~ The secretary of state shall charge a fee of \$3 for a copy of any or all subsequent filings of a corporation, limited partnership, assumed name, or trade or service mark. The secretary of state shall charge a fee of \$1 per page for copies of other nonuniform commercial code documents filed with the secretary of state. At the time of filing, the secretary of state may provide at the public counter, without charge, a copy of a filing, ten or fewer pages in length, to the person making the filing.

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

Sec. 11. **[5.32] TEMPORARY TECHNOLOGY SURCHARGE.**

Subdivision 1. **Surcharge.** For fiscal years 2008 and 2009, the following technology surcharges are imposed on the filing fees required under the following statutes:

(1) \$25 for articles of incorporation filed under section 302A.151;

(2) \$25 for articles of organization filed under section 322B.17;

(3) \$25 for applications for certificates of authority to transact business in Minnesota filed under section 303.06;

(4) \$20 for annual reports filed by non-Minnesota corporations under section 303.14; and

(5) \$50 for reinstatements to authority to transact business in Minnesota filed under section 303.19.

Subd. 2. **Deposit.** The surcharges listed in subdivision 1 shall be deposited into the uniform commercial code account.

Subd. 3. **Expiration.** This section expires June 30, 2009.

Sec. 12. **[6.465] DEFINITIONS.**

Subdivision 1. **Application.** For the purposes of this chapter, the terms defined in this section have the meaning given them.

Subd. 2. **Political subdivision.** "Political subdivision" means a county, home rule charter or statutory city, town, school district, metropolitan or regional agency, public corporation, political subdivision, or special district as defined in subdivision 3. "Political subdivision" does not include a metropolitan or regional agency or a public corporation audited by the legislative auditor.

Subd. 3. **Special district.** "Special district" means a public entity with a special or limited purpose, financed by property tax revenues or other public funds, that is not included in a city, county, or town financial report as a component of that local government, that is created or authorized by law, and that is governed by (1) persons directly elected to the governing board of the district, (2) persons appointed to the governing board of the district by local elected officials, (3) local elected officials who serve on the board by virtue of their elected office, or (4) a combination of these methods of selection. Special district includes special taxing districts listed in section 275.066.

Sec. 13. Minnesota Statutes 2006, section 6.47, is amended to read:

6.47 ACCOUNTING AND BUDGETING SYSTEMS; INVESTIGATION, FORMS.

The state auditor shall inquire into the accounting and budgeting systems of all ~~local units of government~~ political subdivisions and shall prescribe suitable systems of accounts and budgeting, and forms, books, and instructions concerning the same. At the request of any ~~local unit of government~~ political subdivision the state auditor may install such systems. ~~The state auditor shall recommend a form for order and warrant checks of all local units of government which shall conform, so far as consistent with statutory and charter requirements, to approved banking practice in order to facilitate handling of such instruments by banks and other depositories.~~

Sec. 14. Minnesota Statutes 2006, section 6.51, is amended to read:

6.51 SCHOOL DISTRICTS, TOWNS, AND STATUTORY CITIES OTHER POLITICAL SUBDIVISIONS.

All powers and duties of the state auditor herein imposed and conferred with respect to the supervision, inspection, and examination of books and accounts of cities in section 6.50 are herewith extended to all ~~school districts, towns, and statutory cities~~ political subdivisions of this state. A copy of the report of such examination shall be filed, subject to public inspection, with the clerk ~~or chief administrative officer of the town, statutory city, or school district~~ political subdivision receiving such examination, and an additional copy with the county auditor of the county in which the administrative offices of ~~such town, statutory city, or school district~~ the political subdivision are located. If such report disclose malfeasance, misfeasance, or nonfeasance in office, the state auditor shall file such copy with the county attorney of the county in which the administrative offices of ~~such school district, town, or statutory city~~ the political subdivision are located, and the county attorney shall institute such proceedings as the law and the public interest require.

Sec. 15. Minnesota Statutes 2006, section 6.54, is amended to read:

6.54 EXAMINATION OF ~~COUNTY AND MUNICIPAL~~ POLITICAL SUBDIVISION RECORDS PURSUANT TO PETITION.

Subdivision 1. Petition of voters for audit. The registered voters in a ~~county or home rule charter or statutory city~~ political subdivision other than a town or school district or the electors at an annual or special town meeting of a town may petition the state auditor to examine the books, records, accounts, and affairs of the ~~county, home rule charter or statutory city, town,~~ political subdivision or of any organizational unit, activity, project, enterprise, or fund thereof; and the scope of the examination may be limited by the petition, but the examination shall cover, at least, all cash received and disbursed and the transactions relating thereto, provided that the state auditor shall not examine more than the six latest years preceding the circulation of the petition, unless it appears to the state auditor during the examination that the audit period should be extended to permit a full recovery under bonds furnished by public officers or employees, and may if it appears to the auditor in the public interest confine the period or the scope of audit or both period and scope of audit, to less than that requested by the petition. In the case of a ~~county or home rule charter or statutory city~~ political subdivision other than a town or school district, the petition shall be signed by a number of registered voters at least equal to 20 percent of those voting in the last presidential election.

Subd. 2. School districts. The eligible voters of any school district may petition the state auditor, who shall be subject to the same restrictions regarding the scope and period of audit, provided that the petition shall be signed by at least ten eligible voters for each 50 resident pupils in average daily membership during the preceding school year as shown on the records in the office of the commissioner of education. In the case of school districts, the petition shall be signed by at least ten eligible voters.

Subd. 3. Certifications required. At the time it is circulated, every petition shall contain a statement that the cost of the audit will be borne by the ~~county, city, or school district~~ political subdivision as provided by law. Thirty days before the petition is delivered to the state auditor it shall be presented to the appropriate ~~city or school district~~ city or school district clerk or chief administrative officer of the political subdivision and the county auditor. The county auditor shall determine and certify whether the petition is signed by the required number of registered voters or eligible voters as the case may be. The certificate shall be conclusive evidence thereof in any action or proceeding for the recovery of the costs, charges, and expenses of any examination made pursuant to the petition.

Sec. 16. Minnesota Statutes 2006, section 6.55, is amended to read:

6.55 EXAMINATION OF RECORDS PURSUANT TO RESOLUTION OF GOVERNING BODY.

The governing body of any ~~city, town, county or school district,~~ political subdivision by appropriate resolution may ask the state auditor to examine the books, records, accounts and affairs of their government, or of any organizational unit, activity, project, enterprise, or fund thereof; and the state auditor shall examine the same upon receiving, pursuant to said resolution, a written request signed by a majority of the members of the governing body;

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

Sec. 17. Minnesota Statutes 2006, section 6.551, is amended to read:

6.551 EXAMINATION OF GRANTEES AND CONTRACTORS OF LOCAL GOVERNMENTS POLITICAL SUBDIVISIONS.

The state auditor may examine the books, records, documents, and accounting procedures and practices of a contractor or grantee of a ~~local government~~ political subdivision pursuant to section 16C.05, subdivision 5. The examination shall be limited to the books, records, documents, and accounting procedures and practices that are relevant to the contract or transaction with the ~~local government~~ political subdivision.

Sec. 18. Minnesota Statutes 2006, section 6.57, is amended to read:

6.57 COST OF EXAMINATION, COLLECTION.

On July ~~first~~, 1 of each year, the state auditor shall certify all uncollected claims for the examination of any ~~county, city, town, or school district which~~ political subdivision that have remained unpaid for a period of three months from the date of such claim. The auditor shall forthwith notify the clerk, ~~or recording officer, or chief administrative officer of each county, city, town, or school district~~ political subdivision against which the state has a claim that, if the same is not paid, with interest at the rate of six percent per annum from the date of the claim, within 90 days, the full amount thereof will be certified to the county auditor of the county having such examination, or to the county auditor for the county or counties in which ~~such city, town, or school district~~ the political subdivision is situated, for collection by special tax levy, as herein provided. Such notice shall be served by certified mail and the deposit thereof in the United States mail shall constitute due and legal service thereof upon the ~~county, city, town, or school district~~ political subdivision.

Sec. 19. Minnesota Statutes 2006, section 6.59, is amended to read:

6.59 CLAIM OF STATE FOR COST OF EXAMINATION, CONTEST.

On or before September ~~first~~, 1 of each year, following service of the notice, any ~~such county, city, town, or school district~~ political subdivision may serve notice, in writing, upon the attorney general that it desires to contest the legality of the state's claim, and the attorney general shall forthwith file with the court administrator of the district court of the county having such examination, or in which ~~such city, town, or school district~~ the political subdivision, or major part thereof, is situated, a verified statement of the state's claim, duly itemized and serve upon the auditor ~~or, clerk, or chief administrative officer of such county, city, town, or school district~~ the political subdivision, by certified mail, a copy of such statement. ~~Such county, city, town, or school district~~ The political

subdivision may file with the court administrator of such district court, within ten days after the service of such statement upon it, verified objections to the state's claim, and such district court shall thereupon summarily, in or out of term, hear and determine the amount due the state, if any, for such examination, at a time and place fixed by the court therefor. The court administrator of court shall certify to the county auditor of the county having such examination, or to the county auditor of the county or counties in which ~~such city, town, or school district~~ the political subdivision is situated, the amount so determined by the court to be due to the state, if any.

Sec. 20. Minnesota Statutes 2006, section 6.60, is amended to read:

6.60 STATE AUDITOR, CERTIFICATION OF AMOUNTS DUE.

On October ~~first~~, 1 of each year, the state auditor shall certify the respective amounts due the state from the various ~~counties, cities, towns, and school districts~~ political subdivisions, including interest computed to July first, following, to the county auditor of the county having such examination, or to the county auditor of the county in which any ~~such city, town, or school district~~ political subdivision is, in whole or in part, situated. The county auditor, upon receiving a certificate from the state auditor, or a certificate from the court administrator, as provided in section 6.59, shall include the amount of the state's claim, with 25 percent added, in the tax levy for general revenue purposes of the ~~county or municipality~~ political subdivision liable therefor, and such additional levy shall not be within any limitation imposed by law upon the amount of taxes which may be levied for revenue purposes. Upon completion of the June tax settlement following such levy the county treasurer shall deduct from the amount apportioned to the ~~county or municipality~~ political subdivision for general revenue purposes, the amount due the state, including interest, and remit the same to the commissioner of finance.

Sec. 21. Minnesota Statutes 2006, section 6.62, subdivision 2, is amended to read:

Subd. 2. **Cost of postaudit.** The amount of said levy shall be the amount of the claim or claims submitted by the state auditor for such services or the auditor's estimate of the entire cost, and said amount shall be certified by the governing body, after the request or petition for the audit has been filed, to the county auditor, along with amounts requested for other governmental purposes. If such levy has been made in excess of statutory limitations, and if the request or petition is withdrawn after the amount of the levy has been certified but the levy cannot be canceled because it has been spread on the tax lists, the governing body shall cause the proceeds of such levy to be transferred to the general fund and reduce the succeeding year's levy for general purposes accordingly. Provided, however, ~~counties, cities, and other governmental units~~ political subdivisions whose financial affairs are required by statute or charter to be audited at regular intervals may levy annually or biennially in anticipation of the audit expense, without the presentment of such claim or estimate by the state auditor.

Sec. 22. Minnesota Statutes 2006, section 6.63, is amended to read:

6.63 APPLICATION.

The units of government set forth in sections ~~6.56, 6.465, 6.57, 6.59, 6.60, and 6.62~~ shall be construed, where applicable, to include, in addition to those therein specifically named, public utility commissions, public corporations, and instrumentalities.

Sec. 23. Minnesota Statutes 2006, section 6.64, is amended to read:

6.64 COOPERATION WITH PUBLIC ACCOUNTANTS; PUBLIC ACCOUNTANT DEFINED.

There shall be mutual cooperation between the state auditor and public accountants in the performance of auditing, accounting, and other related services for ~~counties, cities, towns, school districts, and other public corporations~~ political subdivisions. For the purposes of sections 6.64 to 6.71 and section 6.756, the term public accountant shall have the meaning ascribed to it in section 412.222.

Sec. 24. Minnesota Statutes 2006, section 6.65, is amended to read:

6.65 MINIMUM PROCEDURES FOR AUDITORS, PRESCRIBED.

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

Sec. 25. Minnesota Statutes 2006, section 6.66, is amended to read:

6.66 CERTAIN PRACTICES OF PUBLIC ACCOUNTANTS AUTHORIZED.

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

Sec. 26. Minnesota Statutes 2006, section 6.67, is amended to read:

6.67 PUBLIC ACCOUNTANTS; REPORT OF EVIDENCE POINTING TO MISCONDUCT.

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

Sec. 27. Minnesota Statutes 2006, section 6.68, is amended to read:

6.68 STATE AUDITOR MAY ASSIST PUBLIC ACCOUNTANT IN AUDIT.

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

Subd. 2. **Auditor's report; payment.** The state auditor shall work in close cooperation with the public accountant in rendering the services so requested and the state auditor shall make such report of findings to the county attorney as is required by law to be made of nonfeasance, misfeasance, and malfeasance discovered by the state auditor. The ~~governmental unit~~ political subdivision shall be liable for the payment of such services so performed by the state auditor in the same manner as if it had requested the services pursuant to section 6.55.

Sec. 28. Minnesota Statutes 2006, section 6.70, is amended to read:

6.70 ACCESS TO REPORTS.

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

Sec. 29. Minnesota Statutes 2006, section 6.71, is amended to read:

6.71 SCOPE OF AUDITOR'S INVESTIGATION.

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

Sec. 30. Minnesota Statutes 2006, section 6.715, is amended by adding a subdivision to read:

Subd. 5. **Review of data; data protection.** If, before releasing a report, the state auditor provides a person with data relating to the audit for the purpose of review and verification of the data, the person must protect the data from unlawful disclosure or be subject to the penalties and liabilities provided in sections 13.08 and 13.09.

Sec. 31. [6.756] SPECIAL DISTRICTS; INFORMATION REQUIRED TO BE FILED WITH STATE AUDITOR; AUDITS.

Subdivision 1. **Governance documents must be filed.** Each special district must file with the state auditor, within 60 days of adoption, any document relating to the governance of the district, including articles of incorporation, bylaws, or agreements, and any amendment to these documents.

Subd. 2. **Audit requirements.** (a) A special district with total annual revenue greater than the threshold amount for cities under section 412.591, subdivision 3, paragraph (b), must provide for an annual audit of the district's financial affairs by the state auditor or a public accountant in accordance with minimum auditing procedures prescribed by the state auditor.

(b) A special district with total annual revenue that is equal to or less than the threshold amount for cities under section 412.591, subdivision 3, paragraph (b), must provide for an audit of the district's financial affairs by the state auditor or a public accountant in accordance with minimum audit procedures prescribed by the state auditor at least once every five years. The audit must be for a one-year period to be determined at random by the person conducting the audit. The audited financial statement must be prepared in a form prescribed by the state auditor similar to the reporting requirements for cities under 2,500 in population. For any year in which a special district is not audited, the district must prepare a financial statement in a form prescribed by the state auditor similar to the reporting requirements for cities reporting on a cash basis and file that statement with the state auditor.

(c) This subdivision does not apply to a special district subject to financial auditing and reporting requirements under other law.

Subd. 3. **Presentation to governing board; filing with state auditor.** Except as provided by other law, financial statements and audits must be completed, presented to the district's governing board, and filed with the state auditor within 180 days after the end of the district's fiscal year.

Sec. 32. **[8.37] ASSISTANCE TO VETERANS.**

The attorney general may advise and assist veterans and their families as to services available from public and private agencies. For purposes of this section, "veteran" means any veteran or active member of the United States armed services, including the National Guard and Reserves.

Sec. 33. **[11A.27] REPORT ON INVESTMENT CONSULTANT ACTIVITIES AND DELIVERABLES.**

(a) Annually, on or before November 1, the State Board of Investment shall file a report with the Legislative Reference Library on the activities and work product during that year of any investment consultants retained by the board.

(b) The report must include the following items:

(1) the total contract fee paid to each investment consultant;

(2) a listing of the projects in which the investment consultant was involved; and

(3) examples of the written work product provided by the investment consultant on those projects during the report coverage period.

EFFECTIVE DATE. This section is effective June 30, 2007.

Sec. 34. **[12.62] MINNESOTA LEGISLATIVE COMMISSION ON TERRORISM AND DISASTER PREPAREDNESS.**

Subdivision 1. **Creation; duties.** The Legislative Commission on Terrorism and Disaster Preparedness is established to:

(1) advise the legislature on issues related to homeland security, emergency management, man-made and natural disasters, terrorism, bioterrorism, public health emergencies, and vulnerabilities in the public and private infrastructures;

(2) oversee the disaster preparation activities of the Department of Health, Department of Public Safety, and any other state agency, office, commission, or board that is within the commission's purview, and make recommendations to these organizations of changes or additions to the organizations' disaster preparedness and risk reduction work plans that the commission deems advisable; and

(3) make policy and finance recommendations to improve the state's public and private capacity to prevent, respond to, and recover from man-made and natural threats to the state.

Subd. 2. **Membership.** (a) The commission consists of:

(1) three members of the house of representatives, one of whom must be a member of the minority party, to be appointed by the speaker of the house of representatives;

(2) three members of the senate, one of whom must be a member of the minority party, to be appointed by the senate majority leader;

(3) the commissioner of public safety, or a designee, as an ex-officio member;

- (4) the commissioner of health, or a designee, as an ex-officio member;
- (5) the attorney general, or a designee, as an ex-officio member;
- (6) two citizen members with relevant expertise, selected by the speaker of the house of representatives;
- (7) two citizen members with relevant expertise, selected by the senate majority leader;
- (8) two citizen members, selected by the speaker of the house of representatives; and
- (9) two citizen members, selected by the senate majority leader.

(b) Members serve for a term expiring at the close of each regular session of the legislature but continue to serve until their successors are appointed. Members may be reappointed. The appointing authority shall fill vacancies.

(c) One member, elected by a majority of members, shall serve as the commission chair. The commission chair should have relevant subject matter education, training, and experience. The commission is authorized to elect a vice-chair and other officers as it deems necessary. The commission shall determine the duties of each officer.

(d) The commission chair shall convene meetings of the commission on a regular basis.

Subd. 3. **Compensation.** Compensation of legislative members is as provided in section 3.101. Compensation of the remaining members is as provided in section 15.0575.

Subd. 4. **Staff.** The commission may appoint and fix the compensation of such additional legal and other personnel and consultants or contract for services to supply necessary data as may be necessary to enable the commission to carry out its functions.

Subd. 5. **Data from state agencies; availability.** The commission may request information from any state officer or agency or political subdivision of the state in order to assist the commission in carrying out its duties and the state officer, agency, or subdivision must promptly furnish any data required, subject to applicable requirements or restrictions imposed by chapter 13 and section 15.17.

Subd. 6. **Report.** By January 15 of each year, the commission must submit a report that contains the commission's policy and appropriation recommendations to the legislature, the commissioner of health, and the commissioner of public safety.

Subd. 7. **Repeal.** This section is repealed June 30, 2011.

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

Sec. 35. **[13.595] GRANTS.**

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

(a) "Completion of the evaluation process" means that the granting agency has completed negotiating the grant agreement with the selected grantee.

(b) "Grant agreement" means the document that details the responsibilities of the grantee and the granting agency and the value to be provided to the grantee.

(c) "Grantee" means a person that applies for or receives a grant.

(d) "Granting agency" means the government entity that provides the grant.

(e) "Opened" means the act that occurs once the deadline for submitting a response to a proposal to the granting agency has been reached.

(f) "Request for proposal" means the data outlining the responsibilities the granting agency wants the grantee to assume.

(g) "Response" means the data submitted by a grantee as required by a request for proposal.

Subd. 2. **Request for applications.** Data created by a granting agency to create a request for proposal is classified as nonpublic until the request for proposal is published. To the extent that a granting agency involves persons outside the granting agency to create the request for proposal, the data remain nonpublic in the hands of all persons who may not further disseminate any data that are created or reviewed as part of the request for proposal development. At publication, the data in the request for proposal is public.

Subd. 3. **Responses to request for proposals.** (a) Responses submitted by a grantee are private or nonpublic until the responses are opened. Once the responses are opened, the name and address of the grantee and the amount requested is public. All other data in a response is private or nonpublic data until completion of the evaluation process. After a granting agency has completed the evaluation process, all remaining data in the responses is public with the exception of trade secret data as defined and classified in section 13.37. A statement by a grantee that the response is copyrighted or otherwise protected does not prevent public access to the response.

(b) If all responses are rejected prior to completion of the evaluation process, all data, other than that made public at the opening, remain private or nonpublic until a resolicitation of proposals results in completion of the evaluation process or a determination is made to abandon the grant. If the rejection occurs after the completion of the evaluation process, the data remain public. If a resolicitation of proposals does not occur within one year of the grant opening date, the remaining data become public.

Subd. 4. **Evaluation data.** (a) Data created or maintained by a granting agency as part of the evaluation process referred to in this section are protected nonpublic data until completion of the evaluation process at which time the data are public with the exception of trade secret data as defined and classified in section 13.37.

(b) If a granting agency asks individuals outside the granting agency to assist with the evaluation of the responses, the granting agency may share not public data in the responses with those individuals. The individuals participating in the evaluation may not further disseminate the not public data they review.

Sec. 36. Minnesota Statutes 2006, section 13.605, subdivision 1, is amended to read:

Subdivision 1. **Legislative and budget proposal data.** (a) **Definition.** As used in this section, "state administration" means the governor's office, the Department of Finance, and any state agency that is under the direct control of the governor.

(b) **Classifications.** Legislative and budget proposals, including preliminary drafts, that are created, collected, or maintained by the state administration are protected nonpublic data. ~~After until the budget is presented to the legislature by the state administration, supporting data, including agency requests, and are public data after the budget is presented to the legislature. Supporting data do not include preliminary drafts.~~ The state administration may disclose any of the data within the state administration and to the public at any time if disclosure would aid the administration in considering and preparing its proposals.

Sec. 37. **[15B.055] PARKING SPACES.**

To provide the public with greater access to legislative proceedings, all parking spaces on Aurora Avenue in front of the Capitol building must be reserved for the public.

Sec. 38. Minnesota Statutes 2006, section 15B.17, subdivision 1, is amended to read:

Subdivision 1. **Proposals.** (a) Before a state agency or other public body develops, ~~to submit to the legislature and the governor,~~ a budget proposal or plans for capital improvements within the Capitol Area to submit to the legislature and the governor, it must consult with the board.

(b) The public body must provide enough money for the board's review and planning if the board decides its review and planning services are necessary. Money received by the board under this subdivision is deposited in the special revenue fund and appropriated in fiscal years 2008 and 2009 to the board.

Sec. 39. Minnesota Statutes 2006, section 16A.103, subdivision 1e, is amended to read:

Subd. 1e. **Economic information.** The commissioner must review economic information including economic forecasts with legislative fiscal staff no later than two weeks before the forecast is released. The commissioner must invite the chairs and lead minority members of the senate ~~State Government~~ Finance Committee and the house Ways and Means Committee, and legislative fiscal staff to attend any meetings held with outside economic advisors. The commissioner must provide legislative fiscal staff with monthly economic forecast information received from outside sources.

Sec. 40. **[16A.104] BASE BUDGET DETAIL.**

Within one week of the release of the budget forecasts required in section 16A.103 in November of an even-numbered year and February of an odd-numbered year, the commissioner of finance must provide to the legislature information that illustrates how the base level budget for the next biennium is projected to be spent. In designing the report, the commissioner must consult with the chairs of the house of representatives and senate Finance Committees and the house of representatives Committee on Ways and Means.

Sec. 41. **[16A.107] CASH FLOW FORECAST.**

Within two weeks after the November forecast of state revenue and expenditures under section 16A.103, the commissioner shall deliver to the governor and the legislature a forecast of cash flow for the general fund, showing the expected maximum and minimum cash balance in the fund for each month of the forecast period.

Sec. 42. Minnesota Statutes 2006, section 16A.11, is amended by adding a subdivision to read:

Subd. 3d. **Budget bills.** The necessary bills to implement the governor's operating budget must be submitted to the legislature within two weeks after the operating budget was submitted. The necessary bills to implement the governor's capital budget must be submitted to the legislature within two weeks after the capital budget was submitted.

Sec. 43. **[16A.117] CONTINUING APPROPRIATIONS.**

If a major appropriation bill to fund a given state agency for the next biennium has not been passed in the same form by the house of representatives and senate and been presented to the governor before July 1 of an odd-numbered year, amounts sufficient to continue operation of that agency and the programs administered by that agency through July 31 of the fiscal year beginning in the same calendar year at the base level for that fiscal year, as

determined according to section 16A.11, subdivision 3, and previous appropriation acts, are appropriated to the agency from the appropriate funds and accounts in the state treasury. The base level for an appropriation that was designated as onetime or was onetime in nature is zero. Determination of the amount appropriated may be made on a proration of the annual amount or another reasonable basis as determined by the commissioner of finance.

Sec. 44. Minnesota Statutes 2006, section 16A.1286, subdivision 2, is amended to read:

Subd. 2. **Billing procedures.** The commissioner may bill up to \$7,520,000 in each fiscal year for statewide systems services provided to state agencies, judicial branch agencies, the University of Minnesota, the Minnesota State Colleges and Universities, and other entities. ~~Billing must be based only on usage of services relating to statewide systems provided by the Intertechnologies Division.~~ Each agency shall transfer from agency operating appropriations to the statewide systems account the amount billed by the commissioner. Billing policies and procedures related to statewide systems services must be developed by the commissioner in consultation with the commissioners of employee relations and administration, the University of Minnesota, and the Minnesota State Colleges and Universities.

Sec. 45. **[16B.327] DEFINITIONS.**

Subdivision 1. **Application.** For the purposes of section 16B.328, the definitions in this section have the meanings given.

Subd. 2. **Energy conservation.** "Energy conservation" means reducing energy use and includes: (1) using a light with lower wattage; and (2) using devices such as time controls, motion detectors, or on and off switches that limit unnecessary use of lighting.

Subd. 3. **Cutoff luminaire.** "Cutoff luminaire" means a luminaire in which 2.5 percent or less of the lamp lumens are emitted above a horizontal plane through the luminaire's lowest part and ten percent or less of the lamp lumens are emitted at a vertical angle 80 degrees above the luminaire's lowest point.

Subd. 4. **Light pollution.** "Light pollution" means the shining of light produced by a luminaire above the height of the luminaire and into the sky.

Subd. 5. **Lumen.** "Lumen" means a unit of luminous flux. One footcandle is one lumen per square foot. For purposes of section 16B.328, the lumen-output values are the initial lumen output rating of the lamp.

Subd. 6. **Luminaire** "Luminaire" means a complete lighting unit consisting of a light source and all necessary mechanical, electrical, and decorative parts.

Subd. 7. **Outdoor lighting fixture.** "Outdoor lighting fixture" means any type of fixed or movable lighting equipment that is designed or used for illumination outdoors. The term includes billboard lighting, streetlights, searchlights, and other lighting used for advertising purposes and area lighting. The term does not include lighting equipment that is required by law to be installed on motor vehicles or lighting required for the safe operation of aircraft.

Sec. 46. **[16B.328] STANDARDS FOR STATE FUNDED OUTDOOR LIGHTING FIXTURES; MODEL ORDINANCE.**

Subdivision 1. **Outdoor lighting fixtures.** (a) An outdoor lighting fixture may be installed or replaced using state funds only if:

(1) the new or replacement outdoor lighting fixture is a cutoff luminaire if the rated output of the outdoor lighting fixture is greater than 1,800 lumens;

(2) the minimum illuminance adequate for the intended purpose is used with consideration given to nationally recognized standards;

(3) for lighting of a designated highway of the state highway system, the Department of Transportation determines that the purpose of the outdoor lighting fixture cannot be achieved by the installation of reflective road markers, lines, warning or informational signs, or other effective passive methods; and

(4) full consideration has been given to energy conservation and savings, reducing glare, minimizing light pollution, and preserving the natural night environment.

(b) Paragraph (a) does not apply if:

(1) a federal law, rule, or regulation preempts state law;

(2) the outdoor lighting fixture is used on a temporary basis because emergency personnel require additional illumination for emergency procedures;

(3) the outdoor lighting fixture is used on a temporary basis for nighttime work;

(4) special events or situations require additional illumination, provided that the illumination installed shields the outdoor lighting fixtures from direct view and minimizes upward lighting and light pollution;

(5) the outdoor lighting fixture is used solely to highlight the aesthetic aspects of a single object or distinctive building; or

(6) a compelling safety interest exists that cannot be addressed by another method.

(c) This subdivision does not apply to the operation and maintenance of lights or lighting systems purchased or installed, or for which design work is completed, before August 1, 2007.

(d) This section does not apply if a state agency or local unit of government determines that compliance with this section would:

(i) require an increased use of electricity;

(ii) increase the construction cost of a lighting system more than 15 percent over the construction cost of a lighting system that does not comply with this section;

(iii) increase the cost of operation and maintenance of the lighting system more than ten percent over the cost of operating and maintaining the existing lighting system over the life of the lighting system; or

(iv) result in a negative safety impact.

Subd. 2. Model ordinance. The commissioner of administration, in consultation with the commissioner of commerce, associations for local governments, and any other interested person, shall develop a model ordinance that can be adapted for use by cities, counties, and towns, governing outdoor lighting to reduce light pollution. The model ordinance must include provisions addressing elements similar to those in subdivision 1. In addition, the model ordinance must address:

(1) standards for lighting on private property, outdoor advertising, lighting on commercial, industrial, or institutional property, canopies covering fueling stations, and public streets, sidewalks, and alleys;

(2) how illumination levels should be measured;

(3) possible exemptions, such as for temporary emergency or hazard lighting;

(4) recommended elements for an exterior lighting plan for a development;

(5) treatment of nonconforming lighting;

(6) lighting standards that might apply in special subdistricts;

(7) light pole maximum heights; and

(8) light trespass.

Sec. 47. Minnesota Statutes 2006, section 16B.35, subdivision 1, is amended to read:

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

EFFECTIVE DATE. This section is effective July 1, 2007. The repeal of the \$100,000 limit in this section applies to appropriations made before, on, or after that date.

Sec. 48. **[16B.97] GRANTS MANAGEMENT.**

Subdivision 1. **Grant agreement.** (a) A grant agreement is a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when the principal purpose of the relationship is to transfer cash or something of value to the recipient to support a public purpose authorized by law instead of acquiring by professional/technical contract, purchase, lease, or barter property or services for the direct benefit or use of the granting agency.

(b) This section does not apply to capital project grants to political subdivisions as defined by section 16A.86.

Subd. 2. **Grants governance.** The commissioner shall provide leadership and direction for policy related to grants management in Minnesota in order to foster more consistent, streamlined interaction between executive agencies, funders, and grantees that will enhance access to grant opportunities and information and lead to greater program accountability and transparency. The commissioner has the duties and powers stated in this section. An executive agency must do what the commissioner requires under this section.

Subd. 3. **Discretionary powers.** The commissioner has the authority to:

(1) review grants management practices and propose policy and procedure improvements to the governor, legislature, executive agencies, and the federal government;

(2) sponsor, support, and facilitate innovative and collaborative grants management projects with public and private organizations;

(3) review, recommend, and implement alternative strategies for grants management;

(4) collect and disseminate information, issue reports relating to grants management, and sponsor and conduct conferences and studies; and

(5) participate in conferences and other appropriate activities related to grants management issues.

Subd. 4. **Duties.** (a) The commissioner shall:

(1) create general grants management policies and procedures that are applicable to all executive agencies. The commissioner may approve exceptions to these policies and procedures for particular grant programs. Exceptions shall expire or be renewed after five years. Executive agencies shall retain management of individual grants programs;

(2) provide a central point of contact concerning statewide grants management policies and procedures;

(3) serve as a resource to executive agencies in such areas as training, evaluation, collaboration, and best practices in grants management;

(4) ensure grants management needs are considered in the development, upgrade, and use of statewide administrative systems and leverage existing technology wherever possible;

(5) oversee and approve future professional and technical service contracts and other information technology spending related to executive agency grants management activities;

(6) provide a central point of contact for comments about executive agencies violating statewide grants governance policies and about fraud and waste in grants processes;

(7) forward received comments to the appropriate agency for further action, and may follow up as necessary; and

(8) provide a single listing of all available executive agency competitive grant opportunities and resulting grant recipients.

(b) The commissioner may determine that it is cost-effective for agencies to develop and use shared grants management technology systems. This system would be governed under section 16E.01, subdivision 3, paragraph (b).

(c) The duties assigned to the commissioner in this subdivision with respect to grants also apply to easements granted by executive agencies.

Sec. 49. **[16B.98] GRANT AGREEMENTS.**

Subdivision 1. **Limitation.** As a condition of receiving a grant from an appropriation of state funds, the recipient of the grant must agree to minimize administrative costs. The granting agency is responsible for negotiating appropriate limits to these costs so that the state derives the optimum benefit for grant funding.

Subd. 2. **Ethical practices and conflict of interest.** An employee of the executive branch involved directly or indirectly in grants processes, at any level, is subject to the code of ethics in section 43A.38.

Subd. 3. **Conflict of interest.** (a) The commissioner must develop policies regarding code of ethics and conflict of interest designed to prevent conflicts of interest for employees, committee members, or others involved in the recommendation, award, and administration of grants. The policies must apply to employees who are directly or indirectly in the grants process, which may include the following:

(1) developing request for proposals or evaluation criteria;

(2) drafting, recommending, awarding, amending, revising, or entering into grant agreements;

(3) evaluating or monitoring performance; or

(4) authorizing payments.

(b) The policies must include:

(1) a process to make all parties to the grant aware of policies and laws relating to conflict of interest, and training on how to avoid and address potential conflicts; and

(2) a process under which those who have a conflict of interest or a potential conflict of interest must disclose the matter.

(c) If the employee, appointing authority, or commissioner determines that a conflict of interest exists, the matter shall be assigned to another employee who does not have a conflict of interest. If it is not possible to assign the matter to an employee who does not have a conflict of interest, interested personnel shall be notified of the conflict and the employee may proceed with the assignment.

Subd. 4. **Reporting of violations.** A state employee who discovers evidence of violation of laws or rules governing grants is encouraged to report the violation or suspected violation to the employee's supervisor, the commissioner or the commissioner's designee, or the legislative auditor. The legislative auditor shall report to the Legislative Audit Commission if there are multiple complaints about the same agency. The auditor's report to the Legislative Audit Commission under this section must disclose only the number and type of violations alleged. An employee making a good faith report under this section has the protections provided for under section 181.932, prohibiting the employer from discriminating against the employee.

Subd. 5. **Creation and validity of grant agreements.** (a) A grant agreement is not valid and the state is not bound by the grant unless:

(1) the grant has been executed by the head of the agency or a delegate who is party to the grant; and

(2) the accounting system shows an encumbrance for the amount of the grant in accordance with policy approved by the commissioner.

(b) The combined grant agreement and amendments must not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless the commissioner determines that a longer duration is in the best interest of the state.

(c) A fully executed copy of the grant agreement with all amendments and other required records relating to the grant must be kept on file at the granting agency for a time equal to that required of grantees in subdivision 8.

(d) Grant agreements must comply with policies established by the commissioner for minimum grant agreement standards and practices.

(e) The attorney general may periodically review and evaluate a sample of state agency grants to ensure compliance with applicable laws.

Subd. 6. **Grant administration.** A granting agency shall diligently administer and monitor any grant it has entered into.

Subd. 7. **Grant payments.** Payments to the grantee may not be issued until the grant agreement is fully executed.

Subd. 8. **Audit.** (a) A grant agreement made by an executive agency must include an expressed or implied audit clause that provides that the books, records, documents, and accounting procedures and practices of the grantee or other party that are relevant to the grant or transaction are subject to examination by the granting agency and either the legislative auditor or the state auditor, as appropriate, for a minimum of six years from the grant agreement end date, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

(b) If the granting agency is a local unit of government, and the governing body of the local unit of government requests that the state auditor examine the books, records, documents, and accounting procedures and practices of the grantee or other party according to this subdivision, the granting agency shall be liable for the cost of the examination. If the granting agency is a local unit of government, and the grantee or other party requests that the state auditor examine all books, records, documents, and accounting procedures and practices related to the grant, the grantee or other party that requested the examination shall be liable for the cost of the examination.

Subd. 9. **Authority of attorney general.** The attorney general may pursue remedies available by law to avoid the obligation of an agency to pay under a grant or to recover payments made if activities under the grant are so unsatisfactory, incomplete, or inconsistent that payment would involve unjust enrichment. The contrary opinion of the granting agency does not affect the power of the attorney general under this subdivision.

Subd. 10. **Grants with Indian tribes and bands.** Notwithstanding any other law, an agency may not require an Indian tribe or band to deny its sovereignty as a requirement or condition of a grant with an agency.

Sec. 50. Minnesota Statutes 2006, section 16C.02, is amended by adding a subdivision to read:

Subd. 3a. **Best and final offer.** "Best and final offer" means an optional step in the solicitation process in which responders are requested to improve their response by methods including, but not limited to, the reduction of cost, clarification or modification of the response, or the provision of additional information.

Sec. 51. Minnesota Statutes 2006, section 16C.02, subdivision 4, is amended to read:

Subd. 4. **Best value.** "Best value" describes a result intended in the acquisition of all goods and services. Price must be one of the evaluation criteria when acquiring goods and services. Other evaluation criteria may include, but are not limited to, environmental considerations, quality, and vendor performance. In achieving "best value" strategic sourcing tools, including but not limited to best and final offers, negotiations, contract consolidation, product standardization, and mandatory-use enterprise contracts shall be used at the commissioner's discretion.

Sec. 52. Minnesota Statutes 2006, section 16C.02, is amended by adding a subdivision to read:

Subd. 6a. **Enterprise procurement.** "Enterprise procurement" means the process undertaken by the commissioner to leverage economies of scale of multiple end users to achieve cost savings and other favorable terms in contracts for goods and services.

Sec. 53. Minnesota Statutes 2006, section 16C.02, subdivision 12, is amended to read:

Subd. 12. **Request for proposal or RFP.** "Request for proposal" or "RFP" means a solicitation in which it is not advantageous to set forth all the actual, detailed requirements at the time of solicitation and responses are ~~subject to negotiation~~ negotiated to achieve best value for the state.

Sec. 54. Minnesota Statutes 2006, section 16C.02, subdivision 14, is amended to read:

Subd. 14. **Response.** "Response" means the offer received from a vendor in response to a solicitation. A response includes submissions commonly referred to as "offers," "bids," "quotes," ~~or "proposals,"~~ "best and final offers," or "negotiated offers."

Sec. 55. Minnesota Statutes 2006, section 16C.02, is amended by adding a subdivision to read:

Subd. 20. **Strategic sourcing.** "Strategic sourcing" means methods used to analyze and reduce spending on goods and services, including but not limited to spend analysis, product standardization, contract consolidation, negotiations, multiple jurisdiction purchasing alliances, reverse and forward auctions, life-cycle costing, and other techniques.

Sec. 56. Minnesota Statutes 2006, section 16C.03, subdivision 2, is amended to read:

Subd. 2. **Rulemaking authority.** Subject to chapter 14, the commissioner may adopt rules, consistent with this chapter and chapter 16B, relating to the following topics:

(1) procurement process including solicitations and responses to solicitations, bid security, vendor errors, opening of responses, award of contracts, tied bids, and award protest process;

(2) contract performance and failure to perform;

(3) authority to debar or suspend vendors, and reinstatement of vendors;

(4) contract cancellation;

(5) procurement from rehabilitation facilities; and

(6) organizational conflicts of interest.

Sec. 57. Minnesota Statutes 2006, section 16C.03, subdivision 4, is amended to read:

Subd. 4. **Contracting authority.** The commissioner shall conduct all contracting by, for, and between agencies and perform all contract management and review functions for contracts, except those functions specifically delegated to be performed by the contracting agency, the attorney general, or otherwise provided for by law. The commissioner may require that agency staff participate in the development of enterprise procurements including the development of product standards, specifications and other requirements.

Sec. 58. Minnesota Statutes 2006, section 16C.03, subdivision 8, is amended to read:

Subd. 8. **Policy and procedures.** The commissioner is authorized to issue policies, procedures, and standards applicable to all acquisition activities by and for agencies. Consistent with the authority specified in this chapter, the commissioner shall develop and implement policies, procedures, and standards ensuring the optimal use of strategic sourcing techniques.

Sec. 59. Minnesota Statutes 2006, section 16C.03, subdivision 16, is amended to read:

Subd. 16. **Delegation of duties.** The commissioner may delegate duties imposed by this chapter to the head of an agency and to any subordinate of the agency head. Delegated duties shall be exercised in the name of the commissioner and under the commissioner's direct supervision and control. A delegation of duties may include, but is not limited to, allowing individuals within agencies to acquire goods, services, and utilities within dollar limitations and for designated types of acquisitions. Delegation of contract management and review functions must be filed with the secretary of state and may not, except with respect to delegations within the Department of Administration, exceed two years in duration. The commissioner may withdraw any delegation at the commissioner's sole discretion. The commissioner may require an agency head or subordinate to accept delegated responsibility to procure goods or services intended for the exclusive use of the agency receiving the delegation.

Sec. 60. **[16C.046] WEB SITE WITH SEARCHABLE DATABASE ON STATE CONTRACTS AND GRANTS.**

(a) The commissioner of administration must maintain a Web site with a searchable database providing the public with information on state contracts, including grant contracts. The database must include the following information for each state contract valued in excess of \$25,000:

(1) the name and address of the entity receiving the contract;

(2) the name of the agency entering into the contract;

(3) whether the contract is:

(i) for goods;

(ii) for professional or technical services;

(iii) for services other than professional and technical services; or

(iv) a grant;

(4) a brief statement of the purpose of the contract or grant;

(5) the amount of the contract or grant and the fund from which this amount will be paid; and

(6) the dollar value of state contracts, other than grants, the entity has received in each fiscal year and the dollar value of state grants the entity has received in each fiscal year.

(b) Required information on a new contract or grant must be entered into the database within 30 days of the time the contract is entered into.

(c) For purposes of this section, a "grant" is a contract between a state agency and a recipient, the primary purpose of which is to transfer cash or a thing of value to the recipient to support a public purpose. Grant does not include payments to units of local government, payments to state employees, or payments made under laws providing for assistance to individuals.

(d) The database must include information on grants and contracts entered into beginning with fiscal year 2008 funds, and must retain that data for ten years.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 61. Minnesota Statutes 2006, section 16C.05, subdivision 1, is amended to read:

Subdivision 1. **Agency cooperation.** Agencies shall fully cooperate with the commissioner in the management and review of state contracts and in the development and implementation of strategic sourcing techniques.

Sec. 62. Minnesota Statutes 2006, section 16C.05, subdivision 2, is amended to read:

Subd. 2. **Creation and validity of contracts.** (a) A contract is not valid and the state is not bound by it and no agency, without the prior written approval of the commissioner granted pursuant to subdivision 2a, may authorize work to begin on it unless:

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

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

(3) the accounting system shows an encumbrance for the amount of the contract liability, except as allowed by policy approved by the commissioner and commissioner of finance for routine, low-dollar procurements.

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

(c) Grants, interagency agreements, purchase orders, work orders, and annual plans need not, in the discretion of the commissioner and attorney general, require the signature of the commissioner and/or the attorney general. A signature is not required for work orders and amendments to work orders related to Department of Transportation contracts. Bond purchase agreements by the Minnesota Public Facilities Authority do not require the approval of the commissioner.

(d) Amendments to contracts must entail tasks that are substantially similar to those in the original contract or involve tasks that are so closely related to the original contract that it would be impracticable for a different contractor to perform the work. The commissioner or an agency official to whom the commissioner has delegated contracting authority under section 16C.03, subdivision 16, must determine that an amendment would serve the interest of the state better than a new contract and would cost no more.

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

(f) The attorney general must periodically review and evaluate a sample of state agency contracts to ensure compliance with laws.

Sec. 63. Minnesota Statutes 2006, section 16C.08, is amended by adding a subdivision to read:

Subd. 1a. **Enterprise procurement.** Notwithstanding section 15.061 or any other law, the commissioner shall, to the fullest extent practicable, conduct enterprise procurements that result in the establishment of professional or technical contracts for use by multiple state agencies. The commissioner is authorized to mandate use of any contract entered into as a result of an enterprise procurement process. Agencies shall fully cooperate in the development and use of contracts entered into under this section.

Sec. 64. Minnesota Statutes 2006, section 16C.08, subdivision 2, is amended to read:

Subd. 2. **Duties of contracting agency.** (a) Before an agency may seek approval of a professional or technical services contract valued in excess of \$5,000, it must provide the following:

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

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

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

(4) an explanation detailing, if applicable, why this procurement is being pursued unilaterally by the agency and not as an enterprise procurement.

(b) In addition to paragraph (a), the agency must certify that:

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

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

(3) reasonable efforts will be made to publicize the availability of the contract to the public;

(4) the agency will develop and implement a written plan providing for the assignment of specific agency personnel to manage the contract, including a monitoring and liaison function, the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services;

(5) the agency will not allow the contractor to begin work before the contract is fully executed unless an exception under section 16C.05, subdivision 2a, has been granted by the commissioner and funds are fully encumbered;

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

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

(8) the agency will not contract out its previously eliminated jobs for four years without first considering the same former employees who are on the seniority unit layoff list who meet the minimum qualifications determined by the agency.

(c) A contract establishes an employment relationship for purposes of paragraph (b), clause (6), if, under federal laws governing the distinction between an employee and an independent contractor, a person would be considered an employee.

Sec. 65. Minnesota Statutes 2006, section 16C.08, subdivision 4, is amended to read:

Subd. 4. **Reports.** (a) The commissioner shall submit to the governor, the chairs of the house Ways and Means and senate Finance Committees, and the Legislative Reference Library a yearly listing of all contracts for professional or technical services executed. The report must identify the contractor, contract amount, duration, and services to be provided. The commissioner shall also issue yearly reports summarizing the contract review activities of the department by fiscal year.

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

- (1) be sorted by agency and by contractor;
- (2) show the aggregate value of contracts issued by each agency and issued to each contractor;
- (3) distinguish between contracts that are being issued for the first time and contracts that are being extended;
- (4) state the termination date of each contract;
- (5) identify services by commodity code, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems; and
- (6) identify which contracts were awarded without following the solicitation process in this chapter because it was determined that there was only a single source for the services.

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

- (1) summarize the purpose of the contract, including why it was necessary to enter into a contract;
- (2) state the amount spent on the contract;
- ~~(3) be accompanied by the performance evaluation prepared according to subdivision 4a; and~~
- ~~(4)~~ (3) if the contract was awarded without following the solicitation process in this chapter because it was determined that there was only a single source for the services, explain why the agency determined there was only a single source for the services-; and

(4) include a written performance evaluation of the work done under the contract. The evaluation must include an appraisal of the contractor's timeliness, quality, cost, and overall performance in meeting the terms and objectives of the contract. Contractors may request copies of evaluations prepared under this subdivision and may respond in writing. Contractor responses must be maintained with the contract file.

Sec. 66. Minnesota Statutes 2006, section 16C.08, is amended by adding a subdivision to read:

Subd. 4b. **Limitations on actions.** No action may be maintained by a contractor against an employee or agency who discloses information about a current or former contractor under subdivision 4, unless the contractor demonstrates by clear and convincing evidence that:

(1) the information was false and defamatory;

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

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

Sec. 67. **[16C.086] CALL-CENTER.**

An agency may not enter into a contract for operation of a call-center, or a contract whose primary purpose is to provide similar services answering or responding to telephone calls on behalf of an agency without determining if the service can be provided by state employees, and the services must be provided at offices located in the United States. For purposes of this section, "agency" includes the Minnesota State Colleges and Universities.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to a contract entered into or renewed or otherwise extended after that date.

Sec. 68. Minnesota Statutes 2006, section 16C.10, subdivision 7, is amended to read:

Subd. 7. **Reverse auction.** (a) For the purpose of this subdivision, "reverse auction" means a purchasing process in which vendors compete to provide goods or ~~computer~~ services at the lowest selling price in an open and interactive environment. Reverse auctions may not be utilized to procure engineering design services or architectural services or to establish building and construction contracts under sections 16C.26 to 16C.29.

(b) The provisions of sections 13.591, subdivision 3, and 16C.06, subdivision 2, do not apply when the commissioner determines that a reverse auction is the appropriate purchasing process.

Sec. 69. Minnesota Statutes 2006, section 16C.16, subdivision 5, is amended to read:

Subd. 5. **Designation of targeted groups.** (a) The commissioner of administration shall periodically designate businesses that are majority owned and operated by women, persons with a substantial physical disability, or specific minorities as targeted group businesses within purchasing categories as determined by the commissioner. A group may be targeted within a purchasing category if the commissioner determines there is a statistical disparity between the percentage of purchasing from businesses owned by group members and the representation of businesses owned by group members among all businesses in the state in the purchasing category.

(b) In addition to designations under paragraph (a), an individual business may be included as a targeted group business if the commissioner determines that inclusion is necessary to remedy discrimination against the owner based on race, gender, or disability in attempting to operate a business that would provide goods or services to public agencies.

(c) In addition to the designations under paragraphs (a) and (b), the commissioner of administration shall designate businesses that are majority owned and operated by veterans who have served in federal active service as defined in section 190.05, subdivision 5c, in support of Operation Enduring Freedom or Operation Iraqi Freedom as targeted group businesses within purchasing categories as determined by the commissioner. "Veteran" has the meaning given in section 197.447, and also includes both currently serving and honorably discharged members of the national guard and other military reserves.

(e) (d) The designations of purchasing categories and businesses under paragraphs (a) ~~and~~ (b), and (c) are not rules for purposes of chapter 14, and are not subject to rulemaking procedures of that chapter.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to procurement contract bid solicitations issued on and after that date.

Sec. 70. **[16C.251] BEST AND FINAL OFFER.**

A "best and final offer" solicitation process may not be used for building and construction contracts.

Sec. 71. **[16E.22] LICENSING SYSTEM.**

The state chief information officer may enter into a professional or technical services contract for information systems development in which the vendor finances all or part of the cost of system development. The state chief information officer may assess and accept a fee for business and occupational licenses for the purpose of developing and maintaining a licensing system. Before implementing a fee under this section, the director must submit the proposed fee to the Legislative Advisory Commission for its review.

Sec. 72. Minnesota Statutes 2006, section 37.06, is amended to read:

37.06 SECRETARY; LEGISLATIVE AUDITOR; DUTIES; REPORT.

The secretary shall keep a complete record of the proceedings of the annual meetings of the State Agricultural Society and all meetings of the board of managers and any committee of the board, keep all accounts of the society other than those kept by the treasurer of the society, and perform other duties as directed by the board of managers. On or before December 31 each year, the secretary shall report to the governor for the fiscal year ending October 31 all the proceedings of the society during the current year and its financial condition as appears from its books. This report must contain a full, detailed statement of all receipts and expenditures during the year.

The books and accounts of the society for the fiscal year must be examined and audited annually by the legislative auditor. The cost of the examination must be paid by the society to the state and credited to the ~~general fund~~ appropriation for the legislative auditor.

A summary of this examination, certified by the legislative auditor, must be appended to the secretary's report, along with the legislative auditor's recommendations and the proceedings of the first annual meeting of the society held following the secretary's report, including addresses made at the meeting as directed by the board of managers. The summary, recommendations, and proceedings must be printed in the same manner as the reports of state officers. Copies of the report must be printed annually and distributed as follows: to each society or association entitled to membership in the society, to each newspaper in the state, and the remaining copies as directed by the board of managers.

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

Sec. 73. Minnesota Statutes 2006, section 43A.02, is amended by adding a subdivision to read:

Subd. 18a. **Domestic partner.** "Domestic partner" means a person who has entered into a committed interdependent relationship with another adult, where the partners:

- (1) are responsible for each other's basic common welfare;
- (2) share a common residence and intend to do so indefinitely;
- (3) are not related by blood or adoption to an extent that would prohibit marriage in this state; and
- (4) are legally competent and qualified to enter into a contract.

For purposes of this subdivision, domestic partners may share a common residence, even if:

- (1) they do not each have a legal right to possess the residence; or
- (2) one or both domestic partners possess additional real property.

If one domestic partner temporarily leaves the common residence with the intention to return, the domestic partners continue to share a common residence for the purposes of this subdivision.

Sec. 74. Minnesota Statutes 2006, section 43A.24, subdivision 1, is amended to read:

Subdivision 1. **General.** Employees, including persons on layoff from a civil service position, and employees who are employed less than full time, shall be eligible for state paid life insurance and hospital, medical and dental benefits as provided in collective bargaining agreements or plans established pursuant to section 43A.18. If a collective bargaining agreement or plan provides state paid health insurance for spouses of employees, the insurance must be made available to domestic partners of state employees on the same terms and conditions.

Sec. 75. Minnesota Statutes 2006, section 43A.49, is amended to read:

43A.49 VOLUNTARY UNPAID LEAVE OF ABSENCE.

(a) Appointing authorities in state government may allow each employee to take unpaid leaves of absence for up to 1,040 hours ~~between June 1, 2003, and June 30, 2005. The 1,040 hour limit replaces, and is not in addition to, limits set in prior laws in each two-year period beginning July 1 of each odd-numbered year.~~ Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and, if payments are made under paragraph (b), accrue service credit and credited salary in the state retirement plans, as if the employee had actually been employed during the time of leave. An employee covered by the unclassified plan may voluntarily make the employee contributions to the unclassified plan during the leave of absence. If the employee makes these contributions, the appointing authority must make the employer contribution. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for the unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to the applicable provisions of collective bargaining agreements and compensation plans.

(b) To receive eligible service credit and credited salary in a defined benefit plan, the member shall pay an amount equal to the applicable employee contribution rates. If an employee pays the employee contribution for the period of the leave under this section, the appointing authority must pay the employer contribution. The appointing authority may, at its discretion, pay the employee contributions. Contributions must be made in a time and manner prescribed by the executive director of the Minnesota State Retirement ~~Association~~ System.

Sec. 76. **[43A.50] CERTIFICATE OF PAY EQUITY COMPLIANCE.**

Subdivision 1. Scope of application. For a contract for goods or services in excess of \$100,000, a state department or agency may not accept a bid or proposal from a business having more than 40 full-time employees within the state on a single working day during the previous 12 months unless the commissioner has approved the business' plan to establish equitable compensation relationships for its employees and has issued the business a certificate of compliance. A certificate of compliance is valid for two years.

Subd. 2. Compliance; good faith effort. (a) The commissioner must approve a plan and issue a certificate of compliance under this section to a business if the business demonstrates that it is in compliance with equitable compensation relationship standards or is making a good faith effort to achieve compliance with those standards. The standards for determining equitable compensation relationships for a business under this section are the same as the standards in sections 471.991 to 471.997 and rules adopted under those sections.

(b) A business that is not in compliance with equitable compensation relationship standards is making a good faith effort to achieve compliance if the commissioner has approved:

(1) a plan for achieving compliance, including the business' proposed actions and response to the commissioner's recommendations; and

(2) a proposed date for achieving compliance and for submitting a revised report for the commissioner's review.

Subd. 3. Filing fee; account; appropriation. The commissioner shall collect a \$75 fee for each certificate of compliance issued by the commissioner under this section. The proceeds of the fee must be deposited in a pay equity fee special revenue account. Money in the account is appropriated to the commissioner to fund the cost of administering this section.

Subd. 4. Revocation of certificate. A certificate of compliance may be suspended or revoked by the commissioner of administration if a holder of a certificate is not effectively implementing or making a good faith effort to implement its approved plan to establish equitable compensation relationships. If a contractor does not effectively implement its approved plan, or fails to make a good faith effort to do so, the commissioner of employee relations may refuse to approve subsequent plans submitted by that business.

Subd. 5. Revocation of contract. A contract awarded by a department or agency of the state may be terminated or abridged by the contracting department or agency because of suspension or revocation of a certificate. If a contract is awarded to a person who does not have a contract compliance certificate required, the commissioner may void the contract on behalf of the state.

Subd. 6. Technical assistance. If the commissioner of administration has suspended a contractor's certificate of compliance, the commissioner shall provide technical assistance that may enable the contractor to be recertified within 90 days after the contractor's certificate has been suspended.

Subd. 7. Access to data. Data submitted to the commissioner by a contractor or potential contractor for purposes of obtaining a certificate of compliance under this section are private data on individuals or nonpublic data with respect to persons other than department employees. The commissioner's decision to grant, not grant, revoke, or suspend a certificate of compliance is public data.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to contracts for which a state department or agency issues solicitations on or after that date.

Sec. 77. Minnesota Statutes 2006, section 103D.355, is amended to read:

103D.355 ANNUAL AUDIT.

Subdivision 1. **Requirement.** The managers must have an annual audit completed of the books and accounts of the watershed district. The annual audit may be made by a private certified public accountant or by the state auditor. ~~The annual audit must be made by a certified public accountant or the state auditor at least once every five years, or when cumulative district revenues or expenditures exceed an amount established by the board in consultation with the state auditor.~~

Subd. 2. **Audit by state auditor.** (a) ~~If the annual~~ An audit is to be made by the state auditor, ~~the audit must~~ may be initiated by a petition of the resident owners of the watershed district or resolution of the managers of the watershed district. The petition must request an annual audit pursuant to the authority granted municipalities under sections 6.54 and 6.55. The state auditor may conduct such examinations of accounts and records as the state auditor may deem the public interest to demand.

(b) If the audit or examination is made by the state auditor, the watershed district receiving the examination must pay the state the total cost and expenses of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The general fund must be credited with all collections made for examinations under this subdivision.

Subd. 3. **Reports for state auditor.** The managers must make and submit reports demanded by the state auditor.

Sec. 78. Minnesota Statutes 2006, section 161.1419, subdivision 8, is amended to read:

Subd. 8. **Expiration.** The commission expires on June 30, ~~2007~~ 2012.

Sec. 79. Minnesota Statutes 2006, section 181.9413, is amended to read:

181.9413 SICK OR INJURED CHILD CARE LEAVE BENEFITS; USE TO CARE FOR CERTAIN RELATIVES.

(a) An employee may use personal sick leave benefits provided by the employer for absences due to an illness of or injury to the employee's child, spouse, sibling, parent, grandparent, stepparent, or domestic partner for such reasonable periods as the employee's attendance ~~with the child~~ may be necessary, on the same terms upon which the employee is able to use sick leave benefits for the employee's own illness or injury. This section applies only to personal sick leave benefits payable to the employee from the employer's general assets.

(b) For purposes of this section, "personal sick leave benefits" means time accrued and available to an employee to be used as a result of absence from work due to personal illness or injury, but does not include short-term or long-term disability or other salary continuation benefits.

(c) For purposes of this section, "domestic partner" means a person who has entered into a committed interdependent relationship with another adult, where the partners:

- (1) are responsible for each other's basic common welfare;
- (2) share a common residence and intend to do so indefinitely;
- (3) are not related by blood or adoption to an extent that would prohibit marriage in this state; and
- (4) are legally competent and qualified to enter into a contract.

For purposes of this section, domestic partners may share a common residence even if they do not have a legal right to possess the residence or one or both domestic partners possess additional real property.

If one domestic partner temporarily leaves the common residence with the intention to return, the domestic partners continue to share a common residence for the purposes of this section.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to sick leave used on or after that date.

Sec. 80. Minnesota Statutes 2006, section 302A.821, subdivision 4, is amended to read:

Subd. 4. **Penalty; reinstatement.** (a) A corporation that has failed to file a registration pursuant to the requirements of subdivision 2 must be dissolved by the secretary of state as described in paragraph (b).

(b) If the corporation has not filed the registration ~~for two consecutive~~ during any calendar years year, the secretary of state must issue a certificate of administrative dissolution and the certificate must be filed in the Office of the Secretary of State. ~~The secretary of state shall send notice to the corporation that the corporation has been dissolved and that the corporation may be reinstated by filing a registration and a \$25 fee. The notice must be given by United States mail unless the company has indicated to the secretary of state that they are willing to receive notice by electronic notification, in which case the secretary of state may give notice by mail or the indicated means. The secretary of state shall annually inform the attorney general and the commissioner of revenue of the methods by which the names of corporations dissolved under this section during the preceding year may be determined.~~ The secretary of state must ~~also~~ make available in an electronic format the names of the dissolved corporations. A corporation dissolved in this manner is not entitled to the benefits of section 302A.781. The liability, if any, of the shareholders of a corporation dissolved in this manner shall be determined and limited in accordance with section 302A.557, except that the shareholders shall have no liability to any director of the corporation under section 302A.559, subdivision 2.

(c) After administrative dissolution, filing a registration and the \$25 fee with the secretary of state:

- (1) returns the corporation to good standing as of the date of the dissolution;
- (2) validates contracts or other acts within the authority of the articles, and the corporation is liable for those contracts or acts; and
- (3) restores to the corporation all assets and rights of the corporation to the extent they were held by the corporation before the dissolution occurred, except to the extent that assets or rights were affected by acts occurring after the dissolution or sold or otherwise distributed after that time.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 81. Minnesota Statutes 2006, section 308A.995, subdivision 4, is amended to read:

Subd. 4. **Penalty; dissolution.** (a) A cooperative that has failed to file a registration pursuant to the requirements of this section by December 31 of the calendar year for which the registration was required must be dissolved by the secretary of state as described in paragraph (b).

(b) If the cooperative has not filed the registration by December 31 of that calendar year, the secretary of state must issue a certificate of involuntary dissolution, and the certificate must be filed in the Office of the Secretary of State. ~~The secretary of state must annually inform the attorney general and the commissioner of revenue of the methods by which the names of cooperatives dissolved under this section during the preceding year may be determined.~~ The secretary of state must also make available in an electronic format the names of the dissolved cooperatives. A cooperative dissolved in this manner is not entitled to the benefits of section 308A.981.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 82. Minnesota Statutes 2006, section 308B.121, subdivision 4, is amended to read:

Subd. 4. **Penalty; dissolution.** (a) A cooperative that has failed to file a registration under the requirements of this section must be dissolved by the secretary of state as described in paragraph (b).

(b) If the cooperative has not filed the registration by December 31 of that calendar year, the secretary of state must issue a certificate of involuntary dissolution and the certificate must be filed in the Office of the Secretary of State. ~~The secretary of state must annually inform the attorney general and the commissioner of revenue of the methods by which the names of cooperatives dissolved under this section during the preceding year may be determined. The secretary of state must also make available in an electronic format the names of the dissolved cooperatives.~~ A cooperative dissolved in this manner is not entitled to the benefits of section 308B.971.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 83. Minnesota Statutes 2006, section 308B.215, subdivision 2, is amended to read:

Subd. 2. **Filing.** The original articles and a designation of the cooperative's registered office and agent, ~~including a registration form under section 308B.121,~~ shall be filed with the secretary of state. The fee for filing the articles with the secretary of state is \$60.

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

Sec. 84. **[308B.903] NOTICE OF INTENT TO DISSOLVE.**

Before a cooperative begins dissolution, a notice of intent to dissolve must be filed with the secretary of state. The notice must contain:

- (1) the name of the cooperative;
- (2) the date and place of the members' meeting at which the resolution was approved; and
- (3) a statement that the requisite vote of the members approved the proposed dissolution.

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

Sec. 85. Minnesota Statutes 2006, section 317A.823, subdivision 1, is amended to read:

Subdivision 1. **Annual registration.** (a) The secretary of state must send annually to each corporation at the registered office of the corporation a postcard notice announcing the need to file the annual registration and informing the corporation that the annual registration may be filed online and that paper filings may also be made, and informing the corporation that failing to file the annual registration will result in an administrative dissolution of the corporation.

(b) ~~Except for corporations to which paragraph (d) applies,~~ Each calendar year beginning in the calendar year following the calendar year in which a corporation incorporates, a corporation must file with the secretary of state by December 31 of each calendar year a registration containing the information listed in paragraph (c).

(c) The registration must include:

(1) the name of the corporation;

(2) the address of its registered office;

(3) the name of its registered agent, if any; and

(4) the name and business address of the officer or other person exercising the principal functions of president of the corporation.

~~(d) The timely filing of an annual financial report and audit or an annual financial statement under section 69.051, subdivision 1 or 1a, by a volunteer firefighter relief association, as reflected in the notification by the state auditor under section 69.051, subdivision 1c, constitutes presentation of the corporate registration. The secretary of state may reject the registration by the volunteer firefighter relief association. Rejection must occur if the information provided to the state auditor does not match the information in the records of the secretary of state. The volunteer firefighter relief association may amend the articles of incorporation as provided in sections 317A.131 to 317A.151 so that the information from the state auditor may be accepted for filing. The timely filing of an annual financial report and audit or an annual financial statement under section 69.051, subdivision 1 or 1a, does not relieve the volunteer firefighter relief association of the requirement to file amendments to the articles of incorporation directly with the secretary of state.~~

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

Sec. 86. Minnesota Statutes 2006, section 321.0206, is amended to read:

321.0206 DELIVERY TO AND FILING OF RECORDS BY SECRETARY OF STATE; EFFECTIVE TIME AND DATE.

(a) A record authorized or required to be delivered to the secretary of state for filing under this chapter must be captioned to describe the record's purpose, be in a medium permitted by the secretary of state, and be delivered to the secretary of state. Unless the secretary of state determines that a record does not comply with the filing requirements of this chapter, and if the appropriate filing fees have been paid, the secretary of state shall file the record and:

(1) for a statement of dissociation, send:

(A) a copy of the filed statement to the person which the statement indicates has dissociated as a general partner; and

(B) a copy of the filed statement to the limited partnership;

(2) for a statement of withdrawal, send:

(A) a copy of the filed statement to the person on whose behalf the record was filed; and

(B) if the statement refers to an existing limited partnership, a copy of the filed statement to the limited partnership; and

(3) for all other records, send a copy of the filed record to the person on whose behalf the record was filed.

(b) Upon request and payment of a fee, the secretary of state shall send to the requester a certified copy of the requested record.

(c) Except as otherwise provided in sections 321.0116 and 321.0207, a record delivered to the secretary of state for filing under this chapter may specify an effective time and a delayed effective date. Except as otherwise provided in this chapter, a record filed by the secretary of state is effective:

(1) if the record does not specify an effective time and does not specify a delayed effective date, on the date and at the time the record is filed as evidenced by the secretary of state's endorsement of the date and time on the record;

(2) if the record specifies an effective time but not a delayed effective date, on the date the record is filed at the time specified in the record;

(3) if the record specifies a delayed effective date but not an effective time, at 12:01 a.m. on the earlier of:

(A) the specified date; or

(B) the 30th day after the record is filed; or

(4) if the record specifies an effective time and a delayed effective date, at the specified time on the earlier of:

(A) the specified date; or

(B) the 30th day after the record is filed.

(d) The appropriate fees for filings under this chapter are:

(1) for filing a certificate of limited partnership, \$100;

(2) for filing an amended certificate of limited partnership, \$50;

(3) for filing any other record, other than the annual report required by section 321.0210, for which no fee must be charged, required or permitted to be delivered for filing, \$35;

(4) for filing a certificate requesting authority to transact business in Minnesota as a foreign limited partnership, \$85;

(5) for filing an application of reinstatement, \$25; ~~and~~

(6) for filing a name reservation for a foreign limited partnership name, \$35; and

(7) for filing any other record, other than the annual report required by section 321.0210, for which no fee must be charged, required or permitted to be delivered for filing on a foreign limited partnership authorized to transact business in Minnesota, \$50.

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

Sec. 87. **[321.0909] NAME CHANGES FILED IN HOME STATE.**

A foreign limited partnership shall notify the secretary of state of any changes to the partnership name filed with the state of formation by filing a certificate from the state of formation certifying to the change of name.

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

Sec. 88. Minnesota Statutes 2006, section 336.1-110, is amended to read:

336.1-110 UNIFORM COMMERCIAL CODE ACCOUNT.

The Uniform Commercial Code account is established as an account in the state treasury. Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing a service under this chapter must be deposited in the state treasury and credited to the Uniform Commercial Code account.

Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing information contained in the computerized records maintained by the secretary of state must be deposited in the state treasury and credited to the Uniform Commercial Code account.

Money in the Uniform Commercial Code account is continuously appropriated to the secretary of state to implement and maintain the central filing system under this chapter, to provide, improve, and expand other online or remote lien and business entity filing, retrieval, and payment method services provided by the secretary of state, and to provide electronic access to other computerized records maintained by the secretary of state.

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

Sec. 89. Minnesota Statutes 2006, section 336.9-516, is amended to read:

336.9-516 WHAT CONSTITUTES FILING; EFFECTIVENESS OF FILING.

(a) **What constitutes filing.** Except as otherwise provided in subsection (b), communication of a record to a filing office and tender of the filing fee or acceptance of the record by the filing office constitutes filing.

(b) **Refusal to accept record; filing does not occur.** Filing does not occur with respect to a record that a filing office refuses to accept because:

(1) the record is not communicated by a method or medium of communication authorized by the filing office, For purposes of filing office authorization, transmission of records using the Extensible Markup Language (XML) format is authorized by the filing office after the later of July 1, 2007, or the determination of the secretary of state that the central filing system is capable of receiving and processing these records;

(2) an amount equal to or greater than the applicable filing fee is not tendered;

(3) the filing office is unable to index the record because:

- (A) in the case of an initial financing statement, the record does not provide a name for the debtor;
 - (B) in the case of an amendment or correction statement, the record:
 - (i) does not identify the initial financing statement as required by section 336.9-512 or 336.9-518, as applicable; or
 - (ii) identifies an initial financing statement whose effectiveness has lapsed under section 336.9-515;
 - (C) in the case of an initial financing statement that provides the name of a debtor identified as an individual or an amendment that provides a name of a debtor identified as an individual which was not previously provided in the financing statement to which the record relates, the record does not identify the debtor's last name; or
 - (D) in the case of a record filed or recorded in the filing office described in section 336.9-501(a)(1), the record does not provide a sufficient description of the real property to which it relates;
 - (4) in the case of an initial financing statement or an amendment that adds a secured party of record, the record does not provide a name and mailing address for the secured party of record;
 - (5) in the case of an initial financing statement or an amendment that provides a name of a debtor which was not previously provided in the financing statement to which the amendment relates, the record does not:
 - (A) provide a mailing address for the debtor;
 - (B) indicate whether the debtor is an individual or an organization; or
 - (C) if the financing statement indicates that the debtor is an organization, provide:
 - (i) a type of organization for the debtor;
 - (ii) a jurisdiction of organization for the debtor; or
 - (iii) an organizational identification number for the debtor or indicate that the debtor has none;
 - (6) in the case of an assignment reflected in an initial financing statement under section 336.9-514(a) or an amendment filed under section 336.9-514(b), the record does not provide a name and mailing address for the assignee; or
 - (7) in the case of a continuation statement, the record is not filed within the six-month period prescribed by section 336.9-515(d).
- (c) **Rules applicable to subsection (b).** For purposes of subsection (b):
- (1) a record does not provide information if the filing office is unable to read or decipher the information; and
 - (2) a record that does not indicate that it is an amendment or identify an initial financing statement to which it relates, as required by section 336.9-512, 336.9-514, or 336.9-518, is an initial financing statement.
- (d) **Refusal to accept record; record effective as filed record.** A record that is communicated to the filing office with tender of the filing fee, but which the filing office refuses to accept for a reason other than one set forth in subsection (b), is effective as a filed record except as against a purchaser of the collateral which gives value in reasonable reliance upon the absence of the record from the files.

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

Sec. 90. Minnesota Statutes 2006, section 336.9-525, is amended to read:

336.9-525 FEES.

(a) **Initial financing statement or other record: general rule.** Except as otherwise provided in subsection (d), the fee for filing and indexing a record under this part ~~delivered on paper~~ is \$20 ~~and for a record delivered by any electronic means is \$15.~~ \$5 of the fee collected for each request delivered online must be deposited in the uniform commercial code account.

(b) **Number of names.** The number of names required to be indexed does not affect the amount of the fee in subsection (a).

(c) **Response to information request.** The fee for responding to a request for information from the filing office, including for issuing a certificate showing whether there is on file any financing statement naming a particular debtor, ~~delivered on paper~~ is \$20 ~~and for a record delivered by any electronic means is \$15.~~ \$5 of the fee collected for each request delivered online must be deposited in the uniform commercial code account.

(d) **Record of mortgage.** This section does not require a fee with respect to a record of a mortgage which is effective as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut under section 336.9-502(c). However, the recording and satisfaction fees that otherwise would be applicable to the record of the mortgage apply.

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

Sec. 91. **[349A.021] LOTTERY OFFICES.**

The State Lottery may not move its operations at its Mountain Iron location to a location outside the Quad-City area of Mountain Iron, Eveleth, Gilbert, and Virginia, and may not reduce the complement of staff employed at this office.

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

Sec. 92. Minnesota Statutes 2006, section 356.219, subdivision 1, is amended to read:

Subdivision 1. **Report required.** (a) Except as indicated in subdivision 4, the State Board of Investment, on behalf of the public pension funds and programs for which it is the investment authority, and any Minnesota public pension plan that is not fully invested through the State Board of Investment, including a local police or firefighters relief association governed by sections 69.77 or 69.771 to 69.775, shall report the information specified in subdivision 3 to the state auditor. A report under this section must be filed electronically with the state auditor, unless the state auditor determines that it is not feasible for a particular plan or association to file electronically. The state auditor may prescribe ~~a form or forms for the purposes of the reporting requirements contained in the format for reports required by this section.~~ The state auditor must attempt to provide access on the state auditor's Web site to reports filed under this section.

(b) A local police or firefighters relief association governed by section 69.77 or sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of this section if all assets of the applicable pension plan beyond sufficient cash equivalent investments to cover six months expected expenses are invested under section 11A.17. The board of any fully invested public pension plan remains responsible for submitting investment policy statements and subsequent revisions as required by subdivision 3, paragraph (a).

(c) For purposes of this section, the State Board of Investment is considered to be the investment authority for any Minnesota public pension fund required to be invested by the State Board of Investment under section 11A.23, or for any Minnesota public pension fund authorized to invest in the supplemental investment fund under section 11A.17 and which is fully invested by the State Board of Investment.

Sec. 93. Minnesota Statutes 2006, section 358.41, is amended to read:

358.41 DEFINITIONS.

As used in sections 358.41 to 358.49:

(1) "Notarial act" means any act that a notary public of this state is authorized to perform, and includes taking an acknowledgment, administering an oath or affirmation, taking a verification upon oath or affirmation, witnessing or attesting a signature, certifying or attesting a copy, and noting a protest of a negotiable instrument. A notary public may perform a notarial act by electronic means.

(2) "Acknowledgment" means a declaration by a person that the person has executed an instrument or electronic record for the purposes stated therein and, if the instrument or electronic record is executed in a representative capacity, that the person signed the instrument with proper authority and executed it as the act of the person or entity represented and identified therein.

(3) "Verification upon oath or affirmation" means a declaration that a statement is true made by a person upon oath or affirmation.

(4) "In a representative capacity" means:

(i) for and on behalf of a corporation, partnership, limited liability company, trust, or other entity, as an authorized officer, agent, partner, trustee, or other representative;

(ii) as a public officer, personal representative, guardian, or other representative, in the capacity recited in the instrument;

(iii) as an attorney in fact for a principal; or

(iv) in any other capacity as an authorized representative of another.

(5) "Notarial officer" means a notary public or other officer authorized to perform notarial acts.

(6) "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

(7) "Electronic record" means a record created, generated, sent, communicated, received, or stored by electronic means.

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

Sec. 94. Minnesota Statutes 2006, section 358.42, is amended to read:

358.42 NOTARIAL ACTS.

(a) In taking an acknowledgment, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the acknowledgment is the person whose true signature is on the instrument or electronic record.

(b) In taking a verification upon oath or affirmation, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the verification is the person whose true signature is made in the presence of the officer on the statement verified.

(c) In witnessing or attesting a signature the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the signature is that of the person appearing before the officer and named therein. When witnessing or attesting a signature, the officer must be present when the signature is made.

(d) In certifying or attesting a copy of a document, electronic record, or other item, the notarial officer must determine that the proffered copy is a full, true, and accurate transcription or reproduction of that which was copied.

(e) In making or noting a protest of a negotiable instrument or electronic record the notarial officer must determine the matters set forth in section 336.3-505.

(f) A notarial officer has satisfactory evidence that a person is the person whose true signature is on a document or electronic record if that person (i) is personally known to the notarial officer, (ii) is identified upon the oath or affirmation of a credible witness personally known to the notarial officer, or (iii) is identified on the basis of identification documents.

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

Sec. 95. Minnesota Statutes 2006, section 358.50, is amended to read:

358.50 EFFECT OF ACKNOWLEDGMENT.

An acknowledgment made in a representative capacity for and on behalf of a corporation, partnership, limited liability company, trust, or other entity and certified substantially in the form prescribed in this chapter is prima facie evidence that the instrument or electronic record was executed and delivered with proper authority.

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

Sec. 96. Minnesota Statutes 2006, section 359.085, subdivision 2, is amended to read:

Subd. 2. **Verifications.** In taking a verification upon oath or affirmation, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the verification is the person whose true signature is made in the presence of the officer on the statement verified.

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

Sec. 97. Minnesota Statutes 2006, section 359.085, subdivision 3, is amended to read:

Subd. 3. **Witnessing or attesting signatures.** In witnessing or attesting a signature, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the signature is that of the person appearing before the officer and named in the document or electronic record. When witnessing or attesting a signature, the officer must be present when the signature is made.

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

Sec. 98. Minnesota Statutes 2006, section 471.61, subdivision 1a, is amended to read:

Subd. 1a. **Dependents.** Notwithstanding the provisions of Minnesota Statutes 1969, section 471.61, as amended by Laws 1971, chapter 451, section 1, the word "dependents" as used therein shall mean spouse and minor unmarried children under the age of 18 years and dependent students under the age of 25 years actually dependent upon the employee, and others as defined by governmental units at their discretion.

Sec. 99. **[471.6175] TRUST FOR POSTEMPLOYMENT BENEFITS.**

Subdivision 1. **Authorization; establishment.** A political subdivision or other public entity that creates or has created an actuarial liability to pay postemployment benefits to employees or officers after their termination of service may establish a trust to pay those benefits. For purposes of this section, the term "postemployment benefits" means benefits giving rise to a liability under Statement No. 45 of the Governmental Accounting Standards Board and the term "trust" means a trust, a trust account, or a custodial account or contract authorized under section 401(f) of the Internal Revenue Code.

Subd. 2. **Purpose of trust.** The trust established under this section may only be used to pay postemployment benefits and may be either revocable or irrevocable.

Subd. 3. **Trust administrator.** The trust administrator of a trust established under this section shall be either:

(1) the Public Employees Retirement Association;

(2) a bank or banking association incorporated under the laws of the United States or of any state and authorized by the laws under which it is organized to exercise corporate trust powers; or

(3) an insurance company or agency qualified to do business in Minnesota which has at least five years experience in investment products and services for group retirement benefits and which has a specialized department dedicated to services for retirement investment products.

A political subdivision or public entity may, in its discretion and in compliance with any applicable trust document, change trust administrators and transfer trust assets accordingly.

Subd. 4. **Account maintenance.** A political subdivision or other public entity may establish a trust account to be held under the supervision of the trust administrator for the purposes of this section. A trust administrator shall establish a separate account for each participating political subdivision or public entity. The trust administrator may charge participating political subdivisions and public entities fees for reasonable administrative costs. The amount of any fees charged by the Public Employees Retirement Association is appropriated to the association from the account. A trust administrator may establish other reasonable terms and conditions for creation and maintenance of these accounts. The trust administrator must report electronically to the state auditor the portfolio and performance information specified in section 356.219, subdivision 3, in the manner prescribed by the state auditor.

Subd. 5. **Investment.** (a) The assets of a trust or trust account shall be invested and held as stipulated in paragraphs (b) to (e).

(b) The Public Employees Retirement Association must certify all money in the trust accounts for which it is trust administrator to the State Board of Investment for investment under section 11A.14, subject to the policies and procedures established by the State Board of Investment. Investment earnings must be credited to the trust account of the individual political subdivision or public entity.

(c) A trust administrator, other than the Public Employees Retirement Association, must ensure that all money in the trust accounts for which it is trust administrator is invested by a registered investment adviser, a bank investment trust department, or an insurance company or agency retirement investment department. Investment earnings must be credited to the trust account of the individual political subdivision or public entity.

(d) For trust assets invested by the State Board of Investment, the investment restrictions shall be the same as those generally applicable to the State Board of Investment. For trust assets invested by a trust administrator other than the Public Employees Retirement Association, the assets may only be invested in investments authorized under chapter 118A or section 356A.06, subdivision 7, in the manner specified in the applicable trust document.

(e) A political subdivision or public entity may provide investment direction to a trust administrator in compliance with any applicable trust document.

Subd. 6. **Limit on deposit.** A political subdivision or public entity may not deposit money in a trust or trust account created pursuant to this section if the total amount invested by that political subdivision or public entity would exceed the political subdivision's or public entity's actuarially determined liabilities for postemployment benefits due to officers and employees, as determined under the applicable standards of the Governmental Accounting Standards Board.

Subd. 7. **Withdrawal of funds and termination of account.** (a) For a revocable account, a political subdivision or public entity may withdraw some or all of its money or terminate the trust account for any reason. Money and accrued investment earnings withdrawn from a revocable account must be deposited in a fund separate and distinct from any other funds of the political subdivision or public entity. This money, with accrued investment earnings, must be used to pay legally enforceable postemployment benefits to former officers and employees, unless (i) there has been a change in state or federal law affecting that political subdivision's or public entity's liabilities for postemployment benefits, or (ii) there has been a change in the demographic composition of that political subdivision's or public entity's employees eligible for postemployment benefits, or (iii) there has been a change in the provisions or terms of the postemployment benefits in that political subdivision or public entity including, but not limited to, the portion of the costs eligible employees must pay to receive the benefits, or (iv) other factors exist that have a material effect on that political subdivision's or public entity's actuarially determined liabilities for postemployment benefits, in which event any amount in excess of 100 percent of that political subdivision's or public entity's actuarially determined liabilities for postemployment benefits, as determined under standards of the Government Accounting Standards Board, may be withdrawn and used for any purpose.

(b) For an irrevocable account, a political subdivision or public entity may withdraw money only:

(1) as needed to pay postemployment benefits owed to former officers and employees of the political subdivision or public entity; or

(2) when all postemployment benefit liability owed to former officers or employees of the political subdivision or public entity has been satisfied or otherwise defeased.

(c) A political subdivision or public entity requesting withdrawal of money from an account created under this section must do so at a time and in the manner required by the executive director of the Public Employees Retirement Association or specified in an applicable trust document. The political subdivision or public entity that created the trust must ensure that withdrawals comply with the requirements of this section.

(d) The legislature may not divert funds in these trusts or trust accounts for use for any other purpose.

Subd. 8. **Status of irrevocable trust.** (a) All money in an irrevocable trust or trust account created in this section is held in trust for the exclusive benefit of former officers and employees of the participating political subdivision or public entity, and are not subject to claims by creditors of the state, the participating political subdivision or public entity, the current or former officers and employees of the political subdivision or public entity, or the trust administrator.

(b) An irrevocable trust fund or trust account created in this section shall be deemed an arrangement equivalent to a trust for all legal purposes.

EFFECTIVE DATE. This section is effective the day following final enactment, and is applicable immediately to all political subdivisions or public entities subject to Statement No. 45 of the Governmental Accounting Standards Board in 2007, to those political subdivisions or public entities whose trusts or trust accounts are validated by section 113, and to those political subdivisions or public entities that have begun consideration of measures to implement Statement No. 45 in 2007. This section is applicable on July 1, 2008, for all other political subdivisions or public entities.

Sec. 100. Minnesota Statutes 2006, section 473.246, is amended to read:

473.246 COUNCIL'S SUBMISSIONS TO ~~LEGISLATIVE COMMISSION~~ LEGISLATURE.

The Metropolitan Council shall submit to the ~~Legislative Commission on Metropolitan Government~~ chairs of the legislative committees with jurisdiction over metropolitan affairs information on the council's tax rates and dollar amounts levied for the current year, proposed property tax rates and levies, operating and capital budgets, work program, capital improvement program, and any other information requested by the ~~commission, for review by the legislative commission, as provided in section 3.8841~~ relevant committees.

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

Sec. 101. Minnesota Statutes 2006, section 477A.014, subdivision 4, is amended to read:

Subd. 4. **Costs.** The director of the Office of Strategic and Long-Range Planning shall annually bill the commissioner of revenue for one-half of the costs incurred by the state demographer in the preparation of materials required by section 4A.02. The state auditor shall bill the commissioner of revenue for the costs of best practices reviews and the services provided by the Government Information Division and the parts of the constitutional office that are related to the government information function, and for the services provided by the Tax Increment Financing Investment and Finance Division required by section 469.3201, not to exceed ~~\$247,000~~ \$614,000 each fiscal year. The commissioner of administration shall bill the commissioner of revenue for the costs of the local government records program and the intergovernmental information systems activity, not to exceed \$205,800 each fiscal year. The commissioner of employee relations shall bill the commissioner of revenue for the costs of administering the local government pay equity function, not to exceed \$55,000 each fiscal year.

Sec. 102. Minnesota Statutes 2006, section 491A.02, subdivision 4, is amended to read:

Subd. 4. **Representation.** (a) A corporation, partnership, limited liability company, sole proprietorship, or association may be represented in conciliation court by an officer, manager, or partner or an agent in the case of a condominium, cooperative, or townhouse association, or may appoint a natural person who is an employee or commercial property manager to appear on its behalf or settle a claim in conciliation court. The state or a political subdivision of the state may be represented in conciliation court by an employee of the pertinent governmental unit without a written authorization. The state also may be represented in conciliation court by an employee of the Division of Risk Management of the Department of Administration without a written authorization. Representation under this subdivision does not constitute the practice of law for purposes of section 481.02, subdivision 8. In the

case of an officer, employee, commercial property manager, or agent of a condominium, cooperative, or townhouse association, an authorized power of attorney, corporate authorization resolution, corporate bylaw, or other evidence of authority acceptable to the court must be filed with the claim or presented at the hearing. This subdivision also applies to appearances in district court by a corporation or limited liability company with five or fewer shareholders or members and to any condominium, cooperative, or townhouse association, if the action was removed from conciliation court.

(b) "Commercial property manager" means a corporation, partnership, or limited liability company or its employees who are hired by the owner of commercial real estate to perform a broad range of administrative duties at the property including tenant relations matters, leasing, repairs, maintenance, the negotiation and resolution of tenant disputes, and related matters. In order to appear in conciliation court, a property manager's employees must possess a real estate license under section 82.20 and be authorized by the owner of the property to settle all disputes with tenants and others within the jurisdictional limits of conciliation court.

(c) A commercial property manager who is appointed to settle a claim in conciliation court may not charge or collect a separate fee for services rendered under paragraph (a).

Sec. 103. Minnesota Statutes 2006, section 507.24, subdivision 2, is amended to read:

Subd. 2. **Original signatures required.** (a) Unless otherwise provided by law, an instrument affecting real estate that is to be recorded as provided in this section or other applicable law must contain the original signatures of the parties who execute it and of the notary public or other officer taking an acknowledgment. However, a financing statement that is recorded as a filing pursuant to section 336.9-502(b) need not contain: (1) the signatures of the debtor or the secured party; or (2) an acknowledgment.

(b)(1) Any electronic instruments, including signatures and seals, affecting real estate may only be recorded as part of a pilot project for the electronic filing of real estate documents implemented by the task force created in Laws 2000, chapter 391, or by the Electronic Real Estate Recording Task Force created under section 507.094. The Electronic Real Estate Recording Task Force created under section 507.094 may amend standards set by the task force created in Laws 2000, chapter 391, and may set new or additional standards and establish pilot projects to the full extent permitted in section 507.094, subdivision 2, paragraph (b). Documents recorded in conformity with those standards and in those pilot projects are deemed to meet the requirements of this section.

(2)(i) A county that participated in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391, may continue to record or file documents electronically, if:

(+) (A) the county complies with standards adopted by the task force; and

(+) (B) the county uses software that was validated by the task force.

(ii) A county that did not participate in the pilot project may record or file a real estate document electronically, if:

(+) (A) the document to be recorded or filed is of a type included in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391;

(+) (B) the county complies with the standards adopted by the task force;

(+) (C) the county uses software that was validated by the task force; and

(+) (D) the task force created under section 507.094, votes to accept a written certification of compliance with paragraph (b), clause (2), of this section by the county board and county recorder of the county to implement electronic filing under this section.

(c) Notices filed pursuant to section 168A.141, subdivisions 1 and 3, need not contain an acknowledgment.

Sec. 104. Laws 2006, chapter 253, section 22, subdivision 1, is amended to read:

Subdivision 1. **Genetic information; work group.** (a) The commissioner must create a work group to develop principles for public policy on the use of genetic information. The work group must include representatives of state government, including the judicial branch, local government, prosecutors, public defenders, the American Civil Liberties Union - Minnesota, the Citizens Council on Health Care, the University of Minnesota Center on Bioethics, the Minnesota Medical Association, the Mayo Clinic and Foundation, the March of Dimes, and representatives of employers, researchers, epidemiologists, laboratories, and insurance companies.

(b) The commissioner of administration and the work group must conduct reviews of the topics in paragraphs (c) to (f), in light of the issues raised in the report on treatment of genetic information under state law required by Laws 2005, chapter 163, section 87. The commissioner must report the results, including any recommendations for legislative changes, to the chairs of the house Civil Law Committee and the senate Judiciary Committee and the ranking minority members of those committees by January 15, ~~2008~~ 2009.

(c) The commissioner and the work group must determine whether changes are needed in Minnesota Statutes, section 144.69, dealing with collection of information from cancer patients and their relatives.

(d) The commissioner and the work group must make recommendations whether all relatives affected by a formal three-generation pedigree created by the Department of Health should be able to access the entire data set, rather than only allowing individuals access to the data of which they are the subject.

(e) The commissioner and the work group must identify, and may make recommendations among, options for resolving questions of secondary uses of genetic information.

(f) The commissioner and the work group must make recommendations whether legislative changes are needed regarding access to DNA test results and the specimens used to create the test results held by the Bureau of Criminal Apprehension as part of a criminal investigation.

Sec. 105. **FORD BUILDING.**

The Ford Building at 117 University Avenue in St. Paul may not be demolished during the biennium ending June 30, 2009.

Sec. 106. **TASK FORCE.**

Subdivision 1. **Creation.** A task force is created to work with the Commissioner of Administration on a disparity study. The task force consists of one member appointed by and serving at the pleasure of each of the following groups:

(1) the Council on Asian-Pacific Minnesotans;

(2) the Council on Black Minnesotans;

(3) the Council on Affairs of Chicano/Latino people;

(4) the Indian Affairs Council;

(5) the Association of Women Contractors; and

(6) the National Association of Minority Contractors.

Subd. 2. **Consultation and approval.** (a) The commissioner must consult with the task force on the design of the disparity study, the nature of the services sought in a request for proposals for the study, the criteria that the commissioner will use to evaluate and select a contractor, and selection of the contractor.

(b) The commissioner must consult with the task force regarding the commissioner's interpretation of data obtained through the study, and on the commissioner's recommendations for any changes in the targeted group purchasing program resulting from the study. The task force may make its own recommendations before the commissioner presents the recommendations in a final report. If the commissioner's recommendations are different from the task force recommendations, the commissioner's report must note the differences.

Subd. 3. **Support services.** The commissioner must provide meeting space and administrative support to the task force.

Subd. 4. **Expiration.** The task force expires at the end of the regular session of the legislature at which the commissioner presents the results of the targeted group business disparity study to the legislature.

Sec. 107. **VALIDATION.**

Any trust or trust account or other custodial account or contract authorized under section 401(f) of the Internal Revenue Code, created prior to June 6, 2006, to pay postemployment benefits to employees or officers after termination of service, is hereby validated, may continue in full force and effect, and shall have continuing authority to accept new funds; however, this section does not validate or correct defects in any previously created trust document. Any funds held by a validated trust or account under this section may be invested as provided in Minnesota Statutes, section 471.6175, subdivision 5. A validated trust or account shall have until January 1, 2008, to bring its trust documents and procedures into compliance with Minnesota Statutes, section 471.6175.

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

Sec. 108. **REPORT; ACCOUNTING PRINCIPLES.**

By October 15, 2007, the commissioner of finance must provide a report listing specific areas where state budgeting practices differ from generally accepted accounting principles and the reasons for those differences. If that difference is a result of direction in law, the report must include the law causing the difference.

Sec. 109. **BUILDING REPLACEMENT FUNDS.**

In addition to the requirements in Laws 2002, chapter 400, section 13, subdivision 7, the commissioner of administration shall collect appropriate rent revenues for the Elmer L. Andersen and Orville L. Freeman buildings to be set aside in a segregated special revenue fund for deferred maintenance and other extraordinary building repairs. Funds shall be expended for these purposes as determined by the commissioner.

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

Sec. 110. **COMPENSATION FOR PERIOD OF PARTIAL GOVERNMENT SHUTDOWN.**

Subdivision 1. **Definitions; coverage.** For purposes of this section:

(1) "employee" means a state employee, as defined in Minnesota Statutes, section 43A.02, subdivision 21, who is a state employee on the effective date of this section and who the commissioner determines was prevented from working because of the partial government shutdown; and

(2) "partial government shutdown" means the period from July 1, 2005, through July 14, 2005, during which appropriations needed to fund certain state government functions had not been enacted.

Subd. 2. **Credit for uncompensated hours.** A state employee who was previously compensated in cash or by a credit to the employee's vacation bank for hours the employee could not work due to the partial government shutdown, must:

(1) be paid an additional amount equal to the previous payment, if the previous payment was made in cash; or

(2) have hours credited to the employee's vacation bank in the same amount as the previous credit.

EFFECTIVE DATE. This section is effective the day following final enactment. The commissioner must make payments or credits required by this section within 30 days of the effective date of this section.

Sec. 111. ELECTRONIC DOCUMENTS STUDY AND REPORT.

Subdivision 1. **Study.** The chief information officer of the state shall study how electronic documents and the mechanisms and processes for accessing and reading electronic data can be created, maintained, exchanged, and preserved by the state in a manner that encourages appropriate government control, access, choice, and interoperability. The study must consider, but not be limited to, the policies of other states and nations, management guidelines for state archives as they pertain to electronic documents, public access, expected storage life of electronic documents, costs of implementation, and savings. The chief information officer shall solicit comments regarding the creation, maintenance, exchange, and preservation of electronic documents by the state from stakeholders, including but not limited to the legislative auditor, the attorney general, the state archivist, the state legislative reference librarian, other librarians, representatives of the state historical society, and other historians. The chief information officer shall also solicit comments from members of the public.

Subd. 2. **Report and recommendation.** The chief information officer shall report the officer's findings and recommendations to the chairs of the senate State and Local Government Operations and Oversight Committee; house Government Operations, Reform, Technology and Elections Committee; and the senate and house State Government Finance Divisions by January 15, 2008.

Sec. 112. LABOR AGREEMENTS AND COMPENSATION PLANS.

Subdivision 1. **Minnesota Law Enforcement Association.** The labor agreement between the state of Minnesota and the Minnesota Law Enforcement Association, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on August 7, 2006, is ratified.

Subd. 2. **Minnesota Nurses Association.** The labor agreement between the state of Minnesota and the Minnesota Nurses Association, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on September 18, 2006, is ratified.

Subd. 3. **Office of Higher Education.** The amendments to the compensation plan for unrepresented employees of the Office of Higher Education, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on September 18, 2006, are ratified.

Subd. 4. **Gambling Control Board.** The proposal to increase the salary of the director of the Gambling Control Board, as approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on August 7, 2006, is ratified.

Subd. 5. **Public Employees Retirement Association.** The proposal to increase the salary of the director of the Public Employees Retirement Association, as approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on March 27, 2007, is ratified.

Subd. 6. **Minnesota State Retirement System.** The proposal to increase the salary of the director of the Minnesota State Retirement System, as approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on March 27, 2007, is ratified.

Subd. 7. **Teachers Retirement Association.** The proposal to increase the salary of the director of the Teachers Retirement Association, as approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on March 27, 2007, is ratified.

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

Sec. 113. **STATE EMPLOYEES ELECTRONIC HEALTH RECORDS PILOT PROJECT.**

Subdivision 1. **Project established.** The Minnesota State Colleges and Universities Board of Trustees (MnSCU), in collaboration with the commissioner of employee relations shall establish an enterprise-wide pilot project to provide consumer-owned electronic personal health records to MnSCU employees and all participants in the state employee group insurance program. If the Department of Employee Relations is abolished, then the Minnesota State Colleges and Universities Board of Trustees shall work in collaboration with the commissioner of the department responsible for administration of the state employee group insurance program.

Subd. 2. **Project goals.** The goal of the project is to provide consumer-owned electronic personal health records that are portable among health care providers, health plan companies, and employers in order to control costs, improve quality, and enhance safety, and to demonstrate the feasibility of a statewide health information exchange. The pilot project shall coordinate to the extent possible with other health information consumer engagement initiatives in Minnesota designed to support the goal of statewide health information exchange. The electronic personal health records may provide, but are not limited to, the following:

- (1) access to electronic medical records;
- (2) prescription and appointment information;
- (3) information regarding health education, public health, and health cost management; and
- (4) privacy, security, and HIPAA compliance.

Sec. 114. **VALUE-ADDED CONTRACT AUTHORITY.**

(a) The director of the Office of Enterprise Technology, with approval of the commissioner of finance, may enter into contracts for: (1) development and implementation of an electronic system for executive branch state agencies to issue licenses; and (2) development and implementation of an integrated system to support tax processing, reporting, and enforcement functions. The director must use funds appropriated by this act for these purposes. In addition, the director may enter into contracts for these purposes under which the vendor initially pays all or part of the costs, and the state accounting system does not show an encumbrance for some or all of the contract liability when the director initially enters into the contracts.

(b) Before entering into a contract authorized by this section, the director must prepare, and the commissioner of finance must approve, a plan for how payments will be made to the vendors under the contracts. If the contracts will involve performance-based payments to the vendor, the plan must describe the criteria for making those payments.

If the director intends to pay for all or part of the contract from savings generated, the plan must describe what savings are anticipated, and how the savings will be captured so as to be available to make payments under the contract. The plan must explain how the total contract costs relate to the costs anticipated in the governor's budget recommendations presented to the legislature in 2007.

(c) The director must present the plan required by paragraph (b) to the chairs of the house Ways and Means and Finance Committees and the senate Finance Committee when the director submits the plan to the commissioner of finance for approval. The director must notify these chairs when the commissioner of finance has approved the plan. This notice must include any changes from the original plan.

(d) The director must report to the chairs of the house Ways and Means and Finance Committees and the senate Finance Committee by January 15 each of the next five years after entering into a contract authorized under this section. The report must include a detailed breakdown of how and by whom the contract costs are being paid, and on the cost savings and service improvements achieved as a result of the contract.

Sec. 115. **PRE-1969 TRA MEMBER GRATUITY PAYMENT.**

(a) \$4,100,000 is appropriated to the executive director of the Teachers Retirement Association for the payment of a gratuity to persons who were teachers as defined in Minnesota Statutes, section 354.05, subdivision 2, and who rendered teaching service as defined in Minnesota Statutes, section 354.05, subdivision 3, either during the 1968-1969 school year, but were not covered by the improved money purchase program savings clause in Minnesota Statutes, section 354.55, subdivision 17, or before the 1968-1969 school year, did not take a refund of member contributions upon the termination of teacher service, and who were eligible to make an election under Minnesota Statutes 1971, section 354.55, subdivision 8. The payment is intended to reflect the special contribution of these persons to education and to offset any unfulfilled expectation the person may have as to potential benefit levels. The gratuity payment amount for each person is \$1,000 or a prorated portion of that amount if, at any time, the executive director of the Teachers Retirement Association determines that payment of the full amount to the remaining participants would likely exceed the appropriation.

(b) The Teachers Retirement Association shall make available to persons eligible to receive a payment under this section on or before August 1, 2007, an application form. Filing an application form is a waiver of any legal, equitable, or legislative claim for any other special consideration and the form must indicate the waiver.

(c) On August 1, 2007, the Teachers Retirement Association shall determine those remaining persons who are eligible to receive a payment under this section and who have not applied for a payment and send to each remaining person, at the person's residence of record, a state warrant of the full or a prorated payment amount. If the recipient negotiates the state warrant, that negotiation constitutes a waiver of any legal, equitable, or legislative claim for any other special consideration as documentation accompanying the warrant must indicate the waiver. Any warrant under this section expires on August 1, 2009, and the amount of any unnegotiated state warrant under this section cancels to the Teachers Retirement Association.

Sec. 116. **CERTIFICATE OF COMPLIANCE; TEMPORARY PROVISION.**

Subdivision 1. **Pay equity.** Until July 1, 2008, a business that is not in compliance with equitable compensation relationship standards under Minnesota Statutes, section 43A.50, is making a good faith effort to achieve compliance if the commissioner of employee relations has approved:

(1) a statement of the business's intention to prepare a pay equity report and an estimated date no later than July 1, 2008, when the report and plan will be submitted; and

(2) information on the business's current status, including a statement on the existence of a company-wide job evaluation system, the total number of male and female employees of the business, and the business's interest in receiving training on how to establish equitable compensation relationships.

Subd. 2. **Report.** The commissioner of employee relations shall report to the legislature by January 31, 2008, on implementation of this section. The report must include findings and recommendations on any changes needed to ensure that state contractors achieve equitable compensation relationships.

Sec. 117. SUSTAINABLE GROWTH WORKING GROUP.

Subdivision 1. **Creation.** The sustainable growth working group consists of the following members:

(1) two senators, including one member of the minority caucus, appointed by the Subcommittee on Committees of the Committee on Rules and Administration;

(2) two members of the house of representatives, one appointed by the speaker and one appointed by the minority leader;

(3) commissioners of the following agencies, or their designees: Department of Natural Resources, Department of Administration, Department of Agriculture, Department of Commerce, Department of Transportation, Department of Employment and Economic Development, Minnesota Housing Finance Agency, and the Minnesota Pollution Control Agency; and the chair of the Metropolitan Council or the chair's designee;

(4) up to 12 public members who have an interest in promoting sustainable communities in Minnesota, including up to six public members appointed by the speaker of the house of representatives and up to six public members appointed by the majority leader of the senate. The appointing authorities must use their best efforts to include at least one representative from each of the following sectors: business, environmental, energy, affordable housing, transportation, local government, planning, and philanthropic.

The membership of the working group must include balanced representation from rural, urban, and suburban areas of the state.

Subd. 2. **Duties.** The working group must identify strategies, recommendations, and a process for implementing state-level coordination of state and local policies, programs, and regulations in the areas of housing, transportation, natural resource preservation, capital development, economic development, sustainability, and preservation of the environment. The working group must identify sustainable development principles that will guide decision making in Minnesota. The working group must gather information and develop strategies relative to the strategic use of state resources, to be consistent with statewide goals of sustainable development. The working group must report proposed strategies, recommendations, and a process for implementation to the legislature and the governor by February 1, 2008. In its report to the legislature and the governor, the working group must identify its source of funding.

Subd. 3. **Administrative provisions.** (a) The commissioner of administration must convene the initial meeting. Upon request of the working group, the commissioner must provide meeting space and administrative services for the group. The Office of Geographic and Demographic Analysis must provide staff support for the working group. The members of the working group must elect a chair.

(b) Members of the working group serve without compensation but may be reimbursed for expenses under Minnesota Statutes, section 15.059.

(c) The working group expires June 30, 2008.

(d) The working group may accept gifts and grants, which are accepted on behalf of the state and constitute donations to the state. Funds received are appropriated to the commissioner of administration for purposes of the working group.

Sec. 118. **ASSISTANCE.**

House and senate staff must assist the Legislative Coordinating Commission with new duties assigned to the commission by this act.

Sec. 119. **TRAINING SERVICES.**

During the biennium ending June 30, 2009, state executive branch agencies must consider using services provided by government training services before contracting with other outside vendors for similar services.

Sec. 120. **REPEALER.**

Minnesota Statutes 2006, sections 3.884; 3.8841; 6.56, subdivision 1; 16A.102; 16C.055, subdivision 1; 16C.08, subdivision 4a; 69.051, subdivision 1c; 359.085, subdivision 8; and 645.44, subdivision 19, are repealed.

ARTICLE 3

BEST VALUE CONTRACTS

Section 1. Minnesota Statutes 2006, section 16C.02, is amended by adding a subdivision to read:

Subd. 4a. **Best value; construction.** For purposes of construction, building, alteration, improvement, or repair services, "best value" describes the result determined by a procurement method that considers price and performance criteria, which may include, but are not limited to:

- (1) the quality of the vendor's or contractor's performance on previous projects;
- (2) the timeliness of the vendor's or contractor's performance on previous projects;
- (3) the level of customer satisfaction with the vendor's or contractor's performance on previous projects;
- (4) the vendor's or contractor's record of performing previous projects on budget and ability to minimize cost overruns;
- (5) the vendor's or contractor's ability to minimize change orders;
- (6) the vendor's or contractor's ability to prepare appropriate project plans;
- (7) the vendor's or contractor's technical capacities;
- (8) the individual qualifications of the contractor's key personnel; or
- (9) the vendor's or contractor's ability to assess and minimize risks.

"Performance on previous projects" does not include the exercise or assertion of a person's legal rights. This definition does not apply to sections 16C.32, 16C.33, 16C.34, and 16C.35.

Sec. 2. Minnesota Statutes 2006, section 16C.02, is amended by adding a subdivision to read:

Subd. 20. **Vendor.** "Vendor" means a business, including a construction contractor or a natural person, and includes both if the natural person is engaged in a business.

Sec. 3. Minnesota Statutes 2006, section 16C.03, subdivision 3, is amended to read:

Subd. 3. **Acquisition authority.** The commissioner shall acquire all goods, services, and utilities needed by agencies. The commissioner shall acquire goods, services, and utilities by requests for bids, requests for proposals, reverse auctions as provided in section 16C.10, subdivision 7, or other methods provided by law, unless a section of law requires a particular method of acquisition to be used. The commissioner shall make all decisions regarding acquisition activities. The determination of the acquisition method and all decisions involved in the acquisition process, unless otherwise provided for by law, shall be based on best value which includes an evaluation of price and may include other considerations including, but not limited to, environmental considerations, quality, and vendor performance. A best value determination must be based on the evaluation criteria detailed in the solicitation document. If criteria other than price are used, the solicitation document must state the relative importance of price and other factors. ~~Unless it is determined by the commissioner that an alternative solicitation method provided by law should be used to determine best value, a request for bid must be used to solicit formal responses for all building and construction contracts.~~ Any or all responses may be rejected. When using the request for bid process, the bid must be awarded to the lowest responsive and responsible bidder, taking into consideration conformity with the specifications, terms of delivery, the purpose for which the contract or purchase is intended, the status and capability of the vendor, and other considerations imposed in the request for bids. The commissioner may decide which is the lowest responsible bidder for all purchases and may use the principles of life-cycle costing, where appropriate, in determining the lowest overall bid. The duties set forth in this subdivision are subject to delegation pursuant to this section.

Sec. 4. Minnesota Statutes 2006, section 16C.03, is amended by adding a subdivision to read:

Subd. 3a. **Acquisition authority; construction contracts.** For all building and construction contracts, the commissioner shall award contracts pursuant to section 16C.28, and "best value" shall be defined and applied as set forth in sections 16C.02, subdivision 4a and 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c). The duties set forth in this subdivision are subject to delegation pursuant to this section. The commissioner shall establish procedures for developing and awarding best value requests for proposals for construction projects. The criteria to be used to evaluate the proposals must be included in the solicitation document and must be evaluated in an open and competitive manner.

Sec. 5. Minnesota Statutes 2006, section 16C.03, is amended by adding a subdivision to read:

Subd. 19. **Training.** Any personnel administering procurement procedures for a user of best value procurement or any consultant retained by a local unit of government to prepare or evaluate solicitation documents must be trained, either by the department or through other training, in the request for proposals process for best value contracting for construction projects. The commissioner may establish a training program for state and local officials, and vendors and contractors, on best value procurement for construction projects, including those governed by section 16C.28. If the commissioner establishes such a training program, the state may charge a fee for providing training.

Sec. 6. Minnesota Statutes 2006, section 16C.26, is amended to read:

16C.26 COMPETITIVE BIDS OR PROPOSALS.

Subdivision 1. **Application.** Except as otherwise provided by sections 16C.10, 16C.26 and 16C.27, all contracts for building and construction or repairs must be based on competitive bids or proposals. "Competitive proposals" specifically refers to the method of procurement described in section 16C.28, subdivision 1, paragraph (a), clause (2).

Subd. 2. **Requirement contracts.** Standard requirement price contracts for building and construction must be established by competitive bids as provided in subdivision 1. The standard requirement price contracts may contain escalation clauses and may provide for a negotiated price increase or decrease based upon a demonstrable industrywide or regional increase or decrease in the vendor's costs or for the addition of similar products or replacement items not significant to the total value of existing contracts. The term of these contracts may not exceed five years including all extensions.

Subd. 3. **Publication of notice; expenditures over \$25,000.** If the amount of an expenditure is estimated to exceed \$25,000, bids or proposals must be solicited by public notice in a manner designated by the commissioner. To the extent practical, this must include posting on a state Web site. For expenditures over \$50,000, when a call for bids is issued the commissioner shall solicit sealed bids by providing notices to all prospective bidders known to the commissioner by posting notice on a state Web site at least seven days before the final date of submitting bids. All bids over \$50,000 must be sealed when they are received and must be opened in public at the hour stated in the notice. All proposals responsive to a request for proposals according to section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c), shall be submitted and evaluated in the manner described in the request for proposals, regardless of the dollar amount. All original bids and proposals and all documents pertaining to the award of a contract must be retained and made a part of a permanent file or record and remain open to public inspection.

Subd. 4. **Building and construction contracts; \$50,000 or less.** An informal bid may be used for building, construction, and repair contracts that are estimated at less than \$50,000. Informal bids must be authenticated by the bidder in a manner specified by the commissioner. Alternatively, a request for proposals may be issued according to section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c), for such contracts.

Subd. 5. **Standard specifications, security.** Contracts must be based on the standard specifications prescribed and enforced by the commissioner under this chapter, unless otherwise expressly provided or as authorized under section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c). Each ~~bidder for a contract~~ vendor or contractor must furnish security approved by the commissioner to ensure the making of the contract being bid for.

Subd. 6. **Noncompetitive bids.** Agencies are encouraged to contract with small targeted group businesses designated under section 16C.16 when entering into contracts that are not subject to competitive bidding procedures.

Sec. 7. Minnesota Statutes 2006, section 16C.27, subdivision 1, is amended to read:

Subdivision 1. **Single source of supply.** Competitive bidding is or proposals are not required for contracts clearly and legitimately limited to a single source of supply, and the contract price may be best established by direct negotiation.

Sec. 8. Minnesota Statutes 2006, section 16C.28, is amended to read:

16C.28 CONTRACTS; AWARD.

Subdivision 1. ~~Lowest responsible bidder~~ **Award requirements.** (a) All state building and construction contracts entered into by or under the supervision of the commissioner or an agency for which competitive bids or proposals are required ~~must be awarded to the lowest responsible bidder, taking into consideration conformity with the specifications, terms of delivery, the purpose for which the contract is intended, the status and capability of the vendor, and other considerations imposed in the call for bids. The commissioner may decide which is the lowest responsible bidder for all contracts and may use the principles of life cycle costing, where appropriate, in determining the lowest overall bid. The head of the interested agency shall make the decision, subject to the approval of the commissioner. Any or all bids may be rejected. In a case where competitive bids are required and where all bids are rejected, new bids, if solicited, must be called for as in the first instance, unless otherwise provided by law.~~ may be awarded to either of the following:

(1) the lowest responsible bidder, taking into consideration conformity with the specifications, terms of delivery, the purpose for which the contract is intended, the status and capability of the vendor or contractor, other considerations imposed in the call for bids, and, where appropriate, principles of life-cycle costing; or

(2) the vendor or contractor offering the best value, taking into account the specifications of the request for proposals, the price and performance criteria as set forth in section 16C.02, subdivision 4a, and described in the solicitation document.

(b) The vendor or contractor must secure bonding, commercial general insurance coverage, and workers' compensation insurance coverage under paragraph (a), clause (1) or (2). The commissioner shall determine whether to use the procurement process described in paragraph (a), clause (1), or the procurement process described in paragraph (a), clause (2). If the commissioner uses the method in paragraph (a), clause (2), the head of the agency shall determine which vendor or contractor offers the best value, subject to the approval of the commissioner. Any or all bids or proposals may be rejected.

(c) When using the procurement process described in paragraph (a), clause (2), the solicitation document must state the relative importance of price and other factors.

Subd. 1a. **Establishment and purpose.** (a) The state recognizes the importance of the inclusion of a best value contracting system for construction as an alternative to the current low-bid system of procurement. In order to accomplish that goal, state and local governmental entities shall be able to choose the best value system in different phases.

(b) "Best value" means the procurement method defined in section 16C.02, subdivision 4a.

(c) The following entities are eligible to participate in phase I:

(1) state agencies;

(2) counties;

(3) cities; and

(4) school districts with the highest 25 percent enrollment of students in the state.

Phase I begins on the effective date of this section.

(d) The following entities are eligible to participate in phase II:

(1) those entities included in phase I; and

(2) school districts with the highest 50 percent enrollment of students in the state.

Phase II begins two years from the effective date of this section.

(e) The following entities are eligible to participate in phase III:

(1) all entities included in phases I and II; and

(2) all other townships, school districts, and political subdivisions in the state.

Phase III begins three years from the effective date of this section.

(f) The commissioner or any agency for which competitive bids or proposals are required may not use best value contracting as defined in section 16C.02, subdivision 4a, for more than one project annually, or 20 percent of its projects, whichever is greater, in each of the first three fiscal years in which best value construction contracting is used.

Subd. 2. **Alterations and erasures.** A bid containing an alteration or erasure of any price contained in the bid which is used in determining the lowest responsible bid must be rejected unless the alteration or erasure is corrected in a manner that is clear and authenticated by an authorized representative of the responder. An alteration or erasure may be crossed out and the correction printed in ink or typewritten adjacent to it and initialed by an authorized representative of the responder.

Subd. 3. **Special circumstances.** The commissioner may reject the bid or proposal of any ~~bidder~~ vendor or contractor who has failed to perform a previous contract with the state. In the case of identical low bids from two or more bidders, the commissioner may use negotiated procurement methods with the tied low bidders for that particular transaction so long as the price paid does not exceed the low tied bid price. The commissioner may award contracts to more than one ~~bidder~~ vendor or contractor in accordance with subdivision 1, if doing so does not decrease the service level or diminish the effect of competition.

Subd. 4. **Record.** A record must be kept of all bids or proposals, including names of bidders, amounts of bids or proposals, and each successful bid or proposal. This record is open to public inspection, subject to section 13.591 and other applicable law.

Subd. 5. **Preferences not cumulative.** The preferences under sections 16B.121, 16C.06, subdivision 7, and 16C.16 apply, but are not cumulative. The total percentage of preference granted on a contract may not exceed the highest percentage of preference allowed for that contract under any one of those sections.

Sec. 9. Minnesota Statutes 2006, section 103D.811, subdivision 3, is amended to read:

Subd. 3. **Awarding of contract.** (a) At a time and place specified in the bid notice, the managers may accept or reject any or all bids and may award the contract to the lowest responsible bidder. The bidder to whom the contract is to be awarded must give a bond, with ample security, conditioned by satisfactory completion of the contract.

(b) Bids must not be considered which in the aggregate exceed by more than 30 percent the total estimated cost of construction or implementation.

(c) As an alternative to the procurement method described in paragraph (a), the managers may issue a request for proposals and award the contract to the vendor or contractor offering the best value as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

(d) The contract must be in writing and be accompanied by or refer to the plans and specifications for the work to be done as prepared by the engineer for the watershed district. The plans and specifications shall become a part of the contract.

~~(d)~~ (e) The contract shall be approved by the managers and signed by the president, secretary, and contractor.

Sec. 10. Minnesota Statutes 2006, section 103E.505, subdivision 5, is amended to read:

Subd. 5. **How contract may be awarded.** The contract may be awarded in one job, in sections, or separately for labor and material and ~~must~~ may be let to the lowest responsible bidder. Alternatively, the contract may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 11. Minnesota Statutes 2006, section 116A.13, subdivision 5, is amended to read:

Subd. 5. **How job may be let.** The job may be let in one job, or in sections, or separately for labor and material, and ~~shall~~ may be let to the lowest responsible bidder or bidders therefor. Alternatively, the contract may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 12. Minnesota Statutes 2006, section 123B.52, subdivision 1, is amended to read:

Subdivision 1. **Contracts.** A contract for work or labor, or for the purchase of furniture, fixtures, or other property, except books registered under the copyright laws, or for the construction or repair of school houses, the estimated cost or value of which shall exceed that specified in section 471.345, subdivision 3, must not be made by the school board without first advertising for bids or proposals by two weeks' published notice in the official newspaper. This notice must state the time and place of receiving bids and contain a brief description of the subject matter.

Additional publication in the official newspaper or elsewhere may be made as the board shall deem necessary.

After taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids, every such contract for which a call for bids has been issued must be awarded to the lowest responsible bidder, be duly executed in writing, and be otherwise conditioned as required by law. The person to whom the contract is awarded shall give a sufficient bond to the board for its faithful performance. Notwithstanding section 574.26 or any other law to the contrary, on a contract limited to the purchase of a finished tangible product, a board may require, at its discretion, a performance bond of a contractor in the amount the board considers necessary. A record must be kept of all bids, with names of bidders and amount of bids, and with the successful bid indicated thereon. A bid containing an alteration or erasure of any price contained in the bid which is used in determining the lowest responsible bid must be rejected unless the alteration or erasure is corrected as provided in this section. An alteration or erasure may be crossed out and the correction thereof printed in ink or typewritten adjacent thereto and initialed in ink by the person signing the bid. In the case of identical low bids from two or more bidders, the board may, at its discretion, utilize negotiated procurement methods with the tied low bidders for that particular transaction, so long as the price paid does not exceed the low tied bid price. In the case where only a single bid is received, the board may, at its discretion, negotiate a mutually agreeable contract with the bidder so long as the price paid does not exceed the original bid. If no satisfactory bid is received, the board may readvertise. Standard requirement price contracts established for supplies or services to be purchased by the district must be established by competitive bids. Such standard requirement price contracts may contain escalation clauses and may provide for a negotiated price increase or decrease based upon a demonstrable industrywide or regional increase or decrease in the vendor's costs. Either party to the contract may request that the other party demonstrate such increase or decrease. The term of such contracts must not exceed two years with an option on the part of the district to renew for an additional two years. Contracts for the purchase of perishable food items, except milk for school lunches and vocational training programs, in any amount may be made by direct negotiation by obtaining two or more written quotations for the purchase or sale, when possible, without advertising for bids or otherwise complying with the requirements of this section or section 471.345, subdivision 3. All quotations obtained shall be kept on file for a period of at least one year after receipt.

Every contract made without compliance with the provisions of this section shall be void. Except in the case of the destruction of buildings or injury thereto, where the public interest would suffer by delay, contracts for repairs may be made without advertising for bids.

Sec. 13. Minnesota Statutes 2006, section 123B.52, is amended by adding a subdivision to read:

Subd. 1b. **Best value alternative.** As an alternative to the procurement method described in subdivision 1, a contract for construction, building, alteration, improvement, or repair work may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 14. Minnesota Statutes 2006, section 160.17, is amended by adding a subdivision to read:

Subd. 2a. **Best value alternative.** As an alternative to the procurement method referenced in subdivision 2, counties or towns may issue a request for proposal and award the contract to the vendor or contractor offering the best value as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 15. Minnesota Statutes 2006, section 160.262, is amended by adding a subdivision to read:

Subd. 5. **Best value alternative.** As an alternative to the procurement method described in subdivision 4, the commissioner may allow for the award of design-build contracts for the projects described in subdivision 4 to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 16. Minnesota Statutes 2006, section 161.32, is amended by adding a subdivision to read:

Subd. 1f. **Best value alternative.** As an alternative to the procurement method described in subdivisions 1a to 1e, the commissioner may issue a request for proposals and award the contract to the vendor or contractor offering the best value as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 17. **[161.3206] BEST VALUE CONTRACTING AUTHORITY.**

Notwithstanding sections 16C.25, 161.32, and 161.321, or any other law to the contrary, the commissioner may solicit and award all contracts, other than design-build contracts governed by section 161.3412, for a project on the basis of a best value selection process as defined in section 16C.02, subdivision 4a. Section 16C.08 does not apply to this section.

Sec. 18. Minnesota Statutes 2006, section 161.3412, subdivision 1, is amended to read:

Subdivision 1. **Best value selection for design-build contracts.** Notwithstanding sections 16C.25, 161.32, and 161.321, or any other law to the contrary, the commissioner may solicit and award a design-build contract for a project on the basis of a best value selection process. Section 16C.08 does not apply to design-build contracts to which the commissioner is a party.

Sec. 19. Minnesota Statutes 2006, section 161.38, subdivision 4, is amended to read:

Subd. 4. **Effects on other law of public contract with commissioner.** Whenever the road authority of any city enters into an agreement with the commissioner pursuant to this section, and a portion of the cost is to be assessed against benefited property, the letting of a public contract by the commissioner for the work shall be deemed to comply with statutory or charter provisions requiring the city (1) to advertise for bids before awarding a contract for a public improvement, (2) to let the contract to the lowest responsible bidder or to the vendor or contractor offering the best value, and (3) to require a performance bond to be filed by the contractor before undertaking the work. The contract so let by the commissioner and the performance bond required of the contractor by the commissioner shall be considered to be the contract and bond of the city for the purposes of complying with the requirements of any applicable law or charter provision, and the bond shall inure to the benefit of the city and operate for their protection to the same extent as though they were parties thereto.

Sec. 20. Minnesota Statutes 2006, section 365.37, is amended by adding a subdivision to read:

Subd. 2a. **Best value alternative.** As an alternative to the procurement method described in subdivision 2, a contract for construction, building, alteration, improvement, or repair work may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 21. Minnesota Statutes 2006, section 374.13, is amended to read:

374.13 TO ADVERTISE FOR BIDS.

Subdivision 1. **Bidding process.** When the plans and specifications are completed and approved by the city council and the county board, the commission shall, after notice appropriate to inform possible bidders, obtain bids or proposals for all or any portion of the work or materials, or both, to be done, performed, or furnished in the construction of the building. All bids or proposals shall be sealed by the bidders or proposers and filed with the commission at or before the time specified for the opening of bids or proposals. At the time and place specified for the opening of bids or proposals, the commission shall meet, open the bids or proposals, tabulate them, and award the contract or contracts to the responsible bidder whose bid or proposal is the most favorable to the city or county, or reject all bids and proposals. If all bids or proposals are rejected, the commission may, after similar notice, obtain more bids or proposals or may modify or change the plans and specifications and submit the modified plans and specifications to the city council and the county board for approval. When the modified or changed plans and specifications are satisfactory to both the city council and the county board, the plans and specifications shall be returned to the commission and the commission shall proceed again, after similar notice, to obtain bids or proposals. Any contract awarded by the commission shall be subject to approval by the city council and the county board.

Subd. 2. **Best value alternative.** As an alternative to the procurement method described in subdivision 1, the commission may issue a request for proposals and award the contract to the vendor or contractor offering the best value as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 22. Minnesota Statutes 2006, section 375.21, is amended by adding a subdivision to read:

Subd. 1b. **Best value alternative.** As an alternative to the procurement method described in subdivision 1, a county board may award a contract for construction, building, alteration, improvement, or repair work to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 23. Minnesota Statutes 2006, section 383C.094, is amended by adding a subdivision to read:

Subd. 1a. **Contracts in excess of \$500; best value alternative.** As an alternative to the procurement method described in subdivision 1, the contract may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 24. Minnesota Statutes 2006, section 412.311, is amended to read:

412.311 CONTRACTS.

Subdivision 1. **Lowest responsible bidder.** Except as provided in sections 471.87 to 471.89, no member of a council shall be directly or indirectly interested in any contract made by the council. Whenever the amount of a contract for the purchase of merchandise, materials or equipment or for any kind of construction work undertaken by the city is estimated to exceed the amount specified by section 471.345, subdivision 3, the contract shall be let to the lowest responsible bidder, after notice has been published once in the official newspaper at least ten days in advance of the last day for the submission of bids. If the amount of the contract exceeds \$1,000, it shall be entered into only after compliance with section 471.345.

Subd. 2. **Best value alternative.** As an alternative to the procurement method described in subdivision 1, a contract for construction, building, alteration, improvement, or repair work may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 25. Minnesota Statutes 2006, section 429.041, is amended by adding a subdivision to read:

Subd. 2a. **Best value alternative.** As an alternative to the procurement method described in subdivision 2, the council may issue a request for proposals and award the contract to the vendor or contractor offering the best value as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 26. Minnesota Statutes 2006, section 458D.21, is amended by adding a subdivision to read:

Subd. 2a. **Contracts in excess of \$5,000; best value alternative.** As an alternative to the procurement method described in subdivision 2, the board may issue a request for proposals and award the contract to the vendor or contractor offering the best value as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 27. Minnesota Statutes 2006, section 469.015, is amended by adding a subdivision to read:

Subd. 1a. **Best value alternative.** As an alternative to the procurement method described in subdivision 1, the authority may issue a request for proposals and award the contract to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 28. Minnesota Statutes 2006, section 469.068, subdivision 1, is amended to read:

Subdivision 1. **Contracts; bids; bonds.** All construction work and every purchase of equipment, supplies, or materials necessary in carrying out the purposes of sections 469.048 to 469.068, that involve the expenditure of \$1,000 or more, shall be awarded by contract as provided in this subdivision or in subdivision 1a. Before receiving bids under sections 469.048 to 469.068, the authority shall publish, once a week for two consecutive weeks in the official newspaper of the port's city, a notice that bids will be received for the construction work, or purchase of equipment, supplies, or materials. The notice shall state the nature of the work, and the terms and conditions upon which the contract is to be let and name a time and place where the bids will be received, opened, and read publicly, which time shall be not less than seven days after the date of the last publication. After the bids have been received, opened, read publicly, and recorded, the commissioners shall award the contract to the lowest responsible bidder, reserving the right to reject any or all bids. The contract shall be executed in writing and the person to whom the contract is awarded shall give sufficient bond to the board for its faithful performance. If no satisfactory bid is received, the port authority may readvertise, or, by an affirmative vote of two of its commissioners in the case of a three-member commission, or five of its members in the case of a seven-member commission, may authorize the authority to perform any part or parts of any construction work by day labor under conditions it prescribes. The commissioners may establish reasonable qualifications to determine the fitness and responsibility of bidders, and require bidders to meet the qualifications before bids are accepted. If the commissioners by a two-thirds or five-sevenths vote declare that an emergency exists requiring the immediate purchase of any equipment or material or supplies at a cost in excess of \$1,000, but not exceeding \$5,000, in amount, or making of emergency repairs, it shall not be necessary to advertise for bids, but the material, equipment, or supplies may be purchased in the open market at the lowest price obtainable, or the emergency repairs may be contracted for or performed without securing formal competitive bids. An emergency, for purposes of this section, is unforeseen circumstances or conditions which result in the jeopardizing of human life or property.

In all contracts involving the employment of labor, the commissioners shall stipulate conditions they deem reasonable, as to the hours of labor and wages and may stipulate as to the residence of employees to be employed by the contractors.

Bonds shall be required from contractors for any works of construction as provided in and subject to all the provisions of sections 574.26 to 574.31.

Sec. 29. Minnesota Statutes 2006, section 469.068, is amended by adding a subdivision to read:

Subd. 1a. **Contracts; best value alternative.** As an alternative to the procurement method described in subdivision 1, a contract may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 30. Minnesota Statutes 2006, section 471.345, is amended by adding a subdivision to read:

Subd. 3a. **Contracts over \$50,000; best value alternative.** As an alternative to the procurement method described in subdivision 3, municipalities may award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 31. Minnesota Statutes 2006, section 471.345, is amended by adding a subdivision to read:

Subd. 4a. **Contracts from \$10,000 to \$50,000; best value alternative.** As an alternative to the procurement method described in subdivision 4, municipalities may award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 32. Minnesota Statutes 2006, section 471.345, subdivision 5, is amended to read:

Subd. 5. **Contracts less than \$10,000.** If the amount of the contract is estimated to be \$10,000 or less, the contract may be made either upon quotation or in the open market, in the discretion of the governing body. If the contract is made upon quotation it shall be based, so far as practicable, on at least two quotations which shall be kept on file for a period of at least one year after their receipt. Alternatively, municipalities may award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 33. Minnesota Statutes 2006, section 473.523, is amended by adding a subdivision to read:

Subd. 1a. **Contracts over \$50,000; best value alternative.** As an alternative to the procurement method described in subdivision 1, the council may issue a request for proposals and award the contract to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 34. Minnesota Statutes 2006, section 473.756, subdivision 12, is amended to read:

Subd. 12. **Contracts.** The authority may enter into a development agreement with the team, the county, or any other entity relating to the construction, financing, and use of the ballpark and related facilities and public infrastructure. The authority may contract for materials, supplies, and equipment in accordance with sections 471.345 and 473.754, except that the authority, with the consent of the county, may employ or contract with persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, or construction manager with respect to all or any part of the ballpark and public infrastructure. Alternatively, at the request of the

team and with the consent of the county, the authority shall authorize the team to provide for the design and construction of the ballpark and related public infrastructure, subject to terms of Laws 2006, chapter 257. The construction manager may enter into contracts with contractors for labor, materials, supplies, and equipment for the construction of the ballpark and related public infrastructure through the process of public bidding, except that the construction manager may, with the consent of the authority or the team:

(1) narrow the listing of eligible bidders to those which the construction manager determines to possess sufficient expertise to perform the intended functions;

(2) award contracts to the contractors that the construction manager determines provide the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c), which are not required to be the lowest responsible bidder; and

(3) for work the construction manager determines to be critical to the completion schedule, award contracts on the basis of competitive proposals or perform work with its own forces without soliciting competitive bids if the construction manager provides evidence of competitive pricing.

The authority shall require that the construction manager certify, before the contract is signed, a fixed and stipulated construction price and completion date to the authority and post a performance bond in an amount at least equal to 100 percent of the certified price, to cover any costs which may be incurred in excess of the certified price, including but not limited to costs incurred by the authority or loss of revenues resulting from incomplete construction on the completion date. The authority may secure surety bonds as provided in section 574.26, securing payment of just claims in connection with all public work undertaken by it. Persons entitled to the protection of the bonds may enforce them as provided in sections 574.28 to 574.32, and shall not be entitled to a lien on any property of the authority under the provisions of sections 514.01 to 514.16. Contracts for construction and operation of the ballpark must include programs, including Youthbuild, to provide for participation by small local businesses and businesses owned by people of color, and the inclusion of women and people of color in the workforces of contractors and ballpark operators. The construction of the ballpark is a "project" as that term is defined in section 177.42, subdivision 2, and is subject to the prevailing wage law under sections 177.41 to 177.43.

ARTICLE 4

ELECTIONS

Section 1. Minnesota Statutes 2006, section 200.02, subdivision 7, is amended to read:

Subd. 7. **Major political party.** (a) "Major political party" means a political party that maintains a party organization in the state, political division, or precinct in question and that has presented at least one candidate for election to the office of:

(1) governor and lieutenant governor, secretary of state, state auditor, or attorney general at the last preceding state general election for those offices; or

(2) presidential elector or U.S. senator at the last preceding state general election for presidential electors; and

whose candidate received votes in each county in that election and received votes from not less than five percent of the total number of individuals who voted in that election.

(b) "Major political party" also means a political party that maintains a party organization in the state, political subdivision, or precinct in question and that has presented at least 45 candidates for election to the office of state representative, 23 candidates for election to the office of state senator, four candidates for election to the office of

representative in Congress, and one candidate for election to each of the following offices: governor and lieutenant governor, attorney general, secretary of state, and state auditor, at the last preceding state general election for those offices.

(c) "Major political party" also means a political party that maintains a party organization in the state, political subdivision, or precinct in question and whose members present to the secretary of state ~~at any time before the close of filing for the state partisan primary ballot~~ at least six weeks before the start of the filing period a petition for a place on the state partisan primary ballot, which petition contains signatures of a number of the party members equal to at least five percent of the total number of individuals who voted in the preceding state general election. The petition may be circulated at any time after January 1 and more than six weeks before the start of the filing period in the year the petition is submitted.

(d) A political party whose candidate receives a sufficient number of votes at a state general election described in paragraph (a) or a political party that presents candidates at an election as required by paragraph (b) becomes a major political party as of January 1 following that election and retains its major party status for at least two state general elections even if the party fails to present a candidate who receives the number and percentage of votes required under paragraph (a) or fails to present candidates as required by paragraph (b) at subsequent state general elections.

(e) A major political party whose candidates fail to receive the number and percentage of votes required under paragraph (a) and that fails to present candidates as required by paragraph (b) at each of two consecutive state general elections described by paragraph (a) or (b), respectively, loses major party status as of December 31 following the later of the two consecutive state general elections.

Sec. 2. Minnesota Statutes 2006, section 200.02, subdivision 23, is amended to read:

Subd. 23. **Minor political party.** (a) "Minor political party" means a political party that has adopted a state constitution, designated a state party chair, held a state convention in the last two years, filed with the secretary of state no later than December 31 following the most recent state general election a certification that the party has met the foregoing requirements, and met the requirements of paragraph (b) or (e), as applicable.

(b) To be considered a minor party in all elections statewide, the political party must have presented at least one candidate for election to the office of:

(1) governor and lieutenant governor, secretary of state, state auditor, or attorney general, at the last preceding state general election for those offices; or

(2) presidential elector or U.S. senator at the preceding state general election for presidential electors; and

who received votes in each county that in the aggregate equal at least one percent of the total number of individuals who voted in the election, or its members must have presented to the secretary of state ~~at any time before the close of filing for the state partisan primary ballot~~ at least six weeks before the start of the filing period a nominating petition in a form prescribed by the secretary of state containing the signatures of party members in a number equal to at least one percent of the total number of individuals who voted in the preceding state general election. The petition may be circulated at any time after January 1 and more than six weeks before the start of the filing period in the year the petition is submitted.

(c) A political party whose candidate receives a sufficient number of votes at a state general election described in paragraph (b) becomes a minor political party as of January 1 following that election and retains its minor party status for at least two state general elections even if the party fails to present a candidate who receives the number and percentage of votes required under paragraph (b) at subsequent state general elections.

(d) A minor political party whose candidates fail to receive the number and percentage of votes required under paragraph (b) at each of two consecutive state general elections described by paragraph (b) loses minor party status as of December 31 following the later of the two consecutive state general elections.

(e) A minor party that qualifies to be a major party loses its status as a minor party at the time it becomes a major party. Votes received by the candidates of a major party must be counted in determining whether the party received sufficient votes to qualify as a minor party, notwithstanding that the party does not receive sufficient votes to retain its major party status. To be considered a minor party in an election in a legislative district, the political party must have presented at least one candidate for a legislative office in that district who received votes from at least ten percent of the total number of individuals who voted for that office, or its members must have presented to the secretary of state a nominating petition in a form prescribed by the secretary of state containing the signatures of party members in a number equal to at least ten percent of the total number of individuals who voted in the preceding state general election for that legislative office.

Sec. 3. Minnesota Statutes 2006, section 201.016, subdivision 1a, is amended to read:

Subd. 1a. **Violations; penalty.** (a) The county auditor shall mail a violation notice to any voter who the county auditor can determine has voted ~~in a precinct other than the precinct in using an address at which the voter maintains~~ does not maintain residence on election day. The notice must be in the form provided by the secretary of state. The county auditor shall also change the status of the voter in the statewide registration system to "challenged" and the voter shall be required to provide proof of residence to either the county auditor or to the election judges in the voter's precinct before voting in the next election. Any of the forms authorized by section 201.061 for registration at the polling place may be used for this purpose.

(b) A voter who votes in a precinct other than the precinct in which the voter maintains residence after receiving an initial violation notice as provided in this subdivision is guilty of a petty misdemeanor.

(c) A voter who votes in a precinct other than the precinct in which the voter maintains residence after having been found to have committed a petty misdemeanor under paragraph (b) is guilty of a misdemeanor.

(d) Reliance by the voter on inaccurate information regarding the location of the voter's polling place provided by the state, county, or municipality is an affirmative defense to a prosecution under this subdivision.

Sec. 4. Minnesota Statutes 2006, section 201.056, is amended to read:

201.056 SIGNATURE OF REGISTERED VOTER; MARKS ALLOWED.

An individual who is unable to write the individual's name shall be required to sign a registration ~~card by making the individual's mark~~ application in the manner provided by section 645.44, subdivision 14. If the individual registers in person and signs by making a mark, the clerk or election judge accepting the registration shall certify the mark by signing the individual's name. If the individual registers by mail and signs by making a mark, the mark shall be certified by having a voter registered in the individual's precinct sign the individual's name and the voter's own name and give the voter's own address.

Sec. 5. Minnesota Statutes 2006, section 201.061, subdivision 1, is amended to read:

Subdivision 1. **Prior to election day.** At any time except during the 20 days immediately preceding any regularly scheduled election, an eligible voter or any individual who will be an eligible voter at the time of the next election may register to vote in the precinct in which the voter maintains residence by completing a paper voter registration application as described in section 201.071, subdivision 1, and submitting it in person or by mail to the county auditor of that county or to the Secretary of State's Office. If the Web site maintained by the secretary of

state provides, an individual who has a Minnesota driver's license, identification card, or learner's permit may register online. A registration that is received no later than 5:00 p.m. on the 21st day preceding any election shall be accepted. An improperly addressed or delivered registration application shall be forwarded within two working days after receipt to the county auditor of the county where the voter maintains residence. A state or local agency or an individual that accepts completed voter registration applications from a voter must submit the completed applications to the secretary of state or the appropriate county auditor within ten business days after the applications are dated by the voter.

For purposes of this section, mail registration is defined as a voter registration application delivered to the secretary of state, county auditor, or municipal clerk by the United States Postal Service or a commercial carrier.

Sec. 6. Minnesota Statutes 2006, section 201.061, is amended by adding a subdivision to read:

Subd. 1b. **Prohibited methods of compensation; penalty.** (a) No individual may be compensated for the solicitation, collection, or acceptance of voter registration applications from voters for submission to the secretary of state, a county auditor, or other local election official in a manner in which payment is calculated by multiplying (1) either a set or variable payment rate, by (2) the number of voter registration applications solicited, collected, or accepted.

(b) No individual may be deprived of compensation or have compensation automatically reduced exclusively for failure to solicit, collect, or accept a minimum number of voter registration applications and no individual may receive additional compensation for reaching or exceeding a minimum number of voter registration applications.

(c) A person who violates this subdivision is guilty of a petty misdemeanor.

Sec. 7. Minnesota Statutes 2006, section 201.061, subdivision 3, is amended to read:

Subd. 3. Election day registration. (a) The definitions in this paragraph apply to this subdivision:

(1) "current utility bill" means a utility bill dated within 30 days before the election day or due within 30 days before or after the election;

(2) "photo identification" means identification that displays the name and photo of an individual and that was issued by:

(i) another state for use as a driver's license or identification card;

(ii) a Minnesota college, university, or other postsecondary educational institution or high school as a student identification card; or

(iii) a tribal government of a tribe recognized by the Bureau of Indian Affairs, United States Department of the Interior;

(3) "residential facility" means transitional housing as defined in section 256E.33, subdivision 1; a supervised living facility licensed by the commissioner of health under section 144.50, subdivision 6; a nursing home as defined in section 144A.01, subdivision 5; a residence registered with the commissioner of health as a housing with services establishment as defined in section 144D.01, subdivision 4; a veterans home operated by the board of directors of the Minnesota Veterans Homes under chapter 198; a residence licensed by the commissioner of human services to provide a residential program as defined in section 245A.02, subdivision 14; a residential facility for persons with a developmental disability licensed by the commissioner of human services under section 252.28; group residential housing as defined in section 256I.03, subdivision 3; a shelter for battered women as defined in section 611A.37, subdivision 4; or a supervised publicly or privately operated shelter or dwelling designed to provide temporary living accommodations for the homeless; and

(4) "utility bill" means a written or electronic bill for gas, electricity, telephone, wireless telephone, cable television, satellite television, solid waste, water, sewer services, or an itemized rent statement.

(b) An individual who is eligible to vote may register on election day by appearing in person at the polling place for the precinct in which the individual maintains residence, by completing a registration application, making an oath in the form prescribed by the secretary of state and providing proof of residence. An individual may prove residence for purposes of registering by:

(1) presenting a driver's license or Minnesota identification card issued pursuant to section 171.07;

(2) presenting:

(i) a photo identification; and

(ii) a current utility bill or lease, showing the individual's name and valid residential address in the precinct;

(3) presenting an identification card issued by the tribal government of a tribe recognized by the Bureau of Indian Affairs, United States Department of the Interior, that contains the name, address, signature, and picture of the individual;

~~(2)~~ (4) presenting any document approved by the secretary of state as proper identification;

~~(3)~~ (5) presenting one of the following:

(i) a current valid student identification card from a postsecondary educational institution in Minnesota, if a list of students from that institution has been prepared under section 135A.17 and certified to the county auditor in the manner provided in rules of the secretary of state; or

(ii) a current student fee statement that contains the student's valid address in the precinct together with a ~~picture~~ photo identification card; or

~~(4)~~ (6)(i) having a voter who is registered to vote in the precinct, or who is an employee employed by and working in a residential facility in the precinct and vouching for a resident in the facility, sign an oath in the presence of the election judge vouching that the voter or employee personally knows that the individual is a resident of the precinct. A voter who has been vouched for on election day may not sign a proof of residence oath vouching for any other individual on that election day. A voter who is registered to vote in the precinct may sign up to 15 proof-of-residence oaths on any election day. This limitation does not apply to an employee of a residential facility described in this clause.

(ii) The secretary of state shall provide a form for election judges to use in recording the number of individuals for whom a voter signs proof-of-residence oaths on election day. The form must include space for the maximum number of individuals for whom a voter may sign proof-of-residence oaths. For each proof-of-residence oath, the form must include a statement that the voter is registered to vote in the precinct, personally knows that the individual is a resident of the precinct, and is making the statement on oath. The form must include a space for the voter's printed name, signature, telephone number, and address.

The oath required by this subdivision and Minnesota Rules, part 8200.9939, must be attached to the voter registration application ~~and the information on the oath must be recorded on the records of both the voter registering on election day and the voter who is vouching for the person's residence, and entered into the statewide voter registration system by the county auditor when the voter registration application is entered into that system.~~

~~(b) The operator of a residential facility shall prepare a list of the names of its employees currently working in the residential facility and the address of the residential facility. The operator shall certify the list and provide it to the appropriate county auditor no less than 20 days before each election for use in election day registration.~~

~~(c) "Residential facility" means transitional housing as defined in section 256E.33, subdivision 1; a supervised living facility licensed by the commissioner of health under section 144.50, subdivision 6; a nursing home as defined in section 144A.01, subdivision 5; a residence registered with the commissioner of health as a housing with services establishment as defined in section 144D.01, subdivision 4; a veterans home operated by the board of directors of the Minnesota Veterans Homes under chapter 198; a residence licensed by the commissioner of human services to provide a residential program as defined in section 245A.02, subdivision 14; a residential facility for persons with a developmental disability licensed by the commissioner of human services under section 252.28; group residential housing as defined in section 256I.03, subdivision 3; a shelter for battered women as defined in section 611A.37, subdivision 4; or a supervised publicly or privately operated shelter or dwelling designed to provide temporary living accommodations for the homeless.~~

~~(d) For tribal band members, an individual may prove residence for purposes of registering by:~~

~~(1) presenting an identification card issued by the tribal government of a tribe recognized by the Bureau of Indian Affairs, United States Department of the Interior, that contains the name, address, signature, and picture of the individual; or~~

~~(2) presenting an identification card issued by the tribal government of a tribe recognized by the Bureau of Indian Affairs, United States Department of the Interior, that contains the name, signature, and picture of the individual and also presenting one of the documents listed in Minnesota Rules, part 8200.5100, subpart 2, item B.~~

(c) An employee of a residential facility must prove employment with that facility by presenting a current identification card issued by the facility or other official documentation verifying the employee's current status with the facility on election day to be eligible to vouch for individuals residing in that facility.

~~(d)~~ A county, school district, or municipality may require that an election judge responsible for election day registration initial each completed registration application.

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

Sec. 8. Minnesota Statutes 2006, section 201.071, subdivision 1, is amended to read:

Subdivision 1. **Form.** A voter registration application must ~~be of suitable size and weight for mailing and~~ contain spaces for the following required information: voter's first name, middle name, and last name; voter's previous name, if any; voter's current address; voter's previous address, if any; voter's date of birth; voter's municipality and county of residence; voter's telephone number, if provided by the voter; date of registration; current and valid Minnesota driver's license number or Minnesota state identification number, or if the voter has no current and valid Minnesota driver's license or Minnesota state identification, and the last four digits of the voter's Social Security number; ~~and voter's signature.~~ The registration application may include the voter's e-mail address, if provided by the voter, and the voter's interest in serving as an election judge, if indicated by the voter. The application must also contain the following certification of voter eligibility:

"I certify that I:

(1) will be at least 18 years old on election day;

(2) am a citizen of the United States;

- (3) will have resided in Minnesota for 20 days immediately preceding election day;
- (4) maintain residence at the address given on the registration form;
- (5) am not under court-ordered guardianship in which the court order revokes my right to vote;
- (6) have not been found by a court to be legally incompetent to vote;
- (7) have the right to vote because, if I have been convicted of a felony, my felony sentence has expired (been completed) or I have been discharged from my sentence; and
- (8) have read and understand the following statement: that giving false information is a felony punishable by not more than five years imprisonment or a fine of not more than \$10,000, or both."

The certification must include boxes for the voter to respond to the following questions:

"(1) Are you a citizen of the United States?" and

"(2) Will you be 18 years old on or before election day?"

And the instruction:

"If you checked 'no' to either of these questions, do not complete this form."

The form of the voter registration application and the certification of voter eligibility must be as provided in this subdivision and approved by the secretary of state. Voter registration forms authorized by the National Voter Registration Act must also be accepted as valid. The federal postcard application form must also be accepted as valid if it is not deficient and the voter is eligible to register in Minnesota.

An individual may use a voter registration application to apply to register to vote in Minnesota or to change information on an existing registration.

A paper voter registration application must include space for the voter's signature and be of suitable size and weight for mailing.

Sec. 9. Minnesota Statutes 2006, section 201.091, is amended by adding a subdivision to read:

Subd. 5a. **Registration verification to registered voter.** The secretary of state may provide for voter registration verification to a registered voter on the secretary of state's Web site. An individual using the verification service must provide the individual's name, address, and date of birth when requesting registration verification. If the verification information provided completely matches an active registration record in the statewide registration system, the individual must be informed that the individual is a registered voter and provided with the individual's polling place location. If the verification information provided does not completely match an active registration record in the statewide registration system, the individual must be informed that a registration record at the name and address provided cannot be retrieved and advised to contact the county auditor or secretary of state for further information.

Sec. 10. Minnesota Statutes 2006, section 201.091, subdivision 9, is amended to read:

Subd. 9. **Restricted data.** A list provided for public inspection or purchase, for jury selection, or in response to a law enforcement inquiry, must not include a voter's date of birth or any part of a voter's Social Security number, driver's license number, ~~or~~ identification card number, military identification card number, or passport number.

Sec. 11. Minnesota Statutes 2006, section 201.12, is amended to read:

201.12 PROPER REGISTRATION; VERIFICATION BY MAIL; CHALLENGES.

Subdivision 1. **Notice of registration.** To prevent fraudulent voting and to eliminate excess names, the county auditor may mail to any registered voter a notice stating the voter's name and address as they appear in the registration files. The notice shall request the voter to notify the county auditor if there is any mistake in the information.

Subd. 2. **Challenges Moved within state.** If the notice is returned as undeliverable but with a permanent forwarding address in this state, the county auditor shall notify the auditor of the county where the voter resides. Upon receipt of the notice, the county auditor shall update the voter's address in the statewide voter registration system and mail to the voter the notice of registration required by section 201.121, subdivision 2. The notice must advise the voter that the voter's voting address has been changed and that the voter must notify the county auditor within 21 days if the new address is not what the voter intended to be their permanent address.

Subd. 3. **Moved out of state.** If the notice is returned as undeliverable but with a permanent forwarding address outside this state, the county auditor shall promptly mail to the voter at the forwarding address a notice advising the voter that the voter's voter registration in this state will be deleted unless the voter notifies the county auditor within 21 days that the voter intends to retain the former address as the voter's permanent address. If the notice is not received by the deadline, the county auditor shall delete the registration.

Subd. 4. **Challenges.** ~~Upon return of any nonforwardable mailing from an election official, the county auditor or the auditor's staff shall ascertain the name and address of that individual. If the individual is no longer at the address recorded in the statewide registration system~~ If the notice is returned as undeliverable but with no forwarding address, the county auditor shall change the registrant's status to "challenged" in the statewide registration system. An individual challenged in accordance with this subdivision shall comply with the provisions of section 204C.12, before being allowed to vote. If a notice mailed at least 60 days after the return of the first nonforwardable mailing is also returned by the postal service, the county auditor shall change the registrant's status to "inactive" in the statewide registration system.

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

Sec. 12. Minnesota Statutes 2006, section 201.13, subdivision 3, is amended to read:

Subd. 3. **Use of change of address system.** ~~The county auditor may delete the records in the statewide registration system of voters whose change of address can be confirmed by the United States Postal Service. The secretary of state may provide the county auditors with periodic reports on voters whose change of address can be confirmed by the United States Postal Service.~~

(a) At least once each month the secretary of state shall obtain a list of individuals in this state who have filed with the United States Postal Service a change of their permanent address. If an individual is registered as a voter in the statewide voter registration system and the change is to another address in this state, the secretary of state shall transmit the registration by electronic means to the county auditor of the county where the voter resides. Upon receipt of the registration, the county auditor shall update the voter's address in the statewide voter registration

system and mail to the voter the notice of registration required by section 201.121, subdivision 2. The notice must advise the voter that the voter's permanent address has been changed and that the voter must notify the county auditor within 21 days if the new address is not what the voter intended to be the voter's permanent address.

(b) If the change of permanent address is to a forwarding address outside this state, the secretary of state shall notify by electronic means the auditor of the county where the voter formerly resided that the voter has left the state. The county auditor shall promptly mail to the voter at the forwarding address a notice advising the voter that the voter's voter registration in this state will be deleted unless the voter notifies the county auditor within 21 days that the voter intends to retain the former address as the voter's permanent address. If the notice is not received by the deadline, the county auditor shall delete the registration.

EFFECTIVE DATE. This section is effective April 1, 2008.

Sec. 13. Minnesota Statutes 2006, section 201.161, is amended to read:

201.161 AUTOMATIC REGISTRATION OF DRIVER'S LICENSE, INSTRUCTION PERMIT, AND IDENTIFICATION CARD APPLICATIONS APPLICANTS.

Subdivision 1. Automatic registration. An individual who properly completes an application for a new or renewed Minnesota driver's license, instruction permit, or identification card, and who is eligible to vote under section 201.014, must be registered to vote as provided in this section, unless the applicant declines to be registered.

Subd. 2. Applications. The ~~Department~~ commissioner of public safety, in consultation with the secretary of state, shall change ~~its~~ the applications for an original, duplicate, or change of address driver's license, instruction permit, or identification card so that the forms may also serve as voter registration applications. The forms must contain spaces for all information collected by voter registration applications prescribed by the secretary of state and a box for the applicant to decline to be registered to vote. ~~Applicants for driver's licenses or identification cards must be asked if they want to register to vote at the same time and that~~ If the applicant has not declined to be registered to vote, the commissioner shall transmit the information ~~must be transmitted at least weekly~~ daily by electronic means to the secretary of state. Pursuant to the Help America Vote Act of 2002, Public Law 107-252, the computerized driver's license record containing the voter's name, address, date of birth, citizenship, driver's license number or state identification number, county, ~~town, and city or town, and signature~~ must be made available for access by the secretary of state and interaction with the statewide voter registration system.

Subd. 3. Registration. (a) The secretary of state shall determine whether the applicant is currently registered in the statewide voter registration system. For each currently registered voter whose registration is not changed, the secretary of state shall update the voter's registration date in the statewide voter registration system. For each currently registered voter whose registration is changed, the secretary of state shall transmit the registration daily by electronic means to the county auditor of the county where the voter resides.

(b) If the applicant is not currently registered in the statewide voter registration system, the secretary of state shall determine whether the applicant is 18 years of age or older and a citizen of the United States and compare the voter registration information received from the commissioner of public safety with the information on wards, incompetents, and felons received from the state court administrator under sections 201.15 and 201.155, to determine whether the applicant is eligible to vote. If an applicant is less than 18 years of age, the secretary of state shall wait until the applicant has turned 18 years of age to determine whether the applicant is eligible to vote. For each applicant the secretary of state determines is an eligible voter, the secretary of state shall transmit the registration daily by electronic means to the county auditor of the county where the voter resides.

Subd. 4. Notice. Upon receipt of the registration, the county auditor shall mail to the voter the notice of registration required by section 201.121, subdivision 2.

Subd. 5. Effective date. An application for registration that is dated during the 20 days before an election in any jurisdiction within which the voter resides is not effective until the day after the election.

Sec. 14. Minnesota Statutes 2006, section 201.171, is amended to read:

201.171 POSTING VOTING HISTORY; FAILURE TO VOTE; REGISTRATION REMOVED.

Within six weeks after every election, the county auditor shall post the voting history for every person who voted in the election. After the close of the calendar year, the secretary of state shall determine if any registrants have not voted during the preceding ~~four~~ six years. The secretary of state shall perform list maintenance by changing the status of those registrants to "inactive" in the statewide registration system. The list maintenance performed must be conducted in a manner that ensures that the name of each registered voter appears in the official list of eligible voters in the statewide registration system. A voter must not be removed from the official list of eligible voters unless the voter is not eligible or is not registered to vote. List maintenance must include procedures for eliminating duplicate names from the official list of eligible voters.

The secretary of state shall also prepare a report to the county auditor containing the names of all registrants whose status was changed to "inactive."

Registrants whose status was changed to "inactive" must register in the manner specified in section 201.054 before voting in any primary, special primary, general, school district, or special election, as required by section 201.018.

Although not counted in an election, a late or rejected absentee or mail ballot must be considered a vote for the purpose of continuing registration.

Sec. 15. Minnesota Statutes 2006, section 203B.02, subdivision 1, is amended to read:

Subdivision 1. ~~Unable to go to polling place~~ **Eligibility for absentee voting.** ~~(a) Any eligible voter who reasonably expects to be unable to go to the polling place on election day in the precinct where the individual maintains residence because of absence from the precinct; illness, including isolation or quarantine under sections 144.419 to 144.4196 or United States Code, title 42, sections 264 to 272; disability; religious discipline; observance of a religious holiday; or service as an election judge in another precinct may vote by absentee ballot as provided in sections 203B.04 to 203B.15.~~ (a) Any eligible voter who

~~(b) If the governor has declared an emergency and filed the declaration with the secretary of state under section 12.31, and the declaration states that the emergency has made it difficult for voters to go to the polling place on election day, any voter in a precinct covered by the declaration may vote by absentee ballot as provided in sections 203B.04 to 203B.15.~~

EFFECTIVE DATE. This section is effective April 1, 2008.

Sec. 16. Minnesota Statutes 2006, section 203B.04, subdivision 1, is amended to read:

Subdivision 1. **Application procedures.** Except as otherwise allowed by subdivision 2, an application for absentee ballots for any election may be submitted at any time not less than one day before the day of that election. The county auditor shall prepare absentee ballot application forms in the format provided by the secretary of state, notwithstanding rules on absentee ballot forms, and shall furnish them to any person on request. By January 1 of each even-numbered year, the secretary of state shall make the forms to be used available to auditors through electronic means. An application submitted pursuant to this subdivision shall be in writing and shall be submitted to:

~~(a)~~ (1) the county auditor of the county where the applicant maintains residence; or

~~(b)~~ (2) the municipal clerk of the municipality, or school district if applicable, where the applicant maintains residence.

An application shall be approved if it is timely received, signed and dated by the applicant, contains the applicant's name and residence and mailing addresses, and states that the applicant is eligible to vote by absentee ballot ~~for one of the reasons specified in section 203B.02~~. The application may contain a request for the voter's date of birth, which must not be made available for public inspection. An application may be submitted to the county auditor or municipal clerk by an electronic facsimile device. An application mailed or returned in person to the county auditor or municipal clerk on behalf of a voter by a person other than the voter must be deposited in the mail or returned in person to the county auditor or municipal clerk within ten days after it has been dated by the voter and no later than six days before the election. The absentee ballot applications or a list of persons applying for an absentee ballot may not be made available for public inspection until the close of voting on election day.

An application under this subdivision may contain an application under subdivision 5 to automatically receive an absentee ballot application.

EFFECTIVE DATE. This section is effective April 1, 2008.

Sec. 17. Minnesota Statutes 2006, section 203B.04, subdivision 6, is amended to read:

Subd. 6. **Ongoing absentee status; termination; rules.** (a) An eligible voter may apply to a county auditor or municipal clerk for status as an ongoing absentee voter ~~who reasonably expects to meet the requirements of section 203B.02, subdivision 1~~. The voter may decline to receive an absentee ballot for one or more elections, provided the request is received by the county auditor or municipal clerk at least five days before the deadline in section 204B.35 for delivering ballots for the election to which it applies. Each applicant must automatically be provided with an absentee ballot ~~application~~ for each ensuing election, other than an election by mail conducted under section 204B.45, or as otherwise requested by the voter, and must have the status of ongoing absentee voter indicated on the voter's registration record.

(b) Ongoing absentee voter status ends on:

- (1) the voter's written request;
- (2) the voter's death;
- (3) return of an ongoing absentee ballot as undeliverable;
- (4) a change in the voter's status so that the voter is not eligible to vote under section 201.15 or 201.155; or
- (5) placement of the voter's registration on inactive status under section 201.171.

(c) The secretary of state shall adopt rules governing procedures under this subdivision.

EFFECTIVE DATE. This section is effective April 1, 2008.

Sec. 18. Minnesota Statutes 2006, section 203B.06, subdivision 3, is amended to read:

Subd. 3. **Delivery of ballots.** (a) If an application for absentee ballots is accepted at a time when absentee ballots are not yet available for distribution, the county auditor, or municipal clerk accepting the application shall file it and as soon as absentee ballots are available for distribution shall mail them to the address specified in the application. If an application for absentee ballots is accepted when absentee ballots are available for distribution, the county auditor or municipal clerk accepting the application shall promptly:

(1) mail the ballots to the voter whose signature appears on the application if the application is submitted by mail and does not request commercial shipping under clause (2);

(2) ship the ballots to the voter using a commercial shipper requested by the voter at the voter's expense;

(3) deliver the absentee ballots directly to the voter if the application is submitted in person; or

(4) deliver the absentee ballots in a sealed transmittal envelope to an agent who has been designated to bring the ballots, as provided in section 203B.11, subdivision 4, to a voter who is would have difficulty getting to the polls because of health reasons, or who is disabled, a patient in a health care facility, as provided in section 203B.11, subdivision 4, a resident of a facility providing assisted living services governed by chapter 144G, a participant in a residential program for adults licensed under section 245A.02, subdivision 14, or a resident of a shelter for battered women as defined in section 611A.37, subdivision 4.

(b) If an application does not indicate the election for which absentee ballots are sought, the county auditor or municipal clerk shall mail or deliver only the ballots for the next election occurring after receipt of the application. Only one set of ballots may be mailed, shipped, or delivered to an applicant for any election, except as provided in section 203B.13, subdivision 2, or when a replacement ballot has been requested by the voter for a ballot that has been spoiled or lost in transit.

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

Sec. 19. Minnesota Statutes 2006, section 203B.07, subdivision 2, is amended to read:

Subd. 2. **Design of envelopes.** The return envelope shall be of sufficient size to conveniently enclose and contain the ballot envelope and a voter registration ~~card~~ application folded along its perforations. The return envelope shall be designed to open on the left-hand end. ~~Notwithstanding any rule to the contrary, the return envelope must be designed in one of the following ways:~~

~~(1) it must be of sufficient size to contain an additional envelope that when sealed, conceals the signature, identification, and other information; or~~

~~(2) it must provide an additional flap that when sealed, conceals the signature, identification, and other information. Election officials may open the flap or the additional envelope at any time after receiving the returned ballot to inspect the returned certificate for completeness or to ascertain other information. A certificate of eligibility to vote by absentee ballot shall be printed on the back of the envelope. The certificate shall contain a statement to be signed and sworn by the voter indicating that the voter meets all of the requirements established by law for voting by absentee ballot. If the voter was not previously registered, the certificate shall also contain a statement signed by a person who is registered to vote in Minnesota or by a notary public or other individual authorized to administer oaths stating that:~~

~~(a) (i)~~ the ballots were displayed to that individual unmarked;

~~(b) (ii)~~ the voter marked the ballots in that individual's presence without showing how they were marked, or, if the voter was physically unable to mark them, that the voter directed another individual to mark them; and

~~(c) if the voter was not previously registered, (iii)~~ the voter has provided proof of residence as required by section 201.061, subdivision 3.

The county auditor or municipal clerk shall affix first class postage to the return envelopes.

EFFECTIVE DATE. This section is effective April 1, 2008.

Sec. 20. Minnesota Statutes 2006, section 203B.081, is amended to read:

203B.081 LOCATIONS FOR ABSENTEE VOTING IN PERSON.

An eligible voter may vote by absentee ballot during the 30 days before the election in the office of the county auditor and at any other polling place designated by the county auditor. The county auditor shall make such designations at least 90 days before the election. At least one voting booth and at least one electronic ballot marker in each polling place must be made available by the county auditor for this purpose.

Sec. 21. Minnesota Statutes 2006, section 203B.11, subdivision 4, is amended to read:

Subd. 4. **Agent delivery of ballots.** During the ~~four~~ seven days preceding an election and until 2:00 p.m. on election day, an eligible voter who is would have difficulty getting to the polls because of health reasons, or who is disabled, a patient of a health care facility, a resident of a facility providing assisted living services governed by chapter 144G, a participant in a residential program for adults licensed under section 245A.02, subdivision 14, or a resident of a shelter for battered women as defined in section 611A.37, subdivision 4, may designate an agent to deliver the ballots to the voter from the county auditor or municipal clerk. A candidate at the election may not be designated as an agent. The voted ballots must be returned to the county auditor or municipal clerk no later than 3:00 p.m. on election day. The voter must complete an affidavit requesting the auditor or clerk to provide the agent with the ballots in a sealed transmittal envelope. The affidavit must include a statement from the voter stating that the ballots were delivered to the voter by the agent in the sealed transmittal envelope. An agent may deliver ballots to no more than three persons in any election. The secretary of state shall provide samples of the affidavit and transmission envelope for use by the county auditors.

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

Sec. 22. Minnesota Statutes 2006, section 203B.12, subdivision 4, is amended to read:

Subd. 4. **Placement in container; opening and counting of ballots.** The ballot envelopes from return envelopes marked "Accepted" shall be placed by the election judges in a separate absentee ballot container. The container and each ballot envelope may be opened only after ~~the last regular mail delivery by the United States postal service noon~~ on election day. The ballots shall then be initialed by the election judges in the same manner as ballots delivered by them to voters in person and shall be deposited in the appropriate ballot box.

If more than one ballot of any kind is enclosed in the ballot envelope, none of the ballots of that kind shall be counted but all ballots of that kind shall be returned in the manner provided by section 204C.25 for return of spoiled ballots.

Sec. 23. Minnesota Statutes 2006, section 203B.13, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The governing body of any county ~~that has established a counting center as provided in section 206.85, subdivision 2,~~ any municipality, or any school district may by ordinance or resolution, authorize an absentee ballot board. The board shall consist of a sufficient number of election judges appointed as provided in sections 204B.19 to 204B.22.

Sec. 24. Minnesota Statutes 2006, section 203B.13, subdivision 2, is amended to read:

Subd. 2. **Duties.** The absentee ballot board may ~~do any of the following:~~

~~(a) receive from each precinct in the municipality or school district all ballot envelopes marked "Accepted" by the election judges; provided that the governing body of a municipality or the school board of a school district may authorize the board to examine all return absentee ballot envelopes and receive accept or reject absentee ballots in the manner provided in section 203B.12;~~

~~(b) open and count the absentee ballots, tabulating the vote in a manner that indicates each vote of the absentee voter and the total absentee vote cast for each candidate or question in each precinct; or~~

~~(c) report the vote totals tabulated for each precinct.~~

The absentee ballot board may begin the process of examining the return envelopes and marking them "accepted" or "rejected" at any time during the 30 days before the election. If an envelope has been rejected at least five days before the election, the ballots in the envelope must be considered spoiled ballots and the official in charge of the absentee ballot board shall provide the voter with a replacement absentee ballot and return envelope in place of the spoiled ballot. ~~The secretary of state shall provide samples of the replacement ballot and return envelope for use by the county auditor.~~

Sec. 25. Minnesota Statutes 2006, section 203B.16, subdivision 2, is amended to read:

Subd. 2. **Permanent residence outside United States.** Sections 203B.16 to 203B.27 provide the exclusive voting procedure for United States citizens who are living permanently outside the territorial limits of the United States who meet all the qualifications of an eligible voter except residence in Minnesota, but who are authorized by federal law to vote in Minnesota because they maintained residence in Minnesota for at least 20 days immediately prior to their departure from the United States or because, although they have never resided in the United States, they have a parent who is eligible to vote in Minnesota. Individuals described in this subdivision shall be permitted to vote only for the offices of president, vice-president, senator in Congress, and representative in Congress.

EFFECTIVE DATE. This section is effective for elections held after April 1, 2008.

Sec. 26. Minnesota Statutes 2006, section 203B.17, subdivision 2, is amended to read:

Subd. 2. **Required information.** An application shall be accepted if it contains the following information stated under oath:

(a) the voter's name, birthdate, and present address of residence in Minnesota, or former address of residence in Minnesota if the voter is living permanently outside the United States;

(b) a statement indicating that the voter is in the military, or is the spouse or dependent of an individual serving in the military, or is temporarily outside the territorial limits of the United States, or is living permanently outside the territorial limits of the United States and voting under federal law;

(c) a statement that the voter expects to be absent from the precinct at the time of the election;

(d) the address to which absentee ballots are to be mailed;

(e) the voter's signature or the signature and relationship of the individual authorized to apply on the voter's behalf; and

(f) the voter's military identification card number, passport number, or Minnesota driver's license or state identification card number; ~~if the voter does not have a valid passport or identification card, the signed statement of an individual authorized to administer oaths or a commissioned or noncommissioned officer of the military not below the rank of sergeant or its equivalent, certifying that the voter or other individual requesting absentee ballots has attested to the truthfulness of the contents of the application under oath.~~

~~The oath taken must be the standard oath prescribed by section 101(b)(7) of the Uniformed and Overseas Citizens Absentee Voting Act.~~

~~A form for providing this information shall be prepared by each county auditor and shall be furnished to individuals who request it pursuant to this section. access to any of these documents, the voter may attest to the truthfulness of the contents of the application under penalty of perjury.~~

EFFECTIVE DATE. This section is effective for elections held after April 1, 2008.

Sec. 27. Minnesota Statutes 2006, section 203B.21, subdivision 2, is amended to read:

Subd. 2. **Mailing of ballots; return.** Ballots and instructions for marking them, ballot envelopes, and return envelopes shall be sent by first class mail to addresses within the continental United States and by air mail to addresses outside the continental United States, unless the voter requests to have the ballot, instructions, and certificate of voter eligibility sent electronically, as provided for by section 203B.225. The ballot envelope and return envelope shall be marked "Official Ballot," and shall contain sufficient postage to assure proper return delivery. The return envelope shall be addressed to comply with any method for return of absentee ballots as authorized under section 203B.08, subdivision 2.

EFFECTIVE DATE. This section is effective for elections held after April 1, 2008.

Sec. 28. Minnesota Statutes 2006, section 203B.21, subdivision 3, is amended to read:

Subd. 3. **Back of return envelope.** On the back of the return envelope an affidavit form shall appear with space for:

- (a) the voter's address of present or former residence in Minnesota;
- (b) a statement indicating the category described in section 203B.16 to which the voter belongs;
- (c) a statement that the voter has not cast and will not cast another absentee ballot in the same election or elections;
- (d) a statement that the voter personally marked the ballots without showing them to anyone, or if physically unable to mark them, that the voter directed another individual to mark them; and
- (e) the same voter's military identification card number, passport number, or Minnesota driver's license or state identification card number as provided on the absentee ballot application; ~~if the voter does not have a valid passport or identification card, the signature and certification of an individual authorized to administer oaths under federal law or the law of the place where the oath was administered or commissioned or noncommissioned personnel of the military not below the rank of sergeant or its equivalent~~ access to any of these documents, the voter may attest to the truthfulness of the contents of the application under penalty of perjury.

The affidavit shall also contain a signed and dated oath in the form required by section 705 of the Help America Vote Act, Public Law 107-252, which must read:

"I swear or affirm, under penalty of perjury, that:

I am a member of the uniformed services or merchant marine on active duty or an eligible spouse or dependent of such a member; a United States citizen temporarily residing outside the United States; or other United States citizen residing outside the United States; and I am a United States citizen, at least 18 years of age (or will be by the date of the election), and I am eligible to vote in the requested jurisdiction; I have not been convicted of a felony, or other disqualifying offense, or been adjudicated mentally incompetent, or, if so, my voting rights have been reinstated; and I am not registering, requesting a ballot, or voting in any other jurisdiction in the United States except

the jurisdiction cited in this voting form. In voting, I have marked and sealed my ballot in private and have not allowed any person to observe the marking of the ballot, except for those authorized to assist voters under state or federal law. I have not been influenced.

My signature and date below indicate when I completed this document.

The information on this form is true, accurate, and complete to the best of my knowledge. I understand that a material misstatement of fact in completion of this document may constitute grounds for a conviction for perjury."

EFFECTIVE DATE. This section is effective for elections held after April 1, 2008.

Sec. 29. Minnesota Statutes 2006, section 203B.22, is amended to read:

203B.22 MAILING BALLOTS.

The county auditor shall mail the appropriate ballots, as promptly as possible, to an absent voter whose application has been recorded under section 203B.19. If the county auditor determines that a voter is not eligible to vote at the primary but will be eligible to vote at the general election, only general election ballots shall be mailed. Only one set of ballots shall be mailed to any applicant for any election, except that the county auditor may mail a replacement ballot to a voter whose ballot has been spoiled or lost in transit or whose mailing address has changed after the date on which the original application was submitted as confirmed by the county auditor. Ballots to be sent outside the United States shall be given priority in mailing. A county auditor may make use of any special service provided by the United States government for the mailing of voting materials under sections 203B.16 to 203B.27.

EFFECTIVE DATE. This section is effective for elections held after April 1, 2008.

Sec. 30. **[203B.225] TRANSMITTING AND RETURNING BALLOTS.**

Subdivision 1. **Transmitting ballot and voter certification.** Upon receipt of a properly completed application, the county auditor may electronically transmit to the voter the appropriate ballots, instructions, and affidavit form and certification of voter eligibility provided in section 203B.21, subdivision 3.

Subd. 2. **Returning voted ballots.** The voter must return the voted ballots and the certificate of voter eligibility to the county auditor in a sealed envelope. Upon receipt of a ballot, the county auditor must immediately compare the information provided on the absentee ballot application with the information provided on the certificate of voter eligibility. After the information on the certificate of voter eligibility has been verified, the certificate must be attached to the ballot secrecy envelope and placed with the other absentee ballots for the precinct in which the voter resides.

Subd. 3. **Rejecting transmitted ballots.** If the county auditor cannot verify that the ballots were returned by the same person to whom the absentee ballot application was transmitted, the ballots must be rejected and no votes on the ballots may be counted.

EFFECTIVE DATE. This section is effective for elections held after April 1, 2008.

Sec. 31. **[203B.227] WRITE-IN ABSENTEE BALLOT.**

An eligible voter who will be outside the territorial limits of the United States during the 180 days prior to the state general election may use the federal write-in absentee ballot to vote in any federal, state, or local election.

EFFECTIVE DATE. This section is effective for elections held after April 1, 2008.

Sec. 32. Minnesota Statutes 2006, section 203B.24, subdivision 1, is amended to read:

Subdivision 1. **Check of voter eligibility; proper execution of affidavit.** Upon receipt of an absentee ballot returned as provided in sections 203B.16 to 203B.27, the election judges shall compare the voter's name with the names appearing on their copy of the application records to insure that the ballot is from a voter eligible to cast an absentee ballot under sections 203B.16 to 203B.27. The election judges shall mark the return envelope "Accepted" and initial or sign the return envelope below the word "Accepted" if the election judges are satisfied that:

(1) the voter's name on the return envelope appears in substantially the same form as on the application records provided to the election judges by the county auditor;

(2) the voter has signed the federal oath prescribed pursuant to section 705(b)(2) of the Help America Vote Act, Public Law 107-252;

(3) the voter has set forth the same voter's military identification number ~~or~~ passport number, ~~or, if those numbers do not appear, a person authorized to administer oaths under federal law or the law of the place where the oath was administered or a witness who is military personnel with a rank at or above the rank of sergeant or its equivalent has signed the ballot~~ Minnesota driver's license or state identification card number as submitted on the application, if the voter has one of these documents; and

(4) the voter has not already voted at that election, either in person or by absentee ballot.

An absentee ballot case pursuant to sections 203B.16 to 203B.27 may only be rejected for the lack of one of clauses (1) to (4). In particular, failure to place the ballot within the security envelope before placing it in the outer white envelope is not a reason to reject an absentee ballot.

Election judges must note the reason for rejection on the back of the envelope in the space provided for that purpose.

Failure to return unused ballots shall not invalidate a marked ballot, but a ballot shall not be counted if the affidavit on the return envelope is not properly executed. In all other respects the provisions of the Minnesota Election Law governing deposit and counting of ballots shall apply.

EFFECTIVE DATE. This section is effective for elections held after April 1, 2008.

Sec. 33. **[203B.28] EMERGENCY POWERS.**

(a) If the governor has declared an emergency and filed the declaration with the secretary of state under section 12.31, or if a natural disaster or armed conflict involving the United States Armed Forces, or mobilization of those forces, including National Guard and reserve components of this state, makes substantial compliance with the Uniformed and Overseas Citizens Absentee Voting Act impossible or unreasonable, the secretary of state may prescribe, by emergency orders, special procedures or requirements necessary to facilitate absentee voting by those citizens directly affected who otherwise are eligible to vote in this state.

(b) The secretary of state shall adopt rules describing the emergency powers and the situations in which the powers must be exercised.

EFFECTIVE DATE. Paragraph (a) is effective for elections held after April 1, 2008. Paragraph (b) is effective the day following final enactment.

Sec. 34. Minnesota Statutes 2006, section 204B.06, subdivision 1, is amended to read:

Subdivision 1. **Form of affidavit.** An affidavit of candidacy shall state the name of the office sought and, except as provided in subdivision 4, shall state that the candidate:

(1) is an eligible voter;

(2) has no other affidavit on file as a candidate for any office at the same primary or next ensuing general election, except that a candidate for soil and water conservation district supervisor in a district not located in whole or in part in Anoka, Hennepin, Ramsey, or Washington County, may also have on file an affidavit of candidacy for mayor or council member of a statutory or home rule charter city of not more than 2,500 population contained in whole or in part in the soil and water conservation district or for town supervisor in a town of not more than 2,500 population contained in whole or in part in the soil and water conservation district; and

(3) is, or will be on assuming the office, 21 years of age or more, and will have maintained residence in the district from which the candidate seeks election for 30 days before the general election.

An affidavit of candidacy must include a statement that the candidate's name as written on the affidavit for ballot designation is the candidate's true name or the name by which the candidate is commonly and generally known in the community.

An affidavit of candidacy for partisan office shall also state the name of the candidate's political party or political principle, stated in three words or less. Except as provided in section 204B.09, subdivision 1a, the affidavit of candidacy must include an original signature of the candidate.

Sec. 35. Minnesota Statutes 2006, section 204B.09, subdivision 1, is amended to read:

Subdivision 1. **Candidates in state and county general elections.** (a) Except as otherwise provided by this subdivision, affidavits of candidacy and nominating petitions for county, state, and federal offices filled at the state general election shall be filed not more than 70 days nor less than 56 days before the state primary. The affidavit may be prepared and signed at any time between 60 days before the filing period opens and the last day of the filing period.

(b) Notwithstanding other law to the contrary, the affidavit of candidacy must be signed in the presence of a notarial officer or an individual authorized to administer oaths under section 358.10.

(c) This provision does not apply to candidates for presidential elector nominated by major political parties. Major party candidates for presidential elector are certified under section 208.03. Other candidates for presidential electors may file petitions on or before the state primary day pursuant to section 204B.07, but no earlier than 70 days before the state primary. Nominating petitions to fill vacancies in nominations shall be filed as provided in section 204B.13. No affidavit or petition shall be accepted later than 5:00 p.m. on the last day for filing.

(d) Affidavits and petitions for ~~county offices to be voted on in only one county shall~~ must be filed with the county auditor of that county. Affidavits and petitions for ~~federal offices to be voted on in more than one county shall~~ must be filed with the secretary of state. Affidavits and petitions for state offices must be filed with the secretary of state or with the county auditor of the county in which the candidate resides.

Sec. 36. Minnesota Statutes 2006, section 204B.09, subdivision 1a, is amended to read:

Subd. 1a. **Absent candidates.** (a) A candidate for special district, county, state, or federal office who will be absent from the state during the filing period may submit a properly executed affidavit of candidacy, the appropriate filing fee, and any necessary petitions in person to the filing officer. The candidate shall state in writing the reason

for being unable to submit the affidavit during the filing period. The affidavit, filing fee, and petitions must be submitted to the filing officer during the seven days immediately preceding the candidate's absence from the state. Nominating petitions may be signed during the 14 days immediately preceding the date when the affidavit of candidacy is filed.

(b) In extraordinary circumstances beyond the candidate's control that prevent the candidate from filing an affidavit of candidacy authenticated by the candidate's handwritten or other signature meeting the requirements of section 645.44, subdivision 14, the affidavit of candidacy may be filed electronically with the secretary of state along with a written statement of the extraordinary circumstances. The affidavit and statement may be authenticated either by the electronic facsimile signature of the candidate, by an electronic signature consisting of a password assigned by the secretary of state, or by another form of electronic signature approved by the secretary of state. The secretary of state may adopt rules governing the electronic filing of an affidavit of candidacy under this paragraph.

Sec. 37. Minnesota Statutes 2006, section 204B.09, subdivision 3, is amended to read:

Subd. 3. **Write-in candidates.** (a) A candidate for county, state, or federal office who wants write-in votes for the candidate to be counted must file a written request with the filing office for the office sought no later than the ~~fifth~~ seventh day before the general election. The filing officer shall provide copies of the form to make the request.

(b) A candidate for president of the United States who files a request under this subdivision must include the name of a candidate for vice-president of the United States. The request must also include the name of at least one candidate for presidential elector. The total number of names of candidates for presidential elector on the request may not exceed the total number of electoral votes to be cast by Minnesota in the presidential election.

(c) A candidate for governor who files a request under this subdivision must include the name of a candidate for lieutenant governor.

Sec. 38. Minnesota Statutes 2006, section 204B.11, subdivision 2, is amended to read:

Subd. 2. **Petition in place of filing fee.** At the time of filing an affidavit of candidacy, a candidate may present a petition in place of the filing fee. The petition may be circulated from the date of precinct caucuses to the end of the period for filing affidavits of candidacy. The petition may be signed by any individual eligible to vote for the candidate. A nominating petition filed pursuant to section 204B.07 or 204B.13, subdivision 4, is effective as a petition in place of a filing fee if the nominating petition includes a prominent statement informing the signers of the petition that it will be used for that purpose.

The number of signatures on a petition in place of a filing fee shall be as follows:

(a) for a state office voted on statewide, or for president of the United States, or United States senator, 2,000;

(b) for a congressional office, 1,000;

(c) for a county or legislative office, or for the office of district judge, 500; and

(d) for any other office which requires a filing fee as prescribed by law, municipal charter, or ordinance, the lesser of 500 signatures or five percent of the total number of votes cast in the municipality, ward, or other election district at the preceding general election at which that office was on the ballot.

An official with whom petitions are filed shall make sample forms for petitions in place of filing fees available upon request.

Sec. 39. Minnesota Statutes 2006, section 204B.16, subdivision 1, is amended to read:

Subdivision 1. **Authority; location.** The governing body of each municipality and of each county with precincts in unorganized territory shall designate by ordinance or resolution a polling place for each election precinct. Polling places must be designated and ballots must be distributed so that no one is required to go to more than one polling place to vote in a school district and municipal election held on the same day. The polling place for a precinct in a city or in a school district located in whole or in part in the metropolitan area defined by section 200.02, subdivision 24, shall be located within the boundaries of the precinct or within ~~3,000 feet~~ one mile of one of those boundaries unless a single polling place is designated for a city pursuant to section 204B.14, subdivision 2, or a school district pursuant to section 205A.11. The polling place for a precinct in unorganized territory may be located outside the precinct at a place which is convenient to the voters of the precinct. If no suitable place is available within a town or within a school district located outside the metropolitan area defined by section 200.02, subdivision 24, then the polling place for a town or school district may be located outside the town or school district within five miles of one of the boundaries of the town or school district.

Sec. 40. Minnesota Statutes 2006, section 204B.21, subdivision 2, is amended to read:

Subd. 2. **Appointing authority; powers and duties.** Election judges for precincts in a municipality shall be appointed by the governing body of the municipality. Election judges for precincts in unorganized territory and for performing election-related duties assigned by the county auditor shall be appointed by the county board. Election judges for a precinct composed of two or more municipalities must be appointed by the governing body of the municipality or municipalities responsible for appointing election judges as provided in the agreement to combine for election purposes. Appointments ~~shall~~ may be made from lists furnished pursuant to subdivision 1 subject to the eligibility requirements and other qualifications established or authorized under section 204B.19. At least two election judges in each precinct must be affiliated with different major political parties. If no lists have been furnished or if additional election judges are required ~~after all listed names have been exhausted~~, the appointing authority may appoint ~~any other individual to serve as an election judge subject to the same requirements and qualifications~~ individuals who meet the qualifications to serve as an election judge, including persons who are not affiliated with a major political party. The appointments shall be made at least 25 days before the election at which the election judges will serve.

Sec. 41. Minnesota Statutes 2006, section 204B.21, is amended by adding a subdivision to read:

Subd. 2a. **Town elections.** The provisions of this section and sections 204B.19, subdivision 5; 204C.15; 204C.19; 206.83; and 206.86, subdivision 2, relating to party balance in the appointment of judges and to duties to be performed by judges of different major political parties do not apply to town elections not held in conjunction with a statewide election.

Sec. 42. **[204B.445] VOTER COMPLAINT AND RESOLUTION PROCESS.**

Subdivision 1. **Scope.** An eligible voter may file a complaint to seek the resolution of any of the following conditions that have occurred or are about to occur:

(1) voter records in the statewide registration system are not maintained by the secretary of state or a county auditor in the manner provided in chapter 201;

(2) voters are unable to register to vote in the manner provided by section 201.061;

(3) a voting system, including an electronic ballot marker, meeting the requirements of section 206.80 is not available for use by voters either casting an absentee ballot in person at the locations designated by the county auditor or local election official, or for voting at any polling place on election day; or

(4) the secretary of state, county auditor, or local election official has failed, is failing, or is about to fail to carry out a duty required by Title III of the Help America Vote Act of 2002.

A complaint against a municipal or school district clerk must be filed with the county auditor of the county in which the action has occurred or is about to occur. A complaint against a county auditor must be filed with the secretary of state. A complaint against the secretary of state must be filed with the Office of Administrative Hearings. The secretary of state shall provide a standard form for a complaint under this section. The form must provide space for the complainant to specify the legal basis for the complaint. The proceedings authorized by this section are not subject to the requirements of chapter 14.

Subd. 2. **Notice of complaint.** The official with whom the complaint is filed must, within seven days after the complaint was filed, provide written notice of the complaint, including a copy of the complaint, to the official against whom the complaint has been made.

Subd. 3. **Response.** Within 14 days after the notice of complaint is received, the official complained against must respond in writing to the complainant and state the manner in which the respondent proposes to resolve the complaint.

Subd. 4. **Hearing.** If the complainant believes the response does not resolve the complaint, the complainant may file, with the official with whom the complaint was filed, a request for a hearing. The request must state the objection to the response and propose to resolve the complaint in a way that is consistent with the Minnesota Election Law. If the complainant makes a request for hearing, a hearing must take place. The official with whom the complaint was filed must rule on the complaint within 14 days after the hearing.

Subd. 5. **Timeline.** A ruling on a complaint must be made no more than 90 days after the complaint is filed. If the official with whom the complaint was filed fails to make that ruling within 90 days after the complaint was filed, that official must provide alternative dispute resolution for the disposition of the complaint. The alternative dispute resolution process must be completed within 60 days of its commencement.

Subd. 6. **Appeal.** No later than 30 days after the ruling, the complainant may appeal the ruling. If the complaint was filed against a municipal clerk, school district clerk, or county auditor, the appeal must be filed with the secretary of state. If the complaint was filed against the secretary of state, the appeal must be filed with the Ramsey County District Court. The appeal must be heard within 14 days. Upon hearing the appeal, the secretary of state or district court may affirm, reverse, or modify the ruling and give appropriate instructions, as needed, to the secretary of state, county auditor, or local election official to resolve the complaint.

Subd. 7. **Remedies; notice.** If the official rules that there has been a violation of Title III of the Help America Vote Act of 2002, the official must provide an appropriate remedy. If the official rules that there has not been a violation, the complaint must be dismissed and the results of the process published by the official.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 43. Minnesota Statutes 2006, section 204B.45, subdivision 2, is amended to read:

Subd. 2. **Procedure.** Notice of the election and the special mail procedure must be given at least six weeks prior to the election. ~~No earlier~~ Not more than 20 30 days or ~~nor~~ later than 14 days prior to the election, the auditor shall mail ballots by nonforwardable mail to all voters registered in the town or unorganized territory. No later than 14 days before the election, the auditor must make a subsequent mailing of ballots to those voters who register to vote after the initial mailing but before the 20th day before the election. Eligible voters not registered at the time the ballots are mailed may apply for ballots as provided in chapter 203B. Ballot return envelopes, with return postage provided, must be preaddressed to the auditor or clerk and the voter may return the ballot by mail or in person to the

office of the auditor or clerk. The auditor or clerk may appoint election judges to examine the return envelopes and mark them "accepted" or "rejected" during the 30 days before the election. If an envelope has been rejected at least five days before the election, the ballots in the envelope must be considered spoiled ballots and the auditor or clerk shall provide the voter with a replacement ballot and return envelope in place of the spoiled ballot. The costs of the mailing shall be paid by the election jurisdiction in which the voter resides. Any ballot received by 8:00 p.m. on the day of the election must be counted.

Sec. 44. Minnesota Statutes 2006, section 204C.06, subdivision 1, is amended to read:

Subdivision 1. **Lingering near polling place.** An individual shall be allowed to go to and from the polling place for the purpose of voting without unlawful interference. No one except an election official or an individual who is waiting to register or to vote shall stand within 100 feet of the ~~entrance to a polling place. The entrance to a polling place is the doorway or point of entry leading into the room or area where voting is occurring building in which a polling place is located.~~

Sec. 45. Minnesota Statutes 2006, section 204C.07, subdivision 3a, is amended to read:

Subd. 3a. **Residence requirement.** A challenger must be a resident of this state. Appointed challengers seeking admission to a polling place to serve in that capacity must prove their status as a resident of this state by presenting one of the documents listed in section 201.061, subdivision 3, paragraph (b), clauses (1) to (4). Challengers need not prove residence in the precinct in which they seek to act as a challenger.

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

Sec. 46. Minnesota Statutes 2006, section 204C.07, is amended by adding a subdivision to read:

Subd. 3b. **Oath to obey the law.** A challenger must state under oath that the challenger understands and will abide by the laws and rules governing challengers as described in this section and in section 204C.12 and governing challenges to voters as described in section 204C.12.

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

Sec. 47. Minnesota Statutes 2006, section 205.10, is amended by adding a subdivision to read:

Subd. 6. **Cancellation.** A special election ordered by the governing body of the municipality on its own motion under subdivision 1 may be canceled by motion of the governing body, but not less than 46 days before the election.

Sec. 48. Minnesota Statutes 2006, section 205.13, is amended by adding a subdivision to read:

Subd. 7. **Write-in candidates.** A candidate for a city office who wants write-in votes for the candidate to be counted must file a written request with the filing officer for the office sought no later than the seventh day before the general election. The filing officer must provide copies of the form to make the request.

Sec. 49. Minnesota Statutes 2006, section 205.16, subdivision 3, is amended to read:

Subd. 3. **Sample ballot, posting.** For every municipal election, the municipal clerk shall at least ~~four days~~ two weeks before the election ~~post~~ prepare a sample ballot for each precinct in the municipality, make them available for public inspection in the clerk's office for public inspection, and post a sample ballot in each polling place on election day.

Sec. 50. Minnesota Statutes 2006, section 205.16, subdivision 4, is amended to read:

Subd. 4. **Notice to auditor.** At least 53 days prior to every municipal election, the municipal clerk shall provide a written notice to the county auditor, including the date of the election, the offices to be voted on at the election, and the title and language for each ballot question to be voted on at the election. Not less than 46 days before the election, the municipal clerk must provide written notice to the county auditor of any special election canceled under section 205.10, subdivision 6.

Sec. 51. Minnesota Statutes 2006, section 205A.05, is amended by adding a subdivision to read:

Subd. 3. **Cancellation.** A special election ordered by the school board on its own motion under subdivision 1 may be canceled by motion of the school board, but not less than 46 days before the election.

Sec. 52. Minnesota Statutes 2006, section 205A.07, subdivision 3, is amended to read:

Subd. 3. **Notice to auditor.** At least 53 days prior to every school district election, the school district clerk shall provide a written notice to the county auditor of each county in which the school district is located. The notice must include the date of the election, the offices to be voted on at the election, and the title and language for each ballot question to be voted on at the election. For the purposes of meeting the timelines of this section, in a bond election, a notice, including a proposed question, may be provided to the county auditor prior to receipt of a review and comment from the commissioner of education and prior to actual initiation of the election. Not less than 46 days before the election, the school district clerk must provide written notice to the county auditor of any special election canceled under section 205A.05, subdivision 3.

Sec. 53. Minnesota Statutes 2006, section 205A.07, subdivision 3a, is amended to read:

Subd. 3a. **Notice to commissioner of education.** At least 49 days prior to every school district election, under section 123B.62, 123B.63, 126C.17, 126C.69, or 475.58, the school district clerk shall provide a written notice to the commissioner of education. The notice must include the date of the election and the title and language for each ballot question to be voted on at the election. Not less than 46 days before the election, the school district clerk must provide a written notice to the commissioner of education of any special election canceled under section 205A.05, subdivision 3. The certified vote totals for each ballot question shall be provided in a written notice to the commissioner in a timely manner.

Sec. 54. Minnesota Statutes 2006, section 205A.10, subdivision 2, is amended to read:

Subd. 2. **Election, conduct.** A school district election must be by secret ballot and must be held and the returns made in the manner provided for the state general election, as far as practicable. The vote totals from an absentee ballot board established pursuant to section 203B.13 may be tabulated and reported by the school district as a whole rather than by precinct. For school district elections not held in conjunction with a statewide election, the school board shall appoint election judges as provided in section 204B.21, subdivision 2. The provisions of sections 204B.19, subdivision 5; 204B.21, subdivision 2; 204C.15; 204C.19; ~~206.64, subdivision 2~~; 206.83; and 206.86, subdivision 2, relating to party balance in appointment of judges and to duties to be performed by judges of different major political parties do not apply to school district elections not held in conjunction with a statewide election.

Sec. 55. Minnesota Statutes 2006, section 206.57, subdivision 5, is amended to read:

Subd. 5. **Voting system for disabled voters.** In federal and state elections held after December 31, 2005, ~~and in~~ county, ~~municipal city,~~ and school district elections held after December 31, 2007, and in township elections held after December 31, 2009, the voting method used in each polling place must include a voting system that is accessible for individuals with disabilities, including nonvisual accessibility for the blind and visually impaired in a manner that provides the same opportunity for access and participation, including privacy and independence, as for other voters.

Sec. 56. Minnesota Statutes 2006, section 206.89, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For purposes of this section "postelection review official" means the ~~election administration official who is responsible for the conduct of elections in a precinct selected for review under this section.~~ county auditor, unless the county auditor designates the municipal clerk as the "postelection review official" within 24 hours after the canvass of the state general election.

Sec. 57. Minnesota Statutes 2006, section 206.89, subdivision 5, is amended to read:

Subd. 5. **Additional review.** (a) If the postelection review in one of the reviewed precincts reveals a difference greater than one-half of one percent, or greater than two votes in a precinct where 400 or fewer voters cast ballots, the postelection review official must, within two days, conduct an additional review of the races indicated in subdivision 3 in at least three precincts in the same jurisdiction where the discrepancy was discovered. If all precincts in that jurisdiction have been reviewed, the county auditor must immediately publicly select by lot at least three additional precincts for review. The postelection review official must complete the additional review within two days after the precincts are selected and report the results immediately to the county auditor. If the second review in any of the reviewed precincts also indicates a difference in the vote totals compiled by the voting system that is greater than one-half of one percent from the result indicated by the postelection review, or greater than two votes in a precinct where 400 or fewer voters cast ballots, the county auditor must conduct a review of the ballots from all the remaining precincts in the county for the races indicated in subdivision 3. This review must be completed no later than six weeks after the state general election.

(b) If the results from the countywide reviews from one or more counties comprising in the aggregate more than ten percent of the total number of persons voting in the election clearly indicate that an error in vote counting has occurred, the postelection review official must conduct a manual recount of all the ballots in the district for the affected office. The recount must be completed and the results reported to the appropriate canvassing board no later than ten weeks after the state general election.

Sec. 58. Minnesota Statutes 2006, section 211A.02, subdivision 2, is amended to read:

Subd. 2. **Information required.** The report to be filed by a candidate or committee must include:

- (1) the name of the candidate or ballot question;
- (2) the printed name and, address, telephone number, signature, and e-mail address, if available, of the person responsible for filing the report;
- (3) the total amount of receipts and expenditures for the period from the last previous report to five days before the current report is due;
- (4) the amount, date, and purpose for each expenditure; and
- (5) the name, address, and employer, or occupation if self-employed, of any individual or committee that during the year has made one or more contributions that in the aggregate are equal to or greater than \$100, and the amount and date of each contribution.

The filing officer must restrict public access to the address of any individual who has made a contribution equal to or greater than \$100 and who has filed with the filing officer a written statement signed by the individual that withholding the individual's address from the financial report is required for the safety of the individual or the individual's family.

Sec. 59. Minnesota Statutes 2006, section 211A.05, subdivision 1, is amended to read:

Subdivision 1. **Penalty.** A candidate who intentionally fails to file a report required by section 211A.02 or a certification required by this section is guilty of a misdemeanor. The treasurer of a committee formed to promote or defeat a ballot question who intentionally fails to file a report required by section 211A.02 or a certification required by this section is guilty of a misdemeanor. Each candidate or treasurer of a committee formed to promote or defeat a ballot question shall certify to the filing officer that all reports required by section 211A.02 have been submitted to the filing officer or that the candidate or committee has not received contributions or made disbursements exceeding \$750 in the calendar year. The certification shall be submitted to the filing officer no later than seven days after the general or special election. The secretary of state shall prepare blanks for this certification. An officer who issues a certificate of election to a candidate who has not certified that all reports required by section 211A.02 have been filed is guilty of a misdemeanor.

Sec. 60. Minnesota Statutes 2006, section 325L.03, is amended to read:

325L.03 SCOPE.

(a) Except as otherwise provided in paragraphs (b) and (e), this chapter applies to electronic records and electronic signatures relating to a transaction.

(b) This chapter does not apply to a transaction to the extent it is governed by:

(1) the Uniform Commercial Code other than section 336.1-306, article 2, and article 2A; and

(2) section 145C.03, subdivision 1, relating to requirements for creation of a health care directive; section 507.24, relating to requirements for recording any conveyance, power of attorney, or other instrument affecting real estate; section 523.23, subdivision 3, relating to requirements for creation of a statutory short form power of attorney; and section 253B.03, subdivision 6b, relating to requirements for creation of a declaration of preferences or instructions regarding intrusive mental health treatment.

(c) This chapter applies to an electronic record or electronic signature otherwise excluded from the application of this chapter under paragraph (b) to the extent it is governed by a law other than those specified in paragraph (b).

(d) A transaction subject to this chapter is also subject to other applicable substantive law.

(e) This chapter does not apply to the creation and execution of wills, codicils, or trusts other than trusts relating to the conduct of business, commercial, or governmental purposes.

(f) Except as provided in section 204B.09, subdivision 1a, this chapter does not apply to affidavits of candidacy relating to the conduct of elections.

Sec. 61. Minnesota Statutes 2006, section 375.101, subdivision 1, is amended to read:

Subdivision 1. **Option for filling vacancies; election in 30 to 60 90 days.** Except as provided in subdivision 3, a vacancy in the office of county commissioner ~~shall~~ may be filled as provided in this subdivision and subdivision 2, or as provided in subdivision 4. If the vacancy is to be filled under this subdivision and subdivision 2, it must be filled at a special election not less than 30 nor more than ~~60~~ 90 days after the vacancy occurs. The special primary or special election may be held on the same day as a regular primary or regular election but the special election shall be held not less than 14 days after the special primary. The person elected at the special election shall take office immediately after receipt of the certificate of election and upon filing the bond and taking the oath of office and shall serve the remainder of the unexpired term. If the county has been reapportioned since the commencement of the term of the vacant office, the election shall be based on the district as reapportioned.

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

Sec. 62. Minnesota Statutes 2006, section 375.101, is amended by adding a subdivision to read:

Subd. 4. **Option for filling vacancies; appointment.** Except as provided in subdivision 3, and as an alternative to the procedure provided in subdivisions 1 and 2, any other vacancy in the office of county commissioner may be filled by board appointment at a regular or special meeting. The appointment shall be evidenced by a resolution entered in the minutes and shall continue until an election is held under this subdivision. All elections to fill vacancies shall be for the unexpired term. If the vacancy occurs before the first day to file affidavits of candidacy for the next county general election and more than two years remain in the unexpired term, a special election shall be held in conjunction with the county general election. The appointed person shall serve until the qualification of the successor elected to fill the unexpired part of the term at that special election. If the vacancy occurs on or after the first day to file affidavits of candidacy for the county general election, or when less than two years remain in the unexpired term, there shall be no special election to fill the vacancy and the appointed person shall serve the remainder of the unexpired term and until a successor is elected and qualifies at the county general election.

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

Sec. 63. Minnesota Statutes 2006, section 410.12, subdivision 1, is amended to read:

Subdivision 1. **Proposals.** The charter commission may propose amendments to such charter and shall do so upon the petition of voters equal in number to five percent of the total votes cast at the last previous state general election in the city. Proposed charter amendments must be submitted at least 12 weeks before the general election. Petitions may be signed no earlier than 26 weeks before the general election. Only registered voters are eligible to sign the petition. All petitions circulated with respect to a charter amendment shall be uniform in character and shall have attached thereto the text of the proposed amendment in full; except that in the case of a proposed amendment containing more than 1,000 words, a true and correct copy of the same may be filed with the city clerk, and the petition shall then contain a summary of not less than 50 nor more than 300 words setting forth in substance the nature of the proposed amendment. Such summary shall contain a statement of the objects and purposes of the amendment proposed and an outline of any proposed new scheme or frame work of government and shall be sufficient to inform the signers of the petition as to what change in government is sought to be accomplished by the amendment. The summary, together with a copy of the proposed amendment, shall first be submitted to the charter commission for its approval as to form and substance. The commission shall within ten days after such submission to it, return the same to the proposers of the amendment with such modifications in statement as it may deem necessary in order that the summary may fairly comply with the requirements above set forth.

Sec. 64. Minnesota Statutes 2006, section 447.32, subdivision 4, is amended to read:

Subd. 4. **Candidates; ballots; certifying election.** A person who wants to be a candidate for the hospital board shall file an affidavit of candidacy for the election either as member at large or as a member representing the city or town where the candidate resides. The affidavit of candidacy must be filed with the city or town clerk not more than 70 days nor less than 56 days before the first Tuesday after the first Monday in November of the year in which the general election is held. The city or town clerk must forward the affidavits of candidacy to the clerk of the hospital district or, for the first election, the clerk of the most populous city or town immediately after the last day of the filing period. A candidate may withdraw from the election by filing an affidavit of withdrawal with the clerk of the district no later than 5:00 p.m. two days after the last day to file affidavits of candidacy. A candidate for a hospital district office who wants write-in votes for the candidate to be counted must file a written request with the filing officer for the office sought no later than the seventh day before the general election. The filing officer must provide copies of the form to make the request.

Voting must be by secret ballot. The clerk shall prepare, at the expense of the district, necessary ballots for the election of officers. Ballots must be printed on tan paper and prepared as provided in the rules of the secretary of state. The ballots must be marked and initialed by at least two judges as official ballots and used exclusively at the

election. Any proposition to be voted on may be printed on the ballot provided for the election of officers. The hospital board may also authorize the use of voting systems subject to chapter 206. Enough election judges may be appointed to receive the votes at each polling place. The election judges shall act as clerks of election, count the ballots cast, and submit them to the board for canvass.

After canvassing the election, the board shall issue a certificate of election to the candidate who received the largest number of votes cast for each office. The clerk shall deliver the certificate to the person entitled to it in person or by certified mail. Each person certified shall file an acceptance and oath of office in writing with the clerk within 30 days after the date of delivery or mailing of the certificate. The board may fill any office as provided in subdivision 1 if the person elected fails to qualify within 30 days, but qualification is effective if made before the board acts to fill the vacancy.

Sec. 65. **AUTOMATIC REGISTRATION.**

An applicant for a Minnesota driver's license, instruction permit, or identification card must not be automatically registered to vote under Minnesota Statutes, section 201.161, until the secretary of state has certified that the system for automatic registration of those applicants has been tested and shown to properly determine whether an applicant is eligible to vote.

Sec. 66. **REPEALER.**

(a) Minnesota Statutes 2006, sections 201.061, subdivision 7; 201.096; 203B.02, subdivision 1a; and 203B.13, subdivision 3a, are repealed.

(b) Minnesota Statutes 2006, section 203B.04, subdivision 5, is repealed effective April 1, 2008.

(c) Minnesota Statutes 2006, section 200.04, is repealed effective January 1, 2008.

ARTICLE 5

ELECTIONS CLARIFICATIONS

Section 1. Minnesota Statutes 2006, section 103C.305, subdivision 3, is amended to read:

Subd. 3. **Ballots.** Ballots shall be prepared by the county auditor. The names of candidates shall be placed on the "canary ballot" described in section 204D.11, subdivision 3. The office title printed on the ballot must be either "Soil and Water Conservation District Supervisor" or "Conservation District Supervisor," based upon the district from which the supervisor is to be elected.

Sec. 2. Minnesota Statutes 2006, section 201.054, subdivision 1, is amended to read:

Subdivision 1. **Registration.** An individual may register to vote:

(1) at any time before the 20th day preceding any election as provided in section 201.061, subdivision 1;

(2) on the day of an election as provided in section 201.061, subdivision 3; or

(3) when submitting an absentee ballot, by enclosing a completed registration ~~and~~ application as provided in section 203B.04, subdivision 4.

Sec. 3. Minnesota Statutes 2006, section 201.061, subdivision 4, is amended to read:

Subd. 4. **Registration by election judges; procedures.** Registration at the polling place on election day shall be conducted by the election judges. The election judge who registers an individual at the polling place on election day shall not handle that voter's ballots at any time prior to the opening of the ballot box after the voting ends. Registration ~~cards~~ applications and forms for oaths shall be available at each polling place. If an individual who registers on election day proves residence by oath of a registered voter, the form containing the oath shall be attached to the individual's registration ~~card~~ application. Registration ~~cards~~ applications completed on election day shall be forwarded to the county auditor who shall add the name of each voter to the registration system unless the information forwarded is substantially deficient. A county auditor who finds an election day registration substantially deficient shall give written notice to the individual whose registration is found deficient. An election day registration shall not be found deficient solely because the individual who provided proof of residence was ineligible to do so.

Sec. 4. Minnesota Statutes 2006, section 201.071, subdivision 3, is amended to read:

Subd. 3. **Deficient registration.** No voter registration application is deficient if it contains the voter's name, address, date of birth, current and valid Minnesota driver's license number or Minnesota state identification number, or if the voter has no current and valid Minnesota driver's license or Minnesota state identification number, the last four digits of the voter's Social Security number, if the voter has been issued a Social Security number, prior registration, if any, and signature. The absence of a zip code number does not cause the registration to be deficient. Failure to check a box on an application form that a voter has certified to be true does not cause the registration to be deficient. The election judges shall request an individual to correct a voter registration application if it is deficient or illegible ~~or if the name or number of the voter's school district is missing or obviously incorrect~~. No eligible voter may be prevented from voting unless the voter's registration application is deficient or the voter is duly and successfully challenged in accordance with section 201.195 or 204C.12.

A voter registration application accepted prior to August 1, 1983, is not deficient for lack of date of birth. The county or municipality may attempt to obtain the date of birth for a voter registration application accepted prior to August 1, 1983, by a request to the voter at any time except at the polling place. Failure by the voter to comply with this request does not make the registration deficient.

A voter registration application accepted before January 1, 2004, is not deficient for lack of a valid Minnesota driver's license or state identification number or the last four digits of a Social Security number. A voter registration application submitted by a voter who does not have a Minnesota driver's license or state identification number, or a Social Security number, is not deficient for lack of any of these numbers.

Sec. 5. Minnesota Statutes 2006, section 201.071, subdivision 4, is amended to read:

Subd. 4. **Change of registration.** ~~Any A~~ A county auditor who receives a registration ~~card~~ application indicating that an individual was previously registered in a different county in Minnesota shall ~~notify the county auditor of that county~~ update the voter's record electronically through the statewide registration system in the manner prescribed ~~in the rules of~~ by the secretary of state. ~~A county auditor receiving a registration card indicating that a voter was previously registered in a different precinct in the same county or receiving a notification as provided in this subdivision shall remove that individual's voter registration card from the files.~~ Any A county auditor who receives a registration ~~card~~ application or notification requiring a change of registration records under this subdivision as a result of an election day registration shall also check the statewide registration system to determine whether the individual voted in more than one precinct in the most recent election.

Sec. 6. Minnesota Statutes 2006, section 201.081, is amended to read:

201.081 REGISTRATION FILES.

The statewide registration system is the official record of registered voters. The voter registration ~~cards~~ applications and the terminal providing access to the statewide registration system must be under the control of the county auditor or the public official to whom the county auditor has delegated the responsibility for maintaining voter registration records. The voter registration ~~cards~~ applications and terminals providing access to the statewide registration system must not be removed from the control of the county auditor except as provided in this subdivision. The county auditor may make photographic copies of voter registration ~~cards~~ applications in the manner provided by section 138.17.

A properly completed voter registration ~~card~~ application that has been submitted to the secretary of state or a county auditor must be maintained by the secretary of state or the county auditor for at least 22 months after the date that the information on the ~~card~~ application is entered into the database of the statewide registration system. The secretary of state or the county auditor may dispose of the ~~cards~~ applications after retention for 22 months in the manner provided by section 138.17.

Sec. 7. Minnesota Statutes 2006, section 201.091, subdivision 1, is amended to read:

Subdivision 1. **Master list.** Each county auditor shall prepare and maintain a current list of registered voters in each precinct in the county which is known as the master list. The master list must be created by entering each completed voter registration ~~card~~ application received by the county auditor into the statewide registration system. It must show the name, residence address, and date of birth of each voter registered in the precinct. The information contained in the master list may only be made available to public officials for purposes related to election administration, jury selection, and in response to a law enforcement inquiry concerning a violation of or failure to comply with any criminal statute or state or local tax statute.

Sec. 8. Minnesota Statutes 2006, section 201.091, subdivision 8, is amended to read:

Subd. 8. **Registration places.** Each county auditor shall designate a number of public buildings in those political subdivisions of the county where preregistration of voters is allowed as provided in section 201.061, subdivision 1, where eligible voters may register to vote. At least one public building must be designated for each 30,000 residents of the county. At least one telecommunications device for the deaf must be available for voter registration information in each county seat and in every city of the first, second, and third class.

An adequate supply of registration ~~cards~~ applications and instructions must be maintained at each designated location, and a designated individual must be available there to accept registration ~~cards~~ applications and transmit them to the county auditor.

A person who, because of disability, needs assistance in order to determine eligibility or to register must be assisted by a designated individual. Assistance includes but is not limited to reading the registration form and instructions and filling out the registration form as directed by the eligible voter.

Sec. 9. Minnesota Statutes 2006, section 201.27, subdivision 1, is amended to read:

Subdivision 1. **Intentional violation.** No officer, deputy, clerk, or other employee shall intentionally:

(1) fail to perform or enforce any of the provisions of this chapter except subdivision 2;

(2) remove a registration ~~card~~ and application or record from its proper place in the registration files in a manner or for a purpose not authorized by law;

(3) destroy or make an unauthorized change to a record required to be kept by this chapter; or

(4) add a name or names to the voter registration files, records, or cards, except as authorized by law.

An individual who violates this subdivision is guilty of a felony.

Sec. 10. Minnesota Statutes 2006, section 203B.04, subdivision 1, is amended to read:

Subdivision 1. **Application procedures.** Except as otherwise allowed by subdivision 2 or by section 203B.11, subdivision 4, an application for absentee ballots for any election may be submitted at any time not less than one day before the day of that election. The county auditor shall prepare absentee ballot application forms in the format provided by the secretary of state, notwithstanding rules on absentee ballot forms, and shall furnish them to any person on request. By January 1 of each even-numbered year, the secretary of state shall make the forms to be used available to auditors through electronic means. An application submitted pursuant to this subdivision shall be in writing and shall be submitted to:

(a) the county auditor of the county where the applicant maintains residence; or

(b) the municipal clerk of the municipality, or school district if applicable, where the applicant maintains residence.

An application shall be approved if it is timely received, signed and dated by the applicant, contains the applicant's name and residence and mailing addresses, and states that the applicant is eligible to vote by absentee ballot for one of the reasons specified in section 203B.02. The application may contain a request for the voter's date of birth, which must not be made available for public inspection. An application may be submitted to the county auditor or municipal clerk by an electronic facsimile device. An application mailed or returned in person to the county auditor or municipal clerk on behalf of a voter by a person other than the voter must be deposited in the mail or returned in person to the county auditor or municipal clerk within ten days after it has been dated by the voter and no later than six days before the election. The absentee ballot applications or a list of persons applying for an absentee ballot may not be made available for public inspection until the close of voting on election day.

An application under this subdivision may contain an application under subdivision 5 to automatically receive an absentee ballot application.

Sec. 11. Minnesota Statutes 2006, section 203B.04, subdivision 4, is amended to read:

Subd. 4. **Registration at time of application.** An eligible voter who is not registered to vote but who is otherwise eligible to vote by absentee ballot may register by including a completed voter registration ~~card~~ and application with the absentee ballot. The individual shall present proof of residence as required by section 201.061, subdivision 3, to the individual who witnesses the marking of the absentee ballots. A military voter, as defined in section 203B.01, may register in this manner if voting pursuant to sections 203B.04 to 203B.15, or may register pursuant to sections 203B.16 to 203B.27.

Sec. 12. Minnesota Statutes 2006, section 203B.05, subdivision 2, is amended to read:

Subd. 2. **City, school district, and town elections.** For city, town, and school district elections not held on the same day as a statewide election, ~~for school district elections not held on the same day as a statewide election, and for town elections conducted under the Australian ballot system,~~ applications for absentee ballots shall be filed with

the city, school district, or town clerk and the duties prescribed by this chapter for the county auditor shall be performed by the city, school district, or town clerk unless the county auditor agrees to perform those duties on behalf of the city, school district, or town clerk. The costs incurred to provide absentee ballots and perform the duties prescribed by this subdivision shall be paid by the city, town, or school district holding the election.

Notwithstanding any other law, this chapter applies to school district elections held on the same day as a statewide election or an election for a county or municipality wholly or partially within the school district.

Sec. 13. Minnesota Statutes 2006, section 203B.07, subdivision 1, is amended to read:

Subdivision 1. **Delivery of envelopes, directions.** The county auditor or the municipal clerk shall prepare, print, and transmit a return envelope, a ballot envelope, and a copy of the directions for casting an absentee ballot to each applicant whose application for absentee ballots is accepted pursuant to section 203B.04. The directions for casting an absentee ballot shall be printed in at least 14-point bold type with heavy leading and may be printed on the ballot envelope. When a person requests the directions in Braille or on cassette tape, the county auditor or municipal clerk shall provide them in the form requested. The secretary of state shall prepare Braille and cassette copies and make them available.

When a voter registration ~~card~~ application is sent to the applicant as provided in section 203B.06, subdivision 4, the directions or registration ~~card~~ application shall include instructions for registering to vote.

Sec. 14. Minnesota Statutes 2006, section 203B.08, subdivision 3, is amended to read:

Subd. 3. **Procedures on receipt of ballots.** When absentee ballots are returned to a county auditor or municipal clerk, that official shall stamp or initial and date the return envelope ~~with an official seal of the office~~ and place it in a secure location with other return envelopes received by that office. The county auditor or municipal clerk shall deliver to the appropriate election judges on election day all ballots received before or with the last mail delivery by the United States Postal Service on election day. A town clerk may request the United States Postal Service to deliver absentee ballots to the polling place on election day instead of to the official address of the town clerk.

Sec. 15. Minnesota Statutes 2006, section 203B.10, is amended to read:

203B.10 DELIVERY OF ABSENTEE BALLOT APPLICATIONS TO ELECTION JUDGES.

(a) On the day before an election:

~~(a)~~ (1) the county auditor shall deliver to the municipal clerks within that county the applications for absentee ballots theretofore received and endorsed as provided in section 203B.06, subdivision 5; and

~~(b)~~ (2) the municipal clerks shall deliver the applications received from the county auditor and the applications for absentee ballots filed with their respective offices and endorsed as provided in section 203B.06, subdivision 5, to the appropriate election judges. Applications received on election day pursuant to section 203B.04, subdivision 2, shall be promptly delivered to the election judges in the precincts or to the judges of an absentee ballot board.

(b) Delivery of the applications to the municipal clerks and election judges in the precinct is not required if the absentee ballot envelopes have been accepted or rejected by an absentee ballot board pursuant to section 203B.13.

Sec. 16. Minnesota Statutes 2006, section 204B.06, subdivision 8, is amended to read:

Subd. 8. **Proof of eligibility.** A candidate for judicial office or for the office of county attorney shall submit with the affidavit of candidacy proof that the candidate is licensed to practice law in this state. Proof means providing a copy of a current attorney license.

A candidate for county sheriff shall submit with the affidavit of candidacy proof of licensure as a peace officer in this state. Proof means providing a copy of a current Peace Officer Standards and Training Board license.

Sec. 17. Minnesota Statutes 2006, section 204B.08, subdivision 3, is amended to read:

Subd. 3. **Number of signatures.** The number of signatures required on a nominating petition shall be as follows:

(a) for a federal or state office voted on statewide ~~or for United States senator~~, one percent of the total number of individuals voting in the state at the last preceding state general election, or 2,000, whichever is less;

(b) for a congressional office, five percent of the total number of individuals voting in the district at the last preceding state general election, or 1,000, whichever is less;

(c) for a county or legislative office, ten percent of the total number of individuals voting in the county or legislative district at the last preceding state or county general election, or 500, whichever is less;

(d) for a municipal office in a city of the first class, the number specified in section 205.121; and

(e) for any other municipal or school district office, ten percent of the total number of individuals voting in the municipality, ward, school district, or other election district at the last preceding municipal, or school district if applicable, general election, or 500, whichever is less.

Sec. 18. Minnesota Statutes 2006, section 205A.10, subdivision 1, is amended to read:

Subdivision 1. **Materials, ballots.** The school district clerk shall prepare and have printed the necessary election materials, including ballots, for a school district election. ~~The name of each candidate for office shall be rotated with the names of the other candidates for the same office so that the name of each candidate appears substantially an equal number of times at the top, at the bottom, and at each intermediate place in the group of candidates for that office.~~ names must be arranged on school district ballots in the manner provided in section 204D.08, subdivision 3, for state elections.

Sec. 19. Minnesota Statutes 2006, section 205A.11, subdivision 2, is amended to read:

Subd. 2. **Combined polling place.** When no other election is being held in two or more precincts on the day of a school district election, the school board may designate one or more combined polling places at which the voters in those precincts may vote in the school district election. In school districts that have organized into separate board member election districts under section 205A.12, a combined polling place for a school general election must be arranged so that it does not include more than one board member election district.

Sec. 20. Minnesota Statutes 2006, section 206.82, subdivision 2, is amended to read:

Subd. 2. **Plan.** ~~(a) Subject to paragraph (b),~~ The municipal clerk in a municipality where an electronic voting system is used and the county auditor of a county in which an electronic voting system is used in more than one municipality and the county auditor of a county in which a counting center serving more than one municipality is

located shall prepare a plan which indicates acquisition of sufficient facilities, computer time, and professional services and which describes the proposed manner of complying with section 206.80. The plan must be signed, notarized, and submitted to the secretary of state more than 60 days before the first election at which the municipality uses an electronic voting system. Prior to July 1 of each subsequent general election year, the clerk or auditor shall submit to the secretary of state notification of any changes to the plan on file with the secretary of state. The secretary of state shall review each plan for its sufficiency and may request technical assistance from the Department of Administration or other agency which may be operating as the central computer authority. The secretary of state shall notify each reporting authority of the sufficiency or insufficiency of its plan within 20 days of receipt of the plan. The attorney general, upon request of the secretary of state, may seek a district court order requiring an election official to fulfill duties imposed by this subdivision or by rules promulgated pursuant to this section.

~~(b) Systems implemented by counties and municipalities in calendar year 2006 are exempt from paragraph (a) and section 206.58, subdivision 4, if:~~

~~(1) the municipality has fewer than 10,000 residents; and~~

~~(2) a valid county plan was filed by the county auditor of the county in which the municipality is located.~~

Sec. 21. Laws 2004, chapter 293, article 1, section 37, subdivision 2, is amended to read:

Subd. 2. **Social security number.** A voter must not be included on the list of voters prepared under Minnesota Statutes, section 201.121, subdivision 1, whose registration is incomplete because of a failure to match the last four digits of the voter's Social Security number until the commissioner of public safety has:

(1) entered into an agreement with the commissioner of the Social Security Administration under Minnesota Statutes, section 201.1615, regarding the use of the last four digits of a Social Security number to verify voter registration information;

~~(2) assembled a complete and current database of the last four digits of the Social Security number of each resident of this state as maintained by the Social Security Administration; and~~

~~(3)~~ (2) certified, along with the secretary of state, that the voter registration system has been tested and shown to properly verify the last four digits of a voter's Social Security number."

Delete the title and insert:

"A bill for an act relating to government operations; appropriating money for the general legislative and administrative expenses of state government; regulating state and local government operations; establishing the Minnesota Office on Ethnic Heritage and New Americans and the Minnesota Legislative Commission on Terrorism and Disaster Preparedness; creating the position of poet laureate; providing a grant process and grant management; defining domestic partner; ratifying labor agreements and compensation plans; establishing a state employees electronic health records pilot project; providing for continuing appropriations in certain circumstances; providing compensation for a period of partial government shutdown; creating a trust for postemployment benefits; regulating elections and voter registration; establishing a gratuity payment for certain Teacher Retirement Association members; authorizing rulemaking; amending Minnesota Statutes 2006, sections 3.85, subdivision 3; 3.9741, subdivision 1; 5.12, subdivision 1; 6.47; 6.51; 6.54; 6.55; 6.551; 6.57; 6.59; 6.60; 6.62, subdivision 2; 6.63; 6.64; 6.65; 6.66; 6.67; 6.68; 6.70; 6.71; 6.715, by adding a subdivision; 13.605, subdivision 1; 15B.17, subdivision 1; 16A.103, subdivision 1e; 16A.11, by adding a subdivision; 16A.1286, subdivision 2; 16B.35, subdivision 1; 16C.02, subdivisions 4, 12, 14, by adding subdivisions; 16C.03, subdivisions 2, 3, 4, 8, 16, by adding subdivisions; 16C.05, subdivisions 1, 2; 16C.08, subdivisions 2, 4, by adding subdivisions; 16C.10, subdivision 7; 16C.16, subdivision 5;

16C.26; 16C.27, subdivision 1; 16C.28; 37.06; 43A.02, by adding a subdivision; 43A.24, subdivision 1; 43A.49; 103C.305, subdivision 3; 103D.355; 103D.811, subdivision 3; 103E.505, subdivision 5; 116A.13, subdivision 5; 123B.52, subdivision 1, by adding a subdivision; 160.17, by adding a subdivision; 160.262, by adding a subdivision; 161.1419, subdivision 8; 161.32, by adding a subdivision; 161.3412, subdivision 1; 161.38, subdivision 4; 181.9413; 200.02, subdivisions 7, 23; 201.016, subdivision 1a; 201.054, subdivision 1; 201.056; 201.061, subdivisions 1, 3, 4, by adding a subdivision; 201.071, subdivisions 1, 3, 4; 201.081; 201.091, subdivisions 1, 8, 9, by adding a subdivision; 201.12; 201.13, subdivision 3; 201.161; 201.171; 201.27, subdivision 1; 203B.02, subdivision 1; 203B.04, subdivisions 1, 4, 6; 203B.05, subdivision 2; 203B.06, subdivision 3; 203B.07, subdivisions 1, 2; 203B.08, subdivision 3; 203B.081; 203B.10; 203B.11, subdivision 4; 203B.12, subdivision 4; 203B.13, subdivisions 1, 2; 203B.16, subdivision 2; 203B.17, subdivision 2; 203B.21, subdivisions 2, 3; 203B.22; 203B.24, subdivision 1; 204B.06, subdivisions 1, 8; 204B.08, subdivision 3; 204B.09, subdivisions 1, 1a, 3; 204B.11, subdivision 2; 204B.16, subdivision 1; 204B.21, subdivision 2, by adding a subdivision; 204B.45, subdivision 2; 204C.06, subdivision 1; 204C.07, subdivision 3a, by adding a subdivision; 205.10, by adding a subdivision; 205.13, by adding a subdivision; 205.16, subdivisions 3, 4; 205A.05, by adding a subdivision; 205A.07, subdivisions 3, 3a; 205A.10, subdivisions 1, 2; 205A.11, subdivision 2; 206.57, subdivision 5; 206.82, subdivision 2; 206.89, subdivisions 1, 5; 211A.02, subdivision 2; 211A.05, subdivision 1; 302A.821, subdivision 4; 308A.995, subdivision 4; 308B.121, subdivision 4; 308B.215, subdivision 2; 317A.823, subdivision 1; 321.0206; 325L.03; 336.1-110; 336.9-516; 336.9-525; 356.219, subdivision 1; 358.41; 358.42; 358.50; 359.085, subdivisions 2, 3; 365.37, by adding a subdivision; 374.13; 375.101, subdivision 1, by adding a subdivision; 375.21, by adding a subdivision; 383C.094, by adding a subdivision; 410.12, subdivision 1; 412.311; 429.041, by adding a subdivision; 447.32, subdivision 4; 458D.21, by adding a subdivision; 469.015, by adding a subdivision; 469.068, subdivision 1, by adding a subdivision; 471.345, subdivision 5, by adding subdivisions; 471.61, subdivision 1a; 473.246; 473.523, by adding a subdivision; 473.756, subdivision 12; 477A.014, subdivision 4; 491A.02, subdivision 4; 507.24, subdivision 2; Laws 2004, chapter 293, article 1, section 37, subdivision 2; Laws 2006, chapter 253, section 22, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3; 4; 5; 6; 8; 11A; 12; 13; 15B; 16A; 16B; 16C; 16E; 43A; 161; 203B; 204B; 308B; 321; 349A; 471; repealing Minnesota Statutes 2006, sections 3.884; 3.8841; 6.56, subdivision 1; 16A.102; 16C.055, subdivision 1; 16C.08, subdivision 4a; 69.051, subdivision 1c; 200.04; 201.061, subdivision 7; 201.096; 203B.02, subdivision 1a; 203B.04, subdivision 5; 203B.13, subdivision 3a; 359.085, subdivision 8; 645.44, subdivision 19."

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

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

S. F. No. 2096, A bill for an act relating to state government; appropriating money for environmental, natural resources, and energy purposes; establishing and modifying certain programs; modifying rulemaking authority; providing for accounts, assessments, and fees; amending Minnesota Statutes 2006, sections 84.025, subdivision 9; 84.026, subdivision 1; 84.027, by adding a subdivision; 84.0855, subdivisions 1, 2; 84.780; 84.922, subdivisions 1a, 5; 84.927, subdivision 2; 84D.03, subdivision 1; 84D.12, subdivisions 1, 3; 84D.13, subdivision 7; 85.32, subdivision 1; 86B.415, subdivisions 1, 2, 3, 4, 5, 7; 86B.706, subdivision 2; 89A.11; 93.0015, subdivision 3; 97A.045, by adding a subdivision; 97A.055, subdivision 4; 97A.065, by adding a subdivision; 97A.405, subdivision 2; 97A.411, subdivision 1; 97A.451, subdivision 3a; 97A.465, by adding subdivisions; 97A.473, subdivisions 3, 5; 97A.475, subdivisions 3, 7, 11, 12, by adding a subdivision; 97B.601, subdivision 3; 97B.715, subdivision 1; 97B.801; 97C.081, subdivision 3; 97C.355, subdivision 2; 116C.779, subdivision 1; 216B.812, subdivisions 1, 2; 216C.051, subdivision 9; Laws 2003, chapter 128, article 1, section 169; proposing coding for new law in Minnesota Statutes, chapters 84; 84D; 89; 103F; 144; 216B; 216C; 325E; repealing Minnesota Statutes 2006, section 93.2236.

Reported the same back with the following amendments to the unofficial engrossment:

Page 49, line 3, before "Fees" insert "(a)"

Page 49, after line 10, insert:

"(b) The commissioner shall report to the legislature on the participation in and effectiveness of the venison donation program by February 1, 2010."

Page 83, delete section 76 and insert:

"Sec. 76. Laws 1998, chapter 389, article 16, section 31, subdivision 4, as amended by Laws 1999, chapter 180, section 3, and Laws 2001, chapter 164, section 5, and Laws 2005, First Special Session chapter 1, article 2, section 149, is amended to read:

Subd. 4. **County environmental trust fund.** Notwithstanding the provisions of Minnesota Statutes, chapter 282, and any other law relating to the apportionment of proceeds from the sale of tax-forfeited land, and except as otherwise provided in this section, a county board must deposit the money received from the sale of land under subdivision 3 into an environmental trust fund established by the county under this subdivision. The county board may: (1) deposit part or all of the environmental trust fund money as provided in Minnesota Statutes, chapter 118A; or (2) enter into an agreement with the State Board of Investment to invest all or part of the money in investments under Minnesota Statutes, section 11A.24, subdivisions 1 to 5, on behalf of the county. The following may be withheld by a county board and are not required to be deposited into an environmental trust fund: the costs of appraisal, abstracts, and surveys; money received from a sale which is attributable to land owned by a county in fee; amounts paid to lessees for improvements; amounts paid to acquire land which is included in a county plan for exchange and is conveyed to the state in the exchange, including the purchase price, appraisal, abstract, survey, and closing costs; and the costs of sale to lessees or other parties, including the costs of advertising, realtors, and closing services. If the proceeds from the sale of tax-forfeited land in a county are \$250,000 or more, the amount the county may spend from the fund each calendar year may not exceed 5-1/2 percent of the market value of the fund on January 1 of the preceding calendar year, and the county board may spend money from the fund only for purposes related to the improvement of natural resources. To the extent money received from the sale is attributable to tax-forfeited land from another county, the money must be deposited in an environmental trust fund established under this section by that county board. The county board must not delegate to an appointed official or any other person any decision required or permitted to be made under this subdivision."

Page 84, after line 28, insert:

"Sec. 79. **VOLUNTARY TERMINATION OF TIMBER SALE PERMITS.**

(a) Notwithstanding Minnesota Statutes, sections 90.161, 90.173, and 90.211, or other law to the contrary, the commissioner of natural resources shall, in the case of nontrust land, terminate the permit for an eligible sale of timber without penalty according to this section and upon request of the permit holder. In the case of a permit relating to trust land, the commissioner shall terminate the permit for an eligible sale of timber according to this section only if termination of the permit would secure the maximum long-term economic return from the land consistent with the fiduciary responsibilities imposed by law in regard to the trust lands.

(b) An "eligible sale" means a sale for timber:

(1) the permit for which was issued on or after October 1, 2004, but before March 31, 2006;

(2) that contains aspen as the predominant timber species;

(3) for which the aspen was sold for \$40 per cord or more; and

(4) for which no harvest activities or activities incidental to harvest have occurred.

(c) The maximum amount available for voluntary turn back under this section is 7,500 cords of all species for each permittee.

(d) In the case of a 100 percent secured sale, the permittee may choose to be released from the security of any permit consistent with paragraph (b), except that the permittee must pay 15 percent of the appraised value of the permit, plus eight percent interest from date of purchase to date of conversion under this paragraph, in cash, to the commissioner.

(e) In the case of any sale, including a sale under paragraph (d), for which the commissioner has received a 15 percent down payment and that meets the criteria in paragraph (b), the permit holder may request a credit equal to two-thirds of the down payment. Amounts credited to permittees under this paragraph must first be applied to any existing sales that remain in the permittee's account and may then be used toward future timber purchases. Credits under this paragraph expire two years after the effective date of the permit termination.

(f) All permit terminations under this section must be completed by December 31, 2007. The commissioner of natural resources must proceed expeditiously to reoffer for sale any timber subject of a turn back 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 as follows:

Page 1, line 24, delete everything after the semicolon

Page 1, line 25, delete everything before "modifying"

Page 1, line 26, delete "establishing"

Page 1, line 27, delete everything before "naming" and insert "providing for voluntary termination of timber sale permits; modifying county environmental trust fund provisions;"

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.

The report was adopted.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam 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. 966, A bill for an act relating to labor; allowing the commissioner of labor and industry to issue orders of compliance relating to overtime for nurses; amending Minnesota Statutes 2006, sections 177.27, subdivision 4; 181.275, subdivision 1, by adding a subdivision.

The Senate has appointed as such committee:

Senators Anderson, Erickson Ropes and Koering.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 846, A bill for an act relating to state government; providing deficiency funding for certain state agencies; appropriating money.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Cohen, Clark and Frederickson.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Solberg moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 846. The motion prevailed.

Madam Speaker:

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

S. F. Nos. 493, 1236, 1048, 837, 1696, 1335 and 753.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 493, A bill for an act relating to public nuisances; providing that certain criminal gang behavior is a public nuisance; authorizing injunctive relief and other remedies; proposing coding for new law in Minnesota Statutes, chapter 617.

The bill was read for the first time.

Lesch moved that S. F. No. 493 and H. F. No. 49, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1236, A bill for an act relating to state employees; making technical and housekeeping changes; amending Minnesota Statutes 2006, sections 43A.191, subdivision 3; 43A.23, subdivision 1.

The bill was read for the first time.

Morgan moved that S. F. No. 1236 and H. F. No. 1267, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1048, A bill for an act relating to state government; changing the state Indian Affairs Council; amending Minnesota Statutes 2006, section 3.922.

The bill was read for the first time.

Hilty moved that S. F. No. 1048 and H. F. No. 1051, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 837, A bill for an act relating to local government; Hennepin and Wright Counties; authorizing the Hennepin County Board and the Wright County Board to initiate a process for the change of county boundaries by resolution.

The bill was read for the first time.

Emmer moved that S. F. No. 837 and H. F. No. 1141, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1696, A bill for an act relating to energy; specifying criteria for affordability programs for low-income residential customers; amending Minnesota Statutes 2006, section 216B.16, subdivision 15.

The bill was read for the first time.

Bly moved that S. F. No. 1696 and H. F. No. 1645, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1335, A bill for an act relating to utilities; modifying conditions for disconnecting and reconnecting utility service; amending Minnesota Statutes 2006, section 216B.097, subdivisions 1, 3.

The bill was read for the first time.

Sailer moved that S. F. No. 1335 and H. F. No. 1770, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 753, A bill for an act relating to elections; permitting appointment of election judges not affiliated with a major political party; amending Minnesota Statutes 2006, sections 204B.21, subdivision 2; 205.075, by adding a subdivision; 205A.10, subdivision 2.

The bill was read for the first time.

McFarlane moved that S. F. No. 753 and H. F. No. 965, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

Peterson, N., was excused for the remainder of today's session.

CALENDAR FOR THE DAY

H. F. No. 881, A bill for an act relating to metropolitan government; modifying the Metropolitan Land Planning Act and related statutes; correcting erroneous, ambiguous, and obsolete references; making miscellaneous technical corrections to statutes; amending Minnesota Statutes 2006, sections 15.99, subdivision 2; 473.175; 473.851; 473.852, subdivision 1; 473.854; 473.856; 473.857, subdivision 2; 473.858; 473.859, subdivision 1; 473.866; 473.867, subdivisions 1, 2; 473.869; 473.871; repealing Minnesota Statutes 2006, sections 473.1455; 473.868.

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 90 yeas and 40 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Hortman	Lillie	Olin	Slocum
Anzelc	Dominguez	Hosch	Loeffler	Otremba	Solberg
Atkins	Doty	Howes	Madore	Paymar	Swails
Beard	Eken	Huntley	Mahoney	Pelowski	Thao
Benson	Faust	Jaros	Mariani	Peterson, A.	Thissen
Bigham	Fritz	Johnson	Marquart	Peterson, S.	Tillberry
Bly	Gardner	Juhnke	McFarlane	Poppe	Tingelstad
Brown	Greiling	Kahn	McNamara	Rukavina	Tschumper
Brynaert	Gunther	Knuth	Moe	Ruth	Urdahl
Bunn	Hansen	Laine	Morgan	Ruud	Wagenius
Carlson	Hausman	Lanning	Mullery	Sailer	Walker
Clark	Haws	Lenczewski	Murphy, E.	Scalze	Ward
Cornish	Hilstrom	Lesch	Murphy, M.	Sertich	Welti
Davnie	Hilty	Liebling	Nelson	Simon	Winkler
Dill	Hornstein	Lieder	Norton	Slawik	Spk. Kelliher

Those who voted in the negative were:

Anderson, B.	Demmer	Garofalo	Kalin	Olson	Simpson
Anderson, S.	Dettmer	Gottwalt	Koenen	Ozment	Smith
Berns	Eastlund	Hackbarth	Kohls	Paulsen	Sviggum
Brod	Emmer	Hamilton	Kranz	Peppin	Wardlow
Buesgens	Erhardt	Heidgerken	Magnus	Seifert	Zellers
Dean	Erickson	Holberg	Masin	Severson	
DeLaForest	Finstad	Hoppe	Nornes	Shimanski	

The bill was passed and its title agreed to.

S. F. No. 1133, A bill for an act relating to St. Louis County; modifying civil service director provisions; amending Minnesota Statutes 2006, section 383C.032.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Haws	Lenczewski	Olin	Slawik
Anderson, B.	Dill	Heidgerken	Lesch	Olson	Slocum
Anderson, S.	Dittrich	Hilstrom	Liebling	Otremba	Smith
Anzelc	Dominguez	Hilty	Lieder	Ozment	Solberg
Atkins	Doty	Holberg	Lillie	Paulsen	Sviggum
Beard	Eastlund	Hoppe	Loeffler	Paymar	Swails
Benson	Eken	Hornstein	Madore	Pelowski	Thao
Berns	Emmer	Hortman	Magnus	Peppin	Thissen
Bigham	Erhardt	Hosch	Mahoney	Peterson, A.	Tillberry
Bly	Erickson	Howes	Mariani	Peterson, S.	Tingelstad
Brod	Faust	Huntley	Marquart	Poppe	Tschumper
Brown	Finstad	Jaros	Masin	Rukavina	Urdahl
Brynaert	Fritz	Johnson	McFarlane	Ruth	Wagenius
Buesgens	Gardner	Juhnke	McNamara	Ruud	Walker
Bunn	Garofalo	Kahn	Moe	Sailer	Ward
Carlson	Gottwalt	Kalin	Morgan	Scalze	Wardlow
Clark	Greiling	Knuth	Mullery	Seifert	Wolti
Cornish	Gunther	Koenen	Murphy, E.	Sertich	Winkler
Davnie	Hackbarth	Kohls	Murphy, M.	Severson	Zellers
Dean	Hamilton	Kranz	Nelson	Shimanski	Spk. Kelliher
DeLaForest	Hansen	Laine	Nornes	Simon	
Demmer	Hausman	Lanning	Norton	Simpson	

The bill was passed and its title agreed to.

S. F. No. 1045 was reported to the House.

Abeler and Hilstrom moved to amend S. F. No. 1045 as follows:

Page 1, after line 7, insert:

"Sec. 2. **CITY OF ANOKA HRA.**

The city of Anoka may provide in its home rule charter the procedures for the appointment of the city housing and redevelopment authority commissioners, notwithstanding Minnesota Statutes, section 469.003, subdivision 6.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Anoka and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1045, A bill for an act relating to Scott County; renaming the Scott County Housing and Redevelopment Authority.

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 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Haws	Lenczewski	Olin	Slawik
Anderson, B.	Dill	Heidgerken	Lesch	Olson	Slocum
Anderson, S.	Dittrich	Hilstrom	Liebling	Otremba	Smith
Anzelc	Dominguez	Hilty	Lieder	Ozment	Solberg
Atkins	Doty	Holberg	Lillie	Paulsen	Svigum
Beard	Eastlund	Hoppe	Loeffler	Paymar	Swails
Benson	Eken	Hornstein	Madore	Pelowski	Thao
Berns	Emmer	Hortman	Magnus	Peppin	Thissen
Bigham	Erhardt	Hosch	Mahoney	Peterson, A.	Tillberry
Bly	Erickson	Howes	Mariani	Peterson, S.	Tingelstad
Brod	Faust	Huntley	Marquart	Poppe	Tschumper
Brown	Finstad	Jaros	Masin	Rukavina	Urdahl
Brynaert	Fritz	Johnson	McFarlane	Ruth	Wagenius
Buesgens	Gardner	Juhnke	McNamara	Ruud	Walker
Bunn	Garofalo	Kahn	Moe	Sailer	Ward
Carlson	Gottwalt	Kalin	Morgan	Scalze	Wardlow
Clark	Greiling	Knuth	Mullery	Seifert	Welti
Cornish	Gunther	Koenen	Murphy, E.	Sertich	Winkler
Davnie	Hackbarth	Kohls	Murphy, M.	Severson	Zellers
Dean	Hamilton	Kranz	Nelson	Shimanski	Spk. Kelliher
DeLaForest	Hansen	Laine	Nornes	Simon	
Demmer	Hausman	Lanning	Norton	Simpson	

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

H. F. No. 1490 was reported to the House.

Beard and Bly moved to amend H. F. No. 1490 as follows:

Delete everything after the enacting clause and insert:

"Section 1. **SCOTT COUNTY; PERSONNEL RULES.**

Notwithstanding any other law to the contrary, the Scott County personnel director shall prepare personnel rules, which shall be effective upon approval by the Scott County Board. The rules shall provide, among other things, for:

(1) preparation of a classification plan and classification of positions within the jurisdiction of the personnel department in accordance with the plan;

(2) creation and maintenance of applicant pools and finalist pools;

(3) administration of an active system of employee recruitment and selection designed to attract sufficient numbers of well-qualified people to meet the needs of public service;

(4) establishment of procedures for the recruitment, selection, and advancement of personnel consistent with merit system principles and modern business practices;

(5) establishment of procedures ensuring nondiscriminatory and fair treatment of applicants and employees in all aspects of personnel administration according to state law; and

(6) establishment of procedures for suspension or termination or other disciplinary action, including procedures for appeal of actions by appointing authorities with respect to suspension or termination or other disciplinary action.

Sec. 2. **VETERANS' PREFERENCE.**

Notwithstanding Minnesota Statutes, section 197.455, veterans' preference in Scott County must be administered according to Minnesota Statutes, section 43A.11."

Delete the title and insert:

"A bill for an act relating to Scott County; authorizing adoption of personnel rules; modifying veterans' preference."

The motion prevailed and the amendment was adopted.

H. F. No. 1490, A bill for an act relating to Scott County; authorizing adoption of personnel rules; modifying veterans' preference.

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 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Haws	Lenczewski	Olin	Slawik
Anderson, B.	Dill	Heidgerken	Lesch	Olson	Slocum
Anderson, S.	Dittrich	Hilstrom	Liebling	Otremba	Smith
Anzelc	Dominguez	Hilty	Lieder	Ozment	Solberg
Atkins	Doty	Holberg	Lillie	Paulsen	Sviggum
Beard	Eastlund	Hoppe	Loeffler	Paymar	Swails
Benson	Eken	Hornstein	Madore	Pelowski	Thao
Berns	Emmer	Hortman	Magnus	Peppin	Thissen
Bigham	Erhardt	Hosch	Mahoney	Peterson, A.	Tillberry
Bly	Erickson	Howes	Mariani	Peterson, S.	Tingelstad
Brod	Faust	Huntley	Marquart	Poppe	Tschumper
Brown	Finstad	Jaros	Masin	Rukavina	Urdahl
Brynaert	Fritz	Johnson	McFarlane	Ruth	Wagenius
Buesgens	Gardner	Juhnke	McNamara	Ruud	Walker
Bunn	Garofalo	Kahn	Moe	Sailer	Ward
Carlson	Gottwalt	Kalin	Morgan	Scalze	Wardlow
Clark	Greiling	Knuth	Mullery	Seifert	Welti
Cornish	Gunther	Koenen	Murphy, E.	Sertich	Winkler
Davnie	Hackbarth	Kohls	Murphy, M.	Severson	Zellers
Dean	Hamilton	Kranz	Nelson	Shimanski	Spk. Kelliher
DeLaForest	Hansen	Laine	Nornes	Simon	
Demmer	Hausman	Lanning	Norton	Simpson	

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

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

MOTIONS AND RESOLUTIONS

Sailer moved that the name of Erhardt be added as an author on H. F. No. 854. The motion prevailed.

Johnson moved that the name of Gardner be added as an author on H. F. No. 2351. The motion prevailed.

Anderson, B., moved that the names of Holberg, Erickson and Shimanski be added as authors on H. F. No. 2419. The motion prevailed.

Seifert moved that the name of Koenen be added as an author on H. F. No. 2420. The motion prevailed.

Hornstein moved that H. F. No. 2391 be recalled from the Committee on Finance and be re-referred to the Committee on Taxes. The motion prevailed.

ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 3:30 p.m., Friday, April 13, 2007. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 3:30 p.m., Friday, April 13, 2007.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives